

## CORPORATE GOVERNANCE REPORT

STOCK CODE : 7066  
COMPANY NAME : Yong Tai Berhad  
FINANCIAL YEAR : June 30, 2018

### 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 understood its obligation to shareholders and other stakeholders and is collectively responsible for meeting the objectives and goals of the Company. In discharging these responsibilities, the Board puts in place the following frameworks and processes to meet its objectives and review management performance:</p> <ul style="list-style-type: none"> <li>• Board Charter setting out the roles, duties and responsibilities of the Board, the principles and practices of corporate governance to be followed as well as the key matters reserved for the Board’s approval;</li> <li>• Board Committees, namely Audit and Risk Management, Nomination and Remuneration Committees to assist the Board in discharging its duties and responsibilities effectively. The terms of reference of each Board Committee are set out in Board Charter. These Committees have the authority to examine particular issues and report to the Board with their recommendations;</li> <li>• Periodic review of the financial results as a mean to overseeing the conduct of the business and the overall performance management of the business affairs of the Group. When reviewing the financial result, the Board will assess and challenge management’s performance and proposals and monitor management execution in order to ensure the Group’s business are being managed effectively;</li> <li>• Deliberate the interim and annual financial reporting with management and External Auditors to ensure the integrity and reliability of the financial information published in order to assist the public, investors and shareholders to make informed decision;</li> <li>• Review the appointment of C-suite personnel and ensure that they have the necessary skills and experience to assist the Board in managing the Group;</li> </ul>

	<ul style="list-style-type: none"> <li>• Review related party transaction, if any to ensure the compliance with Listing Requirements and the interest of minority shareholders are not detrimental by related party transactions;</li> <li>• Review and deliberate the internal audit findings and assess the effectiveness and adequacy of the systems of internal control in the Group;</li> <li>• Annual reviews of the achievement of financial performance targets and aims in the annual budget by Chief Executives and senior management of the respective subsidiaries; and</li> <li>• Observe the regulatory frameworks and requirements when disseminating information and disclosures in consultation with the Company Secretaries, External and Internal Auditors and corporate finance advisors for corporate exercises, when necessary.</li> </ul>
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 1.2

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 Chairman is responsible for instilling good governance practices, leadership and effectiveness of the Board. To do so, the Chairman has:</p> <ul style="list-style-type: none"><li>• Ensured Board members receive accurate, timely and clear information and are well-informed about company and industry developments;</li><li>• Set the board agenda in consultation with the Company Secretaries and ensures that board members receive complete and accurate information in a timely manner;</li><li>• Facilitated board discussion to ensure proper exchange of information and deliberation of issues to enable proper decision making;</li><li>• Chaired board meetings and reviewed and approved together with the Board on the strategic issues of the Group; and</li><li>• Chaired Annual and Extraordinary General Meetings and represented Board in communicating with shareholders during the general meetings</li></ul>
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>There is a clear and distinct division of the responsibilities between the Chairman and the CEO to ensure that there is an appropriate balance of power and role, responsibility and accountability at Board level.</p> <p>The Chairman is responsible for the smooth running of the Board and encourages active participation by Board members and provides reasonable time for discussion of issues raised at meetings. Decisions reached at meeting reflect the consensus of the whole Board and the views of any individual of group. The CEO is primarily responsible for the day-to-day operations of the Group, which includes implementation of policies, and strategies adopted by the Board.</p> <p>Dato' Indera Syed Norulzaman Bin Syed Kamarulzaman, the Independent Non-Executive Chairman presides over the Meeting of the Board and is primarily responsible for ensuring Board's effectiveness and conduct. Datuk Wira Boo Kuang Loon, the Chief Executive Officer is the overall in charge of operation and the implementation of Board's policies and decision.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

## Intended Outcome

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

### Practice 1.4

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company Secretary is accountable to the Board through the Chairman of the Board and Committees on all corporate governance matters. Presently, the Board is assisted by two (2) qualified and competent Company Secretaries. Both Company Secretaries are members of Malaysian Institute of Chartered Secretaries and Administrators. All Directors have unrestricted access to the advice and services of the Company Secretaries.</p> <p>The key responsibilities carried out by the Company Secretaries during the financial year are as follows:</p> <ul style="list-style-type: none"> <li>• Advised the Board on Company Secretarial matters and maintains register, statutory records and company secretarial documents</li> <li>• Updated the Board and its Committees on issues relating to corporate governance, compliance with laws, rules and regulations, procedures and protocol affecting the Company</li> <li>• Co-ordinated with the Board on the meeting agenda and schedule</li> <li>• Managed the general meeting proceedings</li> <li>• Attended and prepared minutes of Board meetings and ensured that protocol and procedures of Board meetings are adhered to and that applicable rules and regulations are complied with</li> <li>• Advised Directors to fulfil their obligations in regards to: <ul style="list-style-type: none"> <li>– Disclosure of interest in securities of the Company</li> <li>– Disclosure of transactions with the Company</li> <li>– Prohibition of dealing in securities during closed period and moratorium</li> <li>– Restriction on disclosure of price sensitive information</li> </ul> </li> </ul>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

### Intended Outcome

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

### Practice 1.5

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

Application	:	Applied
Explanation on application of the practice	:	<p>The supply, timeliness and quality of the information affect the effectiveness of the Board to oversee the conduct of business and to evaluate the Management's performance of the Group. Accordingly, the Board ensures that each Director is provided with timely notices and Board papers issued prior to the Board meetings to enable Directors to review and consider the agenda items to be discussed and where necessary, to obtain further explanations before the board meeting.</p> <p>The Company Secretaries ensure that all Board and Board Committees' meetings are properly convened. The Company Secretaries will ensure that accurate and proper records of the proceedings and resolutions passed are recorded and the minutes are circulated to the Board members as soon as possible before the next meetings.</p> <p>Separately, all Board members have unrestricted access to timely and accurate information in furtherance their duties and subject to Board's approval may seek independent professional advice when necessary in discharging its various duties, at the Company's expense.</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

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 has defined its Board Charter setting out the roles, duties and responsibilities of the Board, the principles and practices of corporate governance to be followed as well as the key matters reserved for the Board's approval.</p> <p>The Board has also established the Audit and Risk Management, Nomination and Remuneration Committees to assist the Board in discharging its duties and responsibilities effectively. The terms of reference of each Board Committee are set out in Board Charter. These Committees have the authority to examine particular issues and report to the Board with their recommendations. However, the ultimate responsibility for the final decision on all matters lies with the Board.</p> <p>The Charter is available in the Company's website at <a href="http://www.yongtai.com.my">www.yongtai.com.my</a>.</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 of Directors is guided by the Director Code of Conduct and Ethics ("Director Code") which formalizes the standard ethical values and behaviour that is expected of its directors at all times. The Director Code is formulated to enhance the standard of corporate governance and corporate behaviour of directors based on trustworthiness and values that can be accepted and to uphold the spirit of responsibility and social responsibility in line with legislation, regulations and guidelines for administering the Group.</p> <p>A summary of the Director Code is available in the Company's website at <a href="http://www.yongtai.com.my">www.yongtai.com.my</a>.</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	:	As mentioned in Practice 3.1, the Board has established its Code of Conduct and Ethics.	
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	:	<p>The Board currently consists of Ten (10) members, comprising four (4) Executive Directors (including Chief Executive Officer), four (4) Independent Non-Executive Directors (including the Chairman) and two (2) Non independent Non-Executive Directors, where almost half of the Board is Independent Non-Executive Directors. The Company complies with the Listing Requirements that requires at least two (2) or one-third (1/3) of the Board to be Independent Directors.</p> <p>The Board has an appropriate mix of relevant skills, knowledge and experience in the areas of business, property development, construction, tourism, legal, investment and fund management, accounting, finance and economics, which are relevant to the Group.</p> <p>The Board is satisfied that the current composition of Directors provides the appropriate size and balance of expertise, skills and core competencies among the Directors, which are necessary to lead the Group effectively. It also fairly represents the ownership structure of YTB, with appropriate representations of minority interests through the Independent Non-Executive Directors. The Independent Directors provide independent judgement, objectivity and check and balance on the Board.</p>
<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**

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

**Intended Outcome**

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

**Practice 4.3 - Step Up**

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

Application :	Not Adopted
Explanation on adoption of the practice :	

**Intended Outcome**

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

**Practice 4.4**

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

Application	: Applied
Explanation on application of the practice	<p>The decision as to who shall be appointed shall be the responsibility of the full Board after considering the recommendations of the Nomination Committee. Nomination Committee will also consider candidates for directorships proposed by Board members. The Nomination Committee is empowered to evaluate and recommend candidates for new appointments to the Board. In the process the Nomination Committee shall take into consideration, the following criteria:-</p> <ul style="list-style-type: none"> <li>i) Size, composition, mix of skills, experience, competencies and other qualities of the existing Board members,</li> <li>ii) The candidate's skills, knowledge, expertise and experience, competence and capability, professionalism, personal and financial integrity and reputation and commitment (including time commitment) to effectively discharge his role as Director. In the case of a candidate for the position of Independent Non-Executive Director, independence is as defined in the Listing Requirements.</li> <li>iii) Directorships of not more than five (5) public listed companies (as prescribed under paragraph 15.06 of the Listing Requirements) to ensure Directors have sufficient time to fulfill their roles and responsibilities effectively.</li> </ul> <p>The Board Recruitment Process shall involve the following stages :-</p> <ul style="list-style-type: none"> <li>i) Identification of candidate;</li> <li>ii) Deliberation and evaluation of suitability of candidates by Nomination Committee;</li> <li>iii) Recommendation to Board for approval; and</li> <li>iv) Completion of the documentation process</li> </ul>
Explanation for departure	:

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

Measure	:		
Timeframe	:		

**Intended Outcome**

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

**Practice 4.5**

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Board is of the view that, while it is important to promote gender diversity, the normal selection criteria based on an effective blend of competencies, skills, extensive experience and knowledge to strengthen the Board should remain a priority. Thus the Company does not set any specific target for female Directors in the Gender Diversity Policy and will actively work towards having more female Directors on the Board. As compared to prior year, the Board has added one female Non Independent Non-Executive Directors. The Company currently has two (2) female Non Independent Non-Executive Directors.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		



**Intended Outcome**

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

**Practice 4.6**

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

Application	:	Applied
Explanation on application of the practice	:	<p>In its selection of board members, the Board provides equal opportunity to all candidates. The Nomination Committee will consider recommendations from existing board members, management, major shareholders and third-party sources to identify suitably qualified candidates, when necessary before recommending to the Board for further deliberation.</p> <p>Candidates for directorship are nominated based on their skills, knowledge, professionalism, character and experience in line with the needs of the Group. The detail profiles of nominated directors will be presented to the Board by the Nominating Committee to assist the Board in making their selection decision.</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**

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 Nomination Committee is chaired by Mr. Subramaniam A/L A.V. Sankar who is an Independent Non-Executive Director.
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	:	The Board of the Company is made up of ten (10) Directors, of whom four (4) are Independent. The Nomination Committee reviews the performance of all Directors to ensure that they remain objective in expressing their views in deliberations and decision making of the Board and Board Committees.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

### Intended Outcome

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

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

### Practice 6.1

The board has in place policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The policies and procedures are periodically reviewed and made available on the company's website.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board's Charter which is published in the Company's website provides the following policies and procedures on remunerations of directors and senior management:</p> <ul style="list-style-type: none"><li>• Competitive and realistic remunerations of Directors are formulated with the aims to attract, motivate and retain Directors with the relevant experience, expertise and quality needed to assist in managing the Company and the Board effectively.</li><li>• For Executive Directors and senior management, the remuneration packages link rewards to corporate and individual performance whilst for the Non-Executive Directors, the level of remuneration is linked to their experience and level of responsibilities undertaken.</li><li>• The level of remuneration for the Executive Directors and senior management is assessed by the Remuneration Committee after giving due consideration to the compensation levels for comparable positions among other similar Malaysian public listed companies.</li><li>• The determination of directors' remuneration is subject to Board's approval. The director concerned should abstain from discussing his/her own remuneration.</li></ul> <p>Pursuant to Section 230(1) of the Companies Act, 2016, the fees of the directors and any benefits payable to the directors of a listed company and its subsidiaries shall be approved at a general 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	:		
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## Intended Outcome

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

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

## Practice 6.2

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has established its Remuneration Committee and has defined the terms of reference of this Committee. These terms of reference are disclosed in the company's website.</p> <p>The members of the Remuneration Committee are as follows and comprise wholly Non-Executive Independent Directors:</p> <p><u>Chairman:</u> Datuk Ng Bee Ken, Independent Non-Executive Director</p> <p><u>Members:</u> Dato' Indera Syed Norulzaman Bin Syed Kamarulzaman, Independent Non-Executive Director Anthony Ang Meng Huat, Independent Non-Executive Director</p> <p>The Remuneration Committee is responsible for recommending to the Board the remuneration packages of Executive Directors. The Board as a whole determines the remuneration of Non-Executive Directors. The individual concerned will abstain from the discussion of their own remuneration.</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 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	DATO' SYED NORULZAMAN BIN SYED KAMARULZAMAN (RM'000)	DATUK WIRA BOO KUANG LOON (RM'000)	DATO' SRI LEE EE HOE, JP (RM'000)	SUBRAMANIAM A/L A.V. SANKAR (RM'000)	DATUK NG BEE KEN (RM'000)	ANTHONY ANG MENG HUAT (RM'000)	DATO' BEH HANG KONG (RM'000)	LAW KIN FAT (RM'000)	WONG SZE WING (RM'000)	TANG PO YI (RM'000)	Ge Jin (RM'000)
Company		66	180	180	39	39	39	180	60	15	15	45
Directors' Fee												
Meeting Allowances		3	-	-	1.8	1.5	1.5	-	-	-	-	-
Salaries		-	810	54	-	-	-	54	-	-	-	-
Bonus		-	150	-	-	-	-	-	-	-	-	-
Other Emoluments - Monthly Allowance		-	120	-	-	-	-	-	-	-	-	-
Other Emoluments - Employer Statutory (EPF, SOCSO & EIS)		-	196	7	-	-	-	3.6	-	-	-	-
Total		69	1,456	241	40.8	40.5	40.5	237.6	60	15	15	45

Explanation : for departure	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.	
Measure :	
Timeframe :	



### Intended Outcome

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

### Practice 7.2

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	Remuneration matters are confidential and sensitive. The disclosure of remuneration of senior management would not be in the best interest of the Company as the Board considers the information of the said remuneration to be sensitive and proprietary in view of the competitive nature of human resources.
	:	The Company has a competitive remuneration policy in place and has taken steps to ensure that Senior Management's remuneration packages reflect the experience, skills, roles and responsibilities undertaken by the Senior Management. To ensure competitive remuneration, the Senior Management's remuneration packages are reviewed annually based on their individual performance as well as the Company's performance.
<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 monitor the market practice and development in respect of such disclosure.
Timeframe	:	Others

### Intended Outcome

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

### Practice 7.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	Not Applicable to Yong Tai Berhad which is not a Large Company

**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	:	Presently, the members of Audit and Risk Management Committee ("ARMC") comprising fully Independent Non-Executive Directors and the Chairman of the AC, Mr. Subramaniam A/L. A.V. Sankar is not the Chairman of the board.  The ARMC which is headed by Mr. Subramaniam A/L. A.V. Sankar, who is a member of the Malaysian Institute of Accountants.
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	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	The Board will take note and consider to insert the 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 Audit Committee ("AC").  Presently, none of the present members of the AC were former audit partners of the Company's auditors.
<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 present External Auditors of the Company was engaged since the financial year 30 June 2014. Annually, the ARMC will review the appointment, performance and remuneration of the External Auditors before recommending them to the Board to approve the recommendation for seeking shareholders' approval at the forthcoming AGM for re-appointment.</p> <p>In assessing the External Auditors, the ARMC will consider the adequacy of resources of the firm, quality of service and competency of the staffs assigned to the audit as well as the auditors' independence and fee.</p> <p>The External Auditors, Messrs. Ecovis AHL PLT are required to declare their independence annually to the ARMC as specified by the By-Laws issued by the Malaysian Institute of Accountants. The External Auditors have provided the declaration in their annual audit plan presented to the ARMC of the Company.</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 ARMC comprising fully Independent Non-Executive Directors and the Chairman of the ARMC is not the Chairman of the board.

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 8.5**

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has established an effective and independent ARMC. The ARMC members are financially literate and are able to understand matters under the purview of the ARMC including the financial reporting process. The ARMC is able to up hold its independence and is able to function in ensuring that the Company’s financial statement is a reliable.</p> <p>In order to strengthen the present financial literacy of each member, members of the ARMC will take part in professional development programmes on accounting and auditing standards, practices and rules continuously.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

## Intended Outcome

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

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

### Practice 9.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board affirms its overall responsibility for the Group on the implementation of an effective risk management system, and internal control system. The Board via the Audit and Risk Management Committee ("ARMC") ensures that actions are taken to review the adequacy, integrity and effectiveness of these systems. Details of the Risk Management Framework and its corresponding action plans taken to mitigate the risks are outlined in the Statement on Risk Management and Internal Control Section of this Annual Report.</p> <p>The Board acknowledges its responsibility for the Group's system of internal control and its effectiveness as well as reviewing its adequacy and integrity to safeguard shareholders' investment and the Group's assets. The Group has established Internal Audit Department that reports directly to ARMC.</p> <p>The Statement on Risk Management and Internal Control set out on pages 53 to 55 of this Annual Report provides an overview of the state of internal controls within the Group.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	



### Intended Outcome

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

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

### Practice 9.2

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

Application	:	Applied
Explanation on application of the practice	:	The details of the risk management and internal control features as well as the Board review of the adequacy and effectiveness of the risk management and internal control frameworks are presented in the Statement on Risk Management and Internal Control of the Annual Report.
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	:	The Board has established the Risk Management Committee to be combined with the Audit Committee with effective 25 May 2018, known as Audit and Risk Management Committee ("ARMC")

**Intended Outcome**

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

**Practice 10.1**

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

Application	: Applied
Explanation on application of the practice	<p>The Group has established Internal Audit Department that reports directly to Audit and Risk Management Committee ("ARMC"). The ARMC reviewed and approved the Internal Audit Plan to ensure that the appropriateness of the audit plan. The ARMC had also discussed with the Internal Auditor on the progress of the audit plan and ensured that the audit direction remains relevant taking into consideration any changes in the Group's operating environment.</p> <p>When reviewing the Internal Audit reports, the ARMC will consider the impact of the audit issues and assess whether management has provided their comments appropriately reflecting their commitment to the audit recommendations.</p>
Explanation for departure	 
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
Measure	:
Timeframe	:

**Intended Outcome**

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

**Practice 10.2**

The board should disclose–

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Group has established its Internal Audit Department. The Internal Audit Function is carried out by Ms. Gin Koh Wee Kim, who has relevant qualifications, i.e. Bachelor’s Degree in Finance, University Utara Malaysia is responsible for the Internal Audit Department. The Internal Audit Department will report directly to Audit and Risk Management Committee (“ARMC”).</p> <p>The internal audit function is headed by a Director who is assisted and supported by Ms. Gin Koh Wee Kim and the team members who are accounting graduates from local universities.</p> <p>The Internal Auditors have performed its work with reference to the principles of the International Professional Practice Framework of Institute of Internal Auditors covering the conduct of the audit planning, execution, documentations, communication of findings and consultation with key stakeholders.</p> <p>The ARMC will review and ensure that the Internal Auditors’ objectivity and independence are not impaired or affected.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

## Intended Outcome

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

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

### Practice 11.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board recognises the importance of direct engagement with shareholders to provide a better appreciation of the Company's objectives, quality of its management and challenges, whilst making the Company aware of shareholders' expectations and concerns. As such, the Company has via its website, included a 'Contact Us' link where shareholders and the public can direct their queries to.</p> <p>The Board is aware of the need to establish internal corporate disclosure policies and procedures which are practical and in compliance with the disclosure requirements imposed by Bursa Malaysia according to Listing Requirements.</p> <p>The Board has also ensured that apart from the regulatory requirement of public announcements via the Bursa Link, the Annual Report, being a key source of information which is available for each shareholder, contains easy and details of the business, the financial performance of the Company and corporate policies and procedures. Information that is price sensitive or may be regarded as undisclosed material information about the Group is not disclosed to any party until it is already in the public domain through proper disclosure.</p> <p>The Company also arranges press releases announcements to provide information on the Group's business activities, performance and major developments, as and when necessary.</p> <p>The Company's corporate website at <a href="http://www.yongtai.com.my">www.yongtai.com.my</a> serves as a key communication channel for shareholders, investors, members of the public and other stakeholders to obtain up-to-date information. The Board has earmarked a dedicated section for Investor Relations on the Company's website, where information on the Company's announcements to the regulators, the share price information, annual report, and current development may be accessed.</p> <p>Shareholders and investors are also encouraged to interact and feedback to the Chairman and CEO for opinions or concerns.</p>
Explanation for departure	:	

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

Measure :		
Timeframe :		

### Intended Outcome

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

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

### Practice 11.2

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Company would consider adopting integrated reporting based on a globally recognised framework in the future.	
	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		
	:		

**Intended Outcome**

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

**Practice 12.1**

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	The Annual General Meeting serves as an important means for shareholders communication. In order to encourage shareholders' participation and engagement with the Board and senior management effectively in the AGM, notice of the Annual General Meeting and Annual Reports are sent to shareholders 21 days prior to the meeting in accordance to the Company's Constitution and the provision in the Companies Act 2016. In addition, the Board would ensure that this Notice contains details of resolutions proposed along with background information and explanatory notes that are relevant.
<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 change the present AGM's notice period of 21 days to 28 days in the Company's Constitution after the conclusion of this year AGM. Thereafter, the Board will provide notice of Annual General Meeting together with the Annual Report to shareholders 28 days prior to the meeting.
Timeframe	:	



**Intended Outcome**

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

**Practice 12.2**

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

Application	:	Applied
Explanation on application of the practice	:	<p>At each Annual General Meeting (“AGM”), the Board presents the progress and performance of the Group’s business and encourages participation of shareholders during questions and answers sessions. The Chairman and the Board will respond to all questions raised by the shareholders during the Annual General Meeting.</p> <p>The Board members had attended the last AGM. The shareholders questions were fully answered and responded to.</p> <p>Going forward, the Board will ensure its full attendance in the AGM and the respective Chairmen of the Board Committees will attend to questions raised pertaining to their duties.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

## Intended Outcome

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

### Practice 12.3

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

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

Application :	Not Applicable
Explanation on application of the practice :	<p>The Board will consider the convenience of shareholders in selecting a suitable and appropriate location to hold its AGM. The last AGM was held in Jaya 99, 99, Jalan Tun Sri Lanang, 75100 Melaka.</p> <p>Shareholders who are unable to attend the AGM are advised that they can appoint proxies to attend and vote on their behalf by completing the proxy form enclosed in the Annual Report and depositing it at the Registered Office at least forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.</p> <p>Explanation for each proposed resolution set out in the Notice of AGM will be provided during AGM to assist shareholders in making their decisions and exercising their voting rights.</p> <p>All resolutions set out in the Notice of AGM were put to vote by poll. The Company had appointed an independent scrutineer to validate the vote cast in the last AGM. The outcome of the AGM was then announced to Bursa Securities on the same meeting day. There were no key matters raise/discussed during 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 :	