

CORPORATE GOVERNANCE REPORT

STOCK CODE : 5159
COMPANY NAME : Yoong Onn Corporation Berhad
FINANCIAL YEAR : 30 June 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 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 of Yoong Onn Corporation Berhad (“the Company” or “YOOCB”) is accountable and responsible for the leadership, performance, good corporate governance, sustainable growth, best practices and long-term success of YOOCB and its subsidiaries (“the Group”).</p> <p>The Audit Committee and other Board Committees are responsible for the Group’s risk management, internal controls systems and other specific functions.</p> <p>The Executive Directors and the Senior Management oversee the day-to-day management of the Group, review management performance and ensure necessary resources are in place for the company to meet its objectives.</p> <p>The roles and responsibilities of the Board and the Board Committees’ in discharging their functions are set out in the Board Charter and Board Committees’ Terms of References respectively which are available in the Company’s website at http://www.yoongonn.com</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

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 Chairman is responsible for leadership of the Board in ensuring the effectiveness of all aspects of its role. The Chairman's role and responsibilities are set out in the Board Charter which is available in the Company's website at http://www.yoongonn.com
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

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

Practice 1.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The positions of Chairman and CEO are held by two different individuals to ensure a balance of power, responsibilities and authority.</p> <p>The respective roles and responsibilities of the Chairman and CEO are outlined in the Company's Board Charter which is available in the Company's website at http://www.yoongonn.com</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

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 qualified under the Companies Act 2016.</p> <p>The Company Secretary is a central source of information and play an important advisory role to the Board and Board Committees on issues relating to compliance with laws, rules, procedures and regulations affecting the Company.</p> <p>The responsibilities of the Company Secretary are outlined in the Company's Board Charter which is available in the Company's website at http://www.yoongonn.com</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

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 Company ensure a full agenda together with relevant reports and Board papers are distributed to all Directors at least five (5) business days prior to Board meetings so that they have sufficient time to go through before the meeting in order to have a conducive and meaningful discussion and decision making in the meeting.</p> <p>Senior Management is invited to attend Board meetings to provide the required information and explanations on specific items in the meeting when necessary.</p> <p>Deliberations and decisions made at the Board and Board Committees meetings are documented in the minutes and circulated to the Directors and Board Committees members for review and comment. Full Board minutes of each Board meeting are kept by the Company Secretary and are available for inspection by the Directors during office hours.</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 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 a Board Charter to ensure that all Directors and Board members are aware of their duties and responsibilities.</p> <p>The Board Charter would be periodically reviewed and updated in accordance with the development and changes in the corporate laws and regulations to remain consistent with the Board's objectives and responsibilities.</p> <p>The Board Charter is available in the Company's website at http://www.yoongonn.com</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

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 Company has established a Code of Conduct and Ethics ("Code") that engender integrity, transparency and good corporate culture. The Code acts as a reference for conducts to promote good business conduct and maintaining a healthy corporate culture.</p> <p>The Board together with Management, implements its policies and procedures in promoting good corporate governance, managing conflicts, preventing abuse of power, corruption, insider trading and money laundering.</p> <p>The Code is reviewed and updated periodically by the Board which is available on the Company's website at http://www.yoongonn.com/</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

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

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

Practice 3.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board recognises that all employees of the Group and members of the public to report suspected and/or known fraud, criminal breach of trust, wrongdoings, abuse, corruption, wastage and any wrongdoings (“Misconduct”) to the Management for investigation and actions in order to safeguard shareholders’ value, stakeholders’ interests and company’s assets.</p> <p>The Board together with Management has established Whistleblowing Policy and Procedure to provide an avenue to report any Misconduct in accordance with the procedures as provided for under this policy which is available in the Company’s website at http://www.yoongonn.com/</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

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	:	Applied
Explanation on application of the practice	:	<p>The Board comprises of two (2) Executive Directors and four (4) Independent Non-Executive Directors.</p> <p>The four independent directors representing approximately two-third (2/3) of the Board members and all the Independent Non-Executive Directors of the Company met the relevant criteria for independence, and the Directors' profiles are set out in the Annual Report 2018.</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

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	:	Adopted
Explanation on application of the practice	:	<p>The Company has adopted the limitation of the tenure of its Independent Director to nine (9) years in its Board Charter which is available in the Company's website at http://www.yoongonn.com/</p> <p>The Board will assess the independent directors beyond nine (9) years annually based on objective, criteria, merit and with due regard for diversity in skills, experience, and cultural background and seek shareholders' approval via general meetings.</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

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 application of the practice	:	<p>The Company has adopted the limitation of the tenure of its Independent Director to nine (9) years in its Board Charter which specified that the tenure of an independent director should not exceed a cumulative terms of nine (9) years. Upon completion of nine (9) years, an independent director may continue to serve on the Board subject to the directors' re-designation as a non-independent director.</p> <p>The Nomination Committee/Board must conduct a review to determine whether the Director beyond nine (9) years is independent in character and judgment.</p> <p>The Board will seek the shareholders' approval for the retaining of Independent directors beyond nine years via general meeting.</p> <p>The Board Charter is available in the Company's website at http://www.yoongonn.com/</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

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 Company recognises the appointment of Board Members and Senior Management must be based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background, gender and other qualities in meeting the needs and goals of the Company.</p> <p>The Nomination and Remuneration Committee will review the profile of the candidates taking into consideration of the objective criteria and merit of the qualified and suitable candidates and recommend to the Board for approval.</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

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 does not have a formal gender diversity policy on the percentage of women representation on the Board. The Group practices appointment of Board members based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background, gender and other qualities and can contribute to the Group.
		The Board acknowledges the importance of boardroom gender diversity and will endeavour to appoint qualified female directors to achieve a mix of gender in the Board in future.
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 4.6

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company does not solely rely on recommendations from existing Board members, management or major shareholders for identifying candidates for appointment for new Board Member.</p> <p>The Board will utilise independent sources to identify suitable and qualified candidates for new director in the future.</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

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

Practice 4.7

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Nomination Committee comprises of 3 (three) Independent Non-Executive Directors, and is chaired by Mr Yeoh Chong Keng, the Senior Independent Director of the Company.</p> <p>The Term of Reference of the Nomination Committee is available in the Company's website at http://www.yoongonn.com/</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

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	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	The Nomination Committee was empowered by the Board to evaluate the Board, Board Committee and each individual Director to determine the effectiveness of the board, its committees and each individual director and contribution to the Group.
		The Nomination Committee will design an evaluation process which cover areas such as Board Structure, Board operations, roles and responsibilities of the Board, Board Committee and Chairman's role and responsibilities for accessing the effectiveness and contribution of each individual director annually in future.
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
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 Company has in place policies and procedures to attract and retain the directors and senior management needed to run the Company successfully, taking into consideration all relevant factors including the function, workload and responsibilities.</p> <p>The remuneration package for the Executive Directors and senior management consists of monthly salaries, employee provident funds, yearly bonuses and benefits-in-kind tied to their individual responsibilities, qualifications, experience, capability and experience. Independent Director will be paid a basic monthly fee and meeting allowances and subject to shareholders' approval at the Annual General Meeting.</p> <p>No Board members, whether executive or non-executive, will be involved in deciding their own remuneration.</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

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 Remuneration Committee comprises of three members and two of them are Independent Non-Executive Directors. The Remuneration Committee is responsible to implement the Group's policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of Board, Board Committee and Senior Management.</p> <p>The Terms of Reference of the Remuneration Committee is available on the Company's official website at http://www.yoongonn.com</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

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

Practice 7.1

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

Application	:	Applied
Explanation on application of the practice	:	The detailed disclosure on named basis for the remunerations breakdown of individual directors includes fees, salaries, employee provident funds, benefits-in-kinds and other emoluments are disclosed in the Annual Report 2018.
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 RM50,000.00

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	The Board is of the opinion that such disclosure does not bring advantage and business interest to the Group and also not in the best interest of the senior management for confidentiality and privacy reasons. In this highly competitive markets for experienced and talents, the Company is very concerned that the senior management staff would be approached to join competitors or companies in similar and related business which may be detrimental to the operation of the Group.
		The disclosure of the remuneration of the top five (5) Senior Management of the Group is disclosed on no named basis in bands of RM50,000.00 in the Annual Report 2018.
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 7.3 - 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 application of the practice	:	
Explanation for departure	:	

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	:	Datuk Kamaludin bin Yusoff, Independent Non-Executive Chairman is the Chairman of the Board and he is not a member of the Audit Committee. The Audit Committee comprise of three (3) members, all of them are Independent Non-Executive Directors and the Chairman of the Audit Committee is Mr. Lee Kim Seng.
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 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	:	No former key audit partner of the external auditor of the Company is appointed to be a member of the Audit Committee.
		The Audit Committee shall observe the requirement and revise its Terms of Reference in the event that a former key audit partner is appointed to the Board.
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 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 Company has set out in the Board Charter the following criteria in relation to assessing the suitability, objectivity and independence of the external auditor :-</p> <ul style="list-style-type: none">• Established formal and transparent arrangements for considering how financial reporting and internal control principles will be applied and for maintaining an appropriate relationship with the Company Auditors through its Audit Committee.• The Audit Committee also keeps under review the scope and results of the audit and its cost effectiveness, competence, audit quality, timeliness in performing audit and the independence and objectivity of the Company Auditors.• Ensures that the Company Auditors do not supply a substantial volume of non-audit services to the Company.• Appointment of the Company Auditors is subject to approval of shareholders at General Meetings. The Company Auditors have to retire during the AGM every year and be re-appointed by shareholders for the ensuing year.
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 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	:	Applied
Explanation on application of the practice	:	The Audit Committee comprise of three (3) members, all of them are Independent Non-Executive Directors.
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 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>All members of Audit Committee are financially literate and are able to understand matters under the purview of the Audit Committee including the financial reporting and auditing process.</p> <p>The qualification and experience of the respective Audit Committee members are disclosed in the Board of Directors' Profile in the Annual Report 2018.</p> <p>All Audit Committee members attend trainings, continual professional development and discussions with both the internal and external auditors from time to time to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.</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

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 Framework which consists of a structured approach covering the identification of risks, assessment of risks and reviewing and implementing strategies to mitigate those risks. The Board has established an Executive Committee comprising of Executive Directors and Senior Management to oversee the risk management initiatives of the Group. The Board and the Audit Committee regularly reviews this process to ensure the effectiveness of its risk management.</p> <p>The Group has outsourced its Internal Audit function to a professional firm, IBDC (Malaysia) Sdn Bhd to assist the Audit Committee in reviewing the adequacy and effectiveness of the Group's risk management and internal control systems.</p> <p>The Board would review quarterly internal audit findings reports submitted by the internal auditor and to take appropriate actions to review and improve on the risk management and internal control functions to safeguard the shareholders' investments, the stakeholders' interests and the Group's assets.</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

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 Statement of Risk Management and Internal Control in Annual Report 2018 disclose the features of its risk management and internal control framework.
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

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 application of the practice	:		
Explanation for Not Adopted	:	The existing Risk Management Committee comprises of Executive Director and Key Management staffs are effective and efficient to oversee the company's risk management framework and policies current operations.	
	:	The Board will consider Risk Management Committee comprises independent directors in future or when the needs arise.	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
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 10.1

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 Audit Committee, on behalf of the Board, assumes the responsibility to review and monitor the effectiveness as well as the adequacy of the Group's internal control system.</p> <p>The Company has outsourced its internal audit functions to an independent professional firm, IBDC (Malaysia) Sdn Bhd, reports directly to the Audit Committee and assist the Audit Committee in reviewing the adequacy and effectiveness of the Group's internal audit functions.</p> <p>The Audit Committee will approve the Internal Audit Plan which will ultimately cover all the significant companies and business units in the Group. Internal audit reports, which outline the audit issues, control weaknesses, recommendations and management's action plan to improve the system of internal control, are issued to Audit Committee for consideration. The Audit Committee then reports to the Board significant issues that require Board's attention.</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

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 Company has outsourced the Internal Audit Function to an independent professional firm, IBDC (Malaysia) Sdn Bhd which is free from any relationships or conflicts of interest, which could impair their objectivity and independence.</p> <p>IBDC (Malaysia) Sdn Bhd has sufficient resources to carry out internal audit function and the Internal Audit function is carried out in accordance with the relevant standards and practices in accordance with a recognised framework.</p> <p>The information on the Internal Audit functions is disclosed in the Statement on Risk Management and Internal Control in the Annual Report 2018.</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 11.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board acknowledges the need for stakeholders to be informed of all financial and material business matters and adopts an open and transparent policy :-</p> <ul style="list-style-type: none">• Timely release of financial results on a quarterly basis in addition to the various announcements made during the year.• Dialogues with financial analysts, fund managers and potential investors to convey information relating to the Company's performance, corporate strategy and other matters.• Will give a press release stating the Company's results, their prospects and outline any specific event for notation.• Directors engage with shareholders during the Annual General Meeting to facilitate mutual understanding of each other's objectives and expectations The Company's website at www.yoongonn.com provides easy access to corporate information.• The Company's website at www.yoongonn.com provides easy access to corporate information.
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	:	Not Adopted	
Explanation on application of the practice	:		
Explanation for departure	:	The Company is a not under the large companies category as defined in the Malaysian Code of Corporate Governance 2017.	
		Not Applicable	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 12.1

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

Application	:	Applied
Explanation on application of the practice	:	The Notice of Annual General Meeting is given to the shareholders at least 28 days before the Annual General Meeting.
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

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, Nomination, Risk Management and other committees provide meaningful response to questions addressed to them.

Application	:	Applied
Explanation on application of the practice	:	The Directors will attend Annual General Meeting to address any questions from shareholders.
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

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

Practice 12.3

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

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	The Company’s General Meeting has always been held in Nilai Springs Golf & Country which is easily accessible and not in remote location. Shareholders whom are unable to attend are entitled to appoint proxy/proxies to vote on their behalf in their absence at general meetings.
		The Company reckons that electronic voting incurs higher costs and not justifiable in view of the number of shareholders at this juncture and will consider leverage technology to facilitate the conduct of meetings and voting in absentia at general meetings when the number of shareholders increases significantly to a sizeable number in future.
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure	:	
Timeframe	:	

**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.