

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“Board”) of YBS International Berhad (“YBS” or “the Company”) is pleased to provide an overview of the Company’s corporate governance practices during the financial year ended 31 March 2021 (“FY2021”) with reference to the 3 Principles as set out in the Malaysian Code on Corporate Governance (“MCCG” or “the Code”). The Company’s application of each Practice set out in MCCG during the financial year 2021 is disclosed in the Company’s Corporate Governance Report (“CG Report”) which is available on the Company’s website at <http://www.ybsinternational.com> as well as via the Company’s announcement made to Bursa Malaysia Securities Berhad (“Bursa Securities”).

This statement is prepared in compliance with Bursa Securities ACE Market Listing Requirements (“ACE LR”) and it is to be read together with the CG Report.

The Board recognises the importance of good corporate governance and is committed to ensure that good corporate governance is being practised by the Group in order to safeguard stakeholders’ interests as well as enhancing shareholders’ value. The Board has continued its efforts in raising the bar in the Company’s corporate governance standards set out in the Code through various measures for implementation from time to time.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. Board Responsibilities

The Board is responsible for oversight and overall management of the Company and the delivery of sustainable value to its stakeholders. To ensure the effective discharge of its function and responsibilities, the Board established an internal governance model for delegating of specific powers of the Board to the relevant Board Committees, Managing Director of the Group (“CEO”) and Executive Director and the Senior Management of the Company and respective subsidiaries.

The Board plays an active role in the development of the Company’s strategy. The Board reviews and approves the annual business plan recommended by the Management. The Board has direct access to Senior Management and has unrestricted and immediate access to information relating to the Group’s business and affairs in the discharge of their duties. The Board will consider inviting the Senior Management to attend meetings for reporting on major issues relating to their respective responsibility.

The Board has established Board Committees, namely Audit Committee, Nominating Committee, Remuneration Committee, Risk Management Committee and ESOS Committee.

The Board Committees are entrusted with specific responsibilities to oversee the Group’s affairs, with authority to act on behalf of the Board in accordance with their respective Terms of Reference (“ToR”). At each Board meeting, minutes of Board Committee meetings will be circulated to the Board to keep the Board informed. The Chairman of the relevant Board Committees also report to the Board on key issues deliberated by the Board Committees at their respective meetings.

Separation of Roles of Chairman and CEO

The Company practises a division of responsibilities between the Non-Independent Non-Executive Chairman and the CEO. Their roles are separated and clearly defined to ensure a balance of power and authority, increased accountability and greater capacity of the Board for independent decision-making. The Chairman is not related to the CEO. The positions of the Chairman and CEO are held by different individuals with clear and distinct roles which are formally documented in the Board Charter of YBS.

The Chairman is responsible for the Board’s effectiveness and conduct. He also promotes an open environment for debate and ensures effective contributions from Non-Executive Directors. The Chairman also exercises control over the quality, quantity and timeliness of information flow between the Board and Management. At a general meeting, the Chairman plays a role in fostering constructive dialogue between shareholders, Board and Management.

The CEO is in charge of the day-to-day operations of the business, making strategic business decision and implementing Board policies.



CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

I. Board Responsibilities (Cont'd)

Company Secretaries

Both Company Secretaries of the Company have legal credentials, and are qualified to act as company secretary under Section 235(2) of the Companies Act, 2016.

Access to Information and Advice

The Directors have individual and independent access to the advice and dedicated support services of the Company Secretaries in ensuring the effective functioning of the Board. Generally, the meeting papers for the Board of Directors' Meeting and/or respective Committee Meeting are circulated at least seven (7) days prior to the Meetings. In promoting productive discussions during the respective Meetings, the Directors may seek advice from the Management on issues under their respective purview. The Directors may also interact directly with the Management, or request further explanation, information or updates on any aspect of the Group's and of the Company's operations or business concerns from them.

In addition, the Board may seek independent professional advice at the Company's expense on specific issues to enable it to discharge its duties in relation to matters being deliberated. Individual Directors may also obtain independent professional or other advice in furtherance of their duties, subject to the approval of the Chairman or the Board, depending on the quantum of the fees involved.

Board Charter

The Board Charter clearly sets out the roles and responsibilities of the Board and Board Committees and the processes and procedures for convening their meetings. It serves as a reference and primary induction literature providing prospective and existing Board members and Management insights into the fiduciary and leadership functions of the Directors of YBS.

The Board last reviewed its charter on 8 July 2021. The Board will continue the practice to review its charter regularly, at least once a year to keep it up to date with changes in regulations and best practices and ensure its effectiveness and relevance to the Board's objectives.

Code of Ethics and Conduct

The principle of the Company's Code of Ethics for Directors is based on principles in relation to sincerity, integrity, responsibility and corporate social responsibility. The Code of Ethics is formulated to enhance the standard of corporate governance and corporate behaviour with the intention of achieving the following aims:

- To establish a standard of ethical behaviour for Directors based on trustworthiness and values that can be accepted, are held or upheld by any one person.
- To uphold the spirit of responsibility and social responsibility in line with the legislation, regulations and guidelines for administering the Group.

Whistleblower Policy

YBS has in place the Whistleblower Policy and Procedures that fosters an environment in which integrity and ethical behavior are maintained and any illegal or improper actions and/or wrong doings in the Group may be exposed. The Company's Code of Ethics for Directors continues to govern the standards of ethics and good conduct expected of Directors.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

I. Board Responsibilities (Cont'd)

Anti-Bribery and Corruption Policy

With the adoption of the Anti-Bribery and Corruption Policy ("ABC policy"), YBS has a zero-tolerance approach towards bribery and corruption in any form and is committed to behaving professionally, fairly and with integrity in all the business dealings. The ABC policy elaborates upon those principles and provides guidance on how to deal with improper solicitation, bribery and other corrupt activities that may arise in the course of business. The ABC policy is applicable to all employees, directors, contractors, sub-contractors, consultants, agents, representatives and others performing work or services for or on behalf of the Group.

Further details pertaining to the respective ToR of Board Committees, Board Charter, Code of Ethics, Whistleblower Policy and Procedures and ABC Policy are available at YBS's website at <http://www.ybsinternational.com>.

II. Board Composition

The Board currently has six (6) members comprising the Non-Independent Non-Executive Chairman, two (2) Executive Directors and three (3) Independent Non-Executive Directors. This composition complies with Rule 15.02 of the ACE LR whereby the Company must have at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, who are Independent Directors.

The Board recognises the benefits of having a diverse Board to ensure that the mix and profiles of the Board members in terms of age, ethnicity and gender, provide the necessary range of perspectives, experience and expertise required to achieve effective stewardship and management.

In the event of any vacancy in the Board resulting in the non-compliance with the above, the Company must fill the vacancy within three (3) months. The Board is of the opinion that the interests of shareholders of the Company are fairly represented by the current Board composition and its size constitutes an effective Board of the Company.

The presence of the three (3) Independent Non-Executive Directors is essential in providing guidance, unbiased, fully balanced and independent views, advice and judgement to many aspects of the Group's strategy so as to safeguard the interests of minority shareholders and to ensure that high standards of conduct and integrity are maintained by the Group.

The Board is mindful of the recommendation that the Board must comprise a majority of independent directors where the Chairman of the Company is not an independent director. The Board is of the opinion that other than his shareholdings in the Company, YBhg Dato' (Dr) Pahamin Ab Rajab has demonstrated that he is independent from the Management and free from business relationship that might interfere with his exercise of independent judgement.

The Board has not nominated a Senior Independent Non-Executive Director to whom concerns may be conveyed as the Board is of the opinion that given the strong independent element of the Board, any concerns regarding the Group may be conveyed by shareholders or investors to any of the Independent Directors at the following address and such concerns will be reviewed and addressed by the Board accordingly:

Mr Low Hee Chung/ Ms Gor Siew Yeng/ Dato' Jimmy Ong Chin Keng
YBS International Berhad
57-G Persiaran Bayan Indah, Bayan Bay, Sungai Nibong, 11900 Bayan Lepas, Penang.



CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II. Board Composition (Cont'd)

Nominating Committee ("NC")

The membership of the NC is as follows:

Chairman : YBhg Dato' (Dr) Pahamin Ab Rajab (Non-Independent Non-Executive Director)

Members : Low Hee Chung (Independent Non-Executive Director)
 Gor Siew Yeng (Independent Non-Executive Director)
 Dato' Jimmy Ong Chin Keng (Independent Non-Executive Director)

The NC of YBS assumes the following core responsibilities:

- formulating the nomination, selection and succession policies for members of the Board;
- review the structure, size and diversity (including without limitation, gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service) of the Board;
- consider the election criteria and develop procedures for the sourcing and election of candidates to stand for election by YBS's shareholders ("Shareholders") or to fill casual vacancies of Directors;
- identify and nominate candidates to the Board for it to recommend to Shareholders for election as Directors;
- undertake an assessment of its Independent Directors annually;
- review the training needs for the Directors annually; and
- establishing a set of quantitative and qualitative performance criteria to evaluate the performance of each member of the Board, each Board Committee and reviewing the performance of the Board as a whole.

Details of the ToR for NC of YBS are available at its corporate website at <http://www.ybsinternational.com>.

In line with the ToR of NC, there are three (3) meetings held by the NC during the FY2021. The activities carried out by the NC during the financial year in discharging its functions are as follows, amongst others:

- reviewed the structure, size and diversity (including without limitation, gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service) of the Board;
- undertaken an assessment of independency of its Independent Directors;
- recommended to the Board on those Directors who retire pursuant to Constitution of the Company, being eligible, to seek re-election during the forthcoming AGM;
- reviewed the training needs for the Directors; and
- reviewed and accepted the resignation of Independent Non-Executive Director ("INED") and appointment of new INED.

Appointment of New Directors to the Board

The Company has in place its procedures and criteria for appointment of new directors. It has been a practice to the Company that NC will carry out an interview with the candidate prior to his/her appointment as a director of the Company. All candidates for appointment are first considered by the NC, taking into account the mix of skills, competencies, experience, professionalism and other relevant qualities required to well manage the business, with the aim to meet the current and future needs of the Board composition. The NC also evaluates the candidates' character and ability to commit sufficient time to the Group. Other factors considered for appointment of Independent Director will include the level of independence of the candidate.

The NC leads the process for identifying and making recommendations for the Board's approval on suitable candidates for directorship to the Board and members to the Board Committees. The Board will then based on the recommendation of the NC, evaluates and decides on the appointment of the proposed candidate(s). The Company Secretaries will ensure that all appointments are properly conducted and that legal and regulatory obligations are met.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II. Board Composition (Cont'd)

Appointment of New Directors to the Board (Cont'd)

The NC will assess the potential candidate's suitability and the candidates are required to declare and confirm in writing their independence based on the criteria on independence as set out in the ACE LR.

The NC will also be reviewing the composition of respective Board Committee of the Company to ensure its effectiveness in functioning.

Board Evaluation

The NC has also established a set of quantitative and qualitative performance criteria to evaluate the performance of each member of the Board, each Board Committee and reviewing the performance of the Board as a whole. The criteria for assessment of Directors shall include attendance record, intensity of participation at meetings, quality of interventions and special contributions.

On 27 May 2021, an assessment of the effectiveness of the Board, respective Board Committee and Independence ("the Assessment") were carried out in respect of the FY2021. Appraisal form which comprising quantitative and qualitative performance criteria to evaluate the performance of each member of the Board as well as each Board Committee, were being circulated at the NC meeting for assessment. The NC reviewed the required mix of skills, experience and other qualities of the Board and Board Committee and agreed that it has the necessary mix of skill, experience and other qualities to serve effectively.

Notwithstanding the recommendation of the MCGG, the Company does not practice any form of gender, ethnicity and age group biasness as all candidates shall be given fair and equal treatment. The Board believes that there is no detriment to the Company in not adopting a formal gender, ethnicity and age group diversity policy as the Company is committed to provide fair and equal opportunities and nurturing diversity within the Company. The Board is of the view that the appointment of Board member or management should be determined based on objective criteria, merit and with due regard for diversity in skills, experience and other qualities regardless of gender but will nevertheless consider appointing more directors of the female gender where suitable to be in line with the Code's target. Besides, the Board also made progress in broadening the diversity of the Board and Senior Management from time to time.

The skillsets and diversity of the existing Board are summarized as follows:

Directors	Nationality	Designation	Industry / Background Experience							By Composition						
			Technology	Marketing	Industrial	Corporate	Accounting / Finance	Internal Audit	Law / Legal	Age			Ethnic		Gender	
										40 – 49 years	50 – 59 years	70 years and above	Bumiputra	Chinese	Male	Female
YBhg Dato' (Dr) Pahamin Ab Rajab	Malaysian	Chairman/ Non- Independent Non-Executive Director		√	√	√	√		√			√	√			
Yong Chan Cheah	Malaysian	Managing Director	√	√	√	√	√		√				√	√		
Yong Swee Chuan	Malaysian	Executive Director	√	√	√		√		√				√	√		
Low Hee Chung	Malaysian	Independent Non-Executive Director				√	√	√	√				√	√		
Gor Siew Yeng	Malaysian	Independent Non-Executive Director				√		√	√		√		√			√
Dato' Jimmy Ong Chin Keng	Malaysian	Independent Non-Executive Director		√	√	√	√	√		√			√	√		



CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II. Board Composition (Cont'd)

Annual Assessment of Independence

The NC played an important role to assist the Board in assessing the independence of Non-Executive Directors of the Company on annual basis. Based on the assessment conducted by the NC, the Board is generally satisfied with the level of independence demonstrated by all the Independent Directors of the Company and their ability to act in the best interest of the Group.

The NC develops the criteria to assess independence of Independent Director, including but not limited to directors' background, family relationships, interest of shareholdings in the Company and related party transactions with the Group (if any).

Time Commitment

The Board meets on a quarterly basis with additional meetings held whenever necessary. The Board met four (4) times during the financial year under review. The meeting attendance record of the Directors is as follows:

	Meeting Attendance
YBhg Dato' (Dr) Pahamin Ab Rajab	3/4
Yong Chan Cheah	4/4
Yong Swee Chuan	4/4
Low Hee Chung	4/4
Gor Siew Yeng	4/4
Dato' Jimmy Ong Chin Keng (Appointed on 5 February 2021)	1/1
Chuah Poay Ngee (Resigned on 8 December 2020)	3/3

Though the Company does not set a policy for Directors to notify the Chairman and/or Management prior to accepting new appointments, to ensure that the Directors have the time to focus and fulfill their roles and responsibilities effectively and in line with the ACE LR, a Director of YBS must not hold directorships of more than five (5) Public Listed Companies and must be able to commit sufficient time to YBS.

The Directors are required to submit an update on their other directorships from time to time for monitoring of the number of directorships held by the Directors of YBS and for notification to Companies Commission of Malaysia accordingly.

To facilitate the Directors' time planning, an annual meeting calendar is prepared and circulated to all Directors before the beginning of every calendar year.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II. Board Composition (Cont'd)

Continuing Training Programme

The Directors are mindful that they should continue to attend training programmes to enhance their skills and knowledge where relevant, as well as to keep abreast of the changing regulatory and corporate governance developments.

The details of trainings attended by the Directors during the financial year are as follows:

Director	Date	Description
Yong Chan Cheah	6 May 2020 1 day	Engineering Solutions Digital Suite – Webinar Series (Siemens Solid Edge with Synchronous Technology Delivers Higher Design Productivity and More Fun)
	2 June 2020 1 day	SME Unplugged: 100 Go Digital Series
	16 October 2020 1 day	Global Outlook on Privacy – An SME Approach
	3 November 2020 1 day	Design Dev & Innovation 2020
	30 November 2020 1 day	National E&E Forum 2020
	10 March 2021 1 day	Implementing the Smart Automation with Taiwan Smart Manufacturing
Yong Swee Chuan	23 November 2020 1 day	National Tax Seminar 2020
	18 March 2021 1 day	ISO 9001:2015 Quality Management System - Internal Auditor Training
Low Hee Chung	23 November 2020 1 day	Seminar Percukaian Kebangsaan 2020
	12 January 2021 1 day	MIA Webinar Series: Contemporaneous Transfer Pricing Documentation: What is your responsibility?
	10 March 2021 1 day	Webinar on Sales Tax: Exemption and Audit Approach
Gor Siew Yeng	17 July 2020 1/2 day	Invitation To Roundtable Discussion On Human Resource Requirements Of Penang State
	26 August 2020 1/2 day	FMM Penang: Human Resource/ Industrial Relations (HR/ IR) Forum
Dato' Jimmy Ong Chin Keng	14 May 2020 1 day	FMM – Business Ethics -Compliance to MACC ACT, Section 17A
	6 Jan 2021 1 day	FMM -Penang SAFE program-Mass screening using RT-PCR vs RTK-AG
	19 Jan 2021 1 day	Min. Standard of Housing, Accommodation & Amenities Act 1990- (Amended) Act 446
	10 Feb 2021 1 day	MPC-e-Shared Prosperity Organisation – Productivity Linked Wages System
	26 Feb 2021 1 day	MARII Webinar – Kickstart your Industry 4.0 journey
	29 Mar 2021 1/2 day	Webinar on SOCSO Penjana Kerjaya 2.0
	29 Mar 2021 1/2 day	Awareness training on Anti Bribery Management System

YBhg Dato'(Dr) Pahamin Ab Rajab did not attend any training during the FY2021. Nevertheless, he continues to keep himself abreast with the recent regulatory and corporate governance developments by studying the relevant reading materials published at various professional websites and newsletters from the authorities forwarded by the Management and Company Secretary from time to time.



CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

III. Remuneration

The Company's remuneration policy for Directors is formulated to attract and retain individuals of the necessary calibre needed to run the business of the Group successfully. The remuneration is structured to link experience, expertise and level of responsibility undertaken by the Directors. The Directors play no part in deciding their own remuneration and shall abstain from discussing or voting on their own remuneration.

The details of the Company Directors' remuneration comprising remuneration received/receivable from the Company and its subsidiaries during the FY2021 are as follows:

Name of Directors	Fees (RM)	Salaries, Bonuses, EPF & Other Emoluments (RM)	Allowances (RM)	Employees' share option scheme expenses (RM)	Total (RM)
Non-Executive					
YBhg Dato' (Dr) Pahamin Ab Rajab	70,000	-	2,250	-	72,250
Low Hee Chung	40,000	-	3,750	-	43,750
Gor Siew Yeng	36,000	-	2,500	3,040	41,540
Dato' Jimmy Ong Chin Keng (Appointed on 5 February 2021)	2,444	-	500	-	2,944
Chuah Poay Ngee (Resigned on 8 December 2020)	24,774	-	2,000	-	26,774
Executive					
Yong Chan Cheah	-	42,400	2,500	-	44,900
Yong Swee Chuan	-	42,400	2,500	-	44,900
Received/receivable from the Company	173,218	84,800	16,000	3,040	277,058
Non-Executive					
YBhg Dato' (Dr) Pahamin Ab Rajab	-	-	-	-	-
Low Hee Chung	-	-	-	-	-
Gor Siew Yeng	-	-	-	-	-
Dato' Jimmy Ong Chin Keng (Appointed on 5 February 2021)	-	-	-	-	-
Chuah Poay Ngee (Resigned on 8 December 2020)	-	-	-	-	-
Executive					
Yong Chan Cheah	22,000	979,876	-	20,904	1,022,780
Yong Swee Chuan	22,000	959,758	-	20,904	1,002,662
Received/receivable from the subsidiaries	44,000	1,939,634	-	41,808	2,025,442
Total Group	217,218	2,024,434	16,000	44,848	2,302,500

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. Audit Committee (“AC”)

The AC comprises wholly three (3) Independent Directors. The AC is chaired by an Independent Director, Mr Low Hee Chung, a Chartered Accountant of the Malaysian Institute of Accountants, which is in compliance with Rule 15.09(1)(c) of the ACE LR of the Bursa Securities.

Annually, the composition of AC is reviewed by the NC and recommended to the Board for its approval. With the view to maintain an independent and effective AC, the NC ensures that only an Independent Non-Executive Director who is financially literate, possess the appropriate level of expertise and experience, and has strong understanding of the Company’s business would be considered for membership in AC.

The roles and responsibilities of the AC are spelt out in the ToR of the AC, a copy of which is available in the Company’s website at <http://www.ybsinternational.com>.

II. Risk Management and Internal Control Framework

The Board fulfills its responsibilities in the risk governance and oversight functions through its Risk Management Committee (“RMC”) in order to manage the overall risk exposure of the Group. The RMC assessed and monitored the efficacy of the risk management controls and measures taken, whilst the adequacy and effectiveness of the internal controls were reviewed by the AC in relation to internal audit function for the Group. The RMC comprise of the Managing Director, Executive Director and Senior Management who are familiar with the business situation of YBS. The Board is satisfied with the performance of the RMC and AC and their respective Chairman in discharging their responsibilities, based on the results of the Board Committees Effectiveness Evaluation of the 2020/2021.

The Board is of the view that the internal control and risk management system in place during FY2021, is sound and sufficient to safeguard the Group’s assets and shareholders’ investments, and the interests of customers, regulators, employees and other stakeholders. The details of the Risk Management and Internal Control Framework are set out in the Statement on Risk Management and Internal Control of this Annual Report.



CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

I. Communication with Stakeholders

The Board recognises the importance and need for shareholders to be informed of all material development and performance of the Group. The information is disseminated through annual reports, circulars to shareholders, press releases, quarterly reports and announcements made from time to time to Bursa Securities.

In addition, the Company's website at <http://www.ybsinternational.com> provides information on the Group's business, corporate development and announcements to Bursa Securities. Other information relevant to shareholders and investors such as share price volume history, technical charting, annual reports, circulars and quarterly reports are available for download at the Company's website.

II. Conduct of General Meetings

YBS's AGM is an important means of communicating with its shareholders. At the 18th AGM of the Company held on 24 September 2020, five (5) out of six (6) members of the Board were present at the meeting. The proceedings of the 18th AGM included the presentation of the Company's operating and financial performance for the FY2020. The Chairman of the Meeting also invited shareholders to raise questions pertaining to the Company's financial statements and other items for adoption at the meeting, before putting a resolution to vote. The Directors, Management and External Auditors were in attendance to respond to the shareholders' queries.

YBS dispatches its notice of AGM to shareholders at least 28-days before the AGM. The adequate time given to shareholders allows them to make necessary arrangements to attend and participate either in person, by corporate representative, by proxy or by attorney.

In line with Practice 12.3 of the MCGG in promoting electronic voting, the voting at the 18th AGM of the Company was conducted by way of electronic voting. The Company continues to explore the leveraging of technology, to enhance the quality of engagement with its shareholders and facilitate further participation by shareholders at future general meetings of the Company.

This statement is made in accordance with a resolution of the Board dated 6 August 2021.