

SHIN YANG GROUP BERHAD
(FORMERLY KNOWN AS SHIN YANG SHIPPING CORPORATION BERHAD)

SUMMARY OF KEY MATTERS DISCUSSED AT THE EIGHTEEN ANNUAL GENERAL MEETING (“18th AGM” OR “AGM”) OF SHIN YANG GROUP BERHAD (FORERLY KNOWN AS SHIN YANG SHIPPING CORPORATION BERHAD) (“SYGROUP” OR “THE COMPANY”) CONDUCTED PHYSICALLY AT THE CONFERENCE ROOM, LEVEL 5, IMPERIAL HOTEL, JALAN POS, 98000 MIRI, SARAWAK ON 24 NOVEMBER 2023 AT 11.00 A.M.

All Resolutions (except Resolution 4 and Resolution 5) tabled at 18th AGM were passed by shareholders and were as follows:

	Agendas	Resolutions No.
	Adoption of Audited Financial Statements for the financial year ended 30 June 2023 together with the Reports of the Directors and Auditors thereon	
Agenda 1:	Declaration of Single-Tier Final Dividend of 3.00 sen per ordinary share	[Resolution 1]
Agenda 2:	Approval of Directors’ fees and benefits for financial year ended 30 June 2024	[Resolution 2]
Agenda 3:	Re-election of retiring Director: Tan Sri Datuk Ling Chiong Ho pursuant to Clause 90 of the Company’s Constitution	[Resolution 3]
Agenda 4:	Re-election of retiring Director: Mr. Vincent Ling Lu Yew pursuant to Clause 90 of the Company’s Constitution <i>This resolution is withdrawn as the Board had on 22 November 2023 received Mr. Vincent Ling’s letter, where Mr. Vincent Ling is not seeking for re-election in this AGM.</i>	[Resolution 4]
Agenda 5:	Re-election of retiring Director: Encik Arshad Bin Zainuddin pursuant to Clause 90 of the Company’s Constitution <i>This resolution is withdrawn as Late Encik Arshad Bin Zainuddin passed away peacefully on 20th November 2023.</i>	[Resolution 5]
Agenda 6:	Re-appoint Crowe Malaysia PLT as the auditor of the Company and to authorize the Directors to determine their remuneration	[Resolution 6]
<u>As Special Business</u>		
Agenda 7:	Proposed Renewal of Shareholders’ Mandate for Recurrent Related Party Transactions of a revenue of Trading Nature	[Resolution 7]
Agenda 8:	Proposed Renewal of Authority on Shares Buy-Back	[Resolution 8]

Pursuant to Paragraph 8.29A of the Main Market Listing Requirement of Bursa Malaysia Securities Berhad, all resolutions were voted by poll. Polling results for each resolutions were duly announced to Bursa Malaysia Securities Berhad, on the even date.

Board Members present at the 18th AGM were as follows:-

- 1) Tan Sri Datuk Ling Chiong Ho
- 2) Datuk Ling Lu Kiong
- 3) Mr. Ling Chiong Sing
- 4) Mr. Ling Chiong Pin
- 5) Mdm Ling Siu Chuo
- 6) Mdm Yong Nyet Yun
- 7) Mr. Jack Willien @ William Anak Jinep

Mdm. Yong Nyet Yun, an Independent Non-Executive Director, was appointed the Chairman of the Meeting of 18th AGM (“Chairman”) pursuant to Article 71 of the Company’s Constitution.

1.0 Opening Address by Chairman

The Chairman then informed that requisite quorum was present upon the confirmation by the Company Secretary and the meeting was then called to order.

The Chairman informed the members/proxies present that pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the notice of the AGM would be conducted on a poll. She added that the Company had appointed Boardroom Share Registrars Sdn. Bhd. as the Poll Administrator to conduct the polling process and Malaysian Issuing House Sdn Bhd as Independent Scrutineers to verify and validate the poll results. The Chairman also informed that the polling process for voting on the resolutions would be conducted upon the completion of deliberation of all items to be transacted at the AGM

The Notice of the AGM convening the meeting incorporating the detailed text of each of the resolutions was, with the permission of the meeting, be taken as read.

2.0 Polling results – announced by Chairman

Resolution 1 on the approval of the declaration of a final Single-tier dividend of 3.00 sen per ordinary share for the financial year ended 30 June 2023 ***carried/~~not carried~~.**

Resolution 2 on the approval of the amount of RM120,000.00 as Directors’ fees for the year ended 30 June 2024 ***carried/~~not carried~~.**

Resolution 3 on the re-election of Tan Sri Datuk Ling Chiong Ho as Director of the Company pursuant to Clause 90 of the Company’s Constitution ***carried/~~not carried~~.**

Resolution 6 on the re-appointment of Messrs Crowe Malaysia PLT as Auditors of the Company ***carried/~~not carried~~**.

Resolution 7 on the renewal of Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a revenue or trading nature ***carried/~~not carried~~**.

Resolution 8 on the renewal of authority for the Company to Purchase its own Shares ***carried/~~not carried~~**.

3.0 Closure

There being no other business, the Chairman concluded the meeting and thanked all present.

Questions raised by the Minority Shareholder Watch Group (“MSWG”) during the 18th Annual General Meeting (“AGM”) of Shin Yang Group Berhad (Formerly known as Shin Yang Shipping Corporation Berhad) (“SYGROUP”) or (“the Company”).

Operational & Financial Matters

1. The Group recorded a revenue of RM939.6 million, representing a 5.2% increase from the previous FYE2022. The increase was due to the higher charter activities and utilisation rates from the shipping segments as well as the improved sales volume and high demand for transportation and logistics services.

The Group achieved a net profit after tax of RM182.6 million for FYE2023, an increase of 27.8% as compared to a net profit after tax of RM142.8 million for FYE2022 (Page 22 of the Annual Report 2023/AR2023).

- a. Is good performance sustainable?

The performance of the Group is largely dependent on the volatility of the freight rates on domestic and regional demand for transportation of cargoes

Secondly, it also further depend on improvement in the productivity for both fleets efficiency, shipbuilding activities and cost control, coupled with the expected sustainable fleet and shipyard utilisation.

Unforeseeable economic condition on the movement of the Malaysian Ringgit, movement of the world’s bunker fuel price and the world economic situation, all of which may affect the business margin.

- b. What is the latest outlook for the Group’s business segments in FYE2024?

The global shipping industry has been mired in a freight recession and the challenging economic conditions will continue into year 2024 (Source: CNBC Supply Chain Survey). High inventories and a pullback in consumer spending are reasons behind the bearish outlook.

The latest outlook for the shipping industry remains challenging, with the recent hike in crude oil price and declining in the Baltic Dry Index. The Group is prepared to weather this challenge with the selective market driven routes based on fleet load utilization and confident in the stability of the domestic, coastal and container shipping operations given with the stable container volume. The Group is actively strengthening the business activities in terms of operational and cost efficiency, fleet efficiency and routes enhancement to ensure the readiness to capture opportunities as when they arise.

- c. What are the current and targeted utilisation rates for the shipping segment in FYE2024?

Shipping Segment	Utilisation Rate 2023 (%)
Dry Bulk	54%
Liquid Bulk	85%
General Cargoes	65%
Containers	79%
International Shipping	83%

The current overall utilisation rates for shipping segment will be expected to maintain its momentum in year 2024.

Challenging market dynamics in container shipping followed by the historic boom with a mix of demand adjustment (a mild contraction in year 2023) and port congestion would remain uncertain to the targeted utilisation rates.

As part of our strategic growth plan, we embark to leverage our expertise in the integrated logistic service provider to position us as a one stop sea and land transport service provider. We have also planned to expand our network of warehousing facilities, allowing us to serve our customers and to meet the ever evolving market demands to secure our targeted utilisation rate in year 2024.

2. There is a significant increase in other income amounting to RM34,524,060 in FYE2023 compared to RM9,355,595 in FYE2022 (Page 99 of AR2023). This represents an increase of RM25,168,465 or 269.02%.

What are the nature and reasons for the significant increase in other income? What is the outlook for other income in FYE2024?

Major Breakdown of Other income		RM('000)
1	Gain on disposal of Property Plant and Equipment (PPE)	12,878
2	Gain on bargain purchase price allocation on acquisition of a subsidiary, Piasau Gas Sdn Bhd (One off transaction)	14,819
3	Reversal of impairment loss on trade receivables	2,160
4	Realised foreign exchange gain	707
5	Fair Value changes on forward contracts	529
6	Net changes in provision for onerous contract	470
		31,563

The outlook for other income in FYE 2024 on item 2 will not be recurred and gain on disposal of PPE will depend on the market demand and supply requirement. We have no further comment on the outlook for other income FYE2024

3. The Group recorded another and a higher net impairment loss on financial assets of RM13,171,658 in FYE2023 compared to a net impairment loss of RM9,961,505 recorded in FYE2022, which mainly related to trade receivables (Page 163 of AR2023).

IFRS 9 Accounting Standard requires a provision on credit losses on financial assets are measured and recognised using the 'expected credit loss (ECL) approach. The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

The Group always recognises lifetime expected credit losses for trade receivables and contract assets using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience and are adjusted for forward-looking information (including time value of money where appropriate).

The Net Impairment loss on financial assets of RM 13.2million is mainly resulted from the ECL approach under above provision matrix.

- a. Which trade receivables are involved in the impairment exercises?

No	Major Listing as follow	Impairment amount as at 30 June 2023 (RM'000)
1	CRBC (M) Holdings Sdn Bhd	3,685
2	Hang Nee Enterprise Sdn Bhd	1,504
3	JM Hartamas Sdn Bhd	1,902
4	PL Connection Limited	3,358
5	PT Sinar Jaya Wijaya	1,824
6	KKC Veneer Limited	688
		12,961

- b. What are the measures taken to recover the amount?
- i) Continue follow up by way of visiting the customers and meeting with their top management by our operation teams.
 - ii) Negotiate of payment by instalment plans with post-dated cheques.
 - iii) Initiate legal demand and negotiation, and final step would be proceeding to legal actions
- c. How much of the amount has been recovered, to-date? What is the expected amount to be recovered in FYE2024?

Approximately 20% has been recovered to-date. We expect further 60% of the impairment provision under ECL approach will be recovered in FYE 2024 & 2025 with our current debt recovering process.

4. The order books for ship repair and docking effect maintenance have shown a gradual recovery with a few newly built vessels being ordered as the industry recovers over the year (Page 17 of AR2023).

What is the Group's current order book for ship repair and docking effect maintenance, and targeted order book replenishment in the next two financial years?

Our current book orders as below keep us utilities for the next two financial years:-

Confirmed Book Orders	Contract Value (RM)
New shipbuilding contracts	175million
Ship Repair contracts	89million
Total	264million

There are various on going negotiation and discussion on the ship repair projects from operating expenditure from oil and gas sector and also resource based sector.

With the gradual recovery of charter rates in the offshore vessels (OSV) segment and the current gap in new building orders for different OSV over the past few years, and recycling of ageing OSV as well, we foresee a steady and healthy increase in orders for replenishment of OSV for next few years to come.

5. In order to improve the performance and manage the operating expenditures, the Group is taking initiatives such as focusing on improving the ship repair operations to meet the requirements of the niche market segments in the oil and gas industry (Page 25 of AR2023).

What is the progress of the initiatives taken to improve the ship repair operations, and what are the target improvements to achieve in FYE2024?

- i) Continue to receive good feedbacks from the recurring ship owners on our expected quality of ship repair work performed.
- ii) Ready ship repair docking space and with our 2 units of 160m and 80m floating docks enable us to effectively carry out improved vessel repair, maintenance and empowering works.
- iii) Minimize yard wastages and maximize operation planning by improving ship repair process and yard facilities layouts.
- iv) Target to increase productivity and efficiency of repair processes and delivery of ships as per ship owner's scheduled.

Corporate Governance Matters

6. Under Resolution 2, the Company is seeking shareholders' approval for the payment of Directors' fees and benefits for the financial year ended 30 June 2024 (Notice of AGM dated 27 October 2023).

However, the notice of AGM and its explanatory note does not state the amount of the directors' fees and benefits.

What is the amount of the directors' fees and benefits to be approved by shareholders?

Amount of the directors' fees and benefits to be approved by shareholders as below:-

	Company RM
Director fee of the Company:	
Yong Nyet Yun	48,000
Ling Siu Chuo	24,000
Jack Willien @ William Anak Jinep	24,000
Arshad Bin Zainuddin	24,000
	<hr/>
	120,000
	<hr/>