

# **SHIN YANG GROUP BERHAD**

## **BOARD CHARTER**

### **1.0 OVERVIEW**

The Board of Directors (“Board”) has the overall responsibility for the performance of the Group by maintaining full and effective control over strategic, financial, operational, compliance and governance issues. The Board is guided by the prevailing legal and regulatory requirements as well as the Company’s policies in discharging its fiduciary duties and responsibilities.

The Board is also committed to achieve the highest standards of business integrity, ethics, and professionalism across the Group’s activities that supports effective and efficient operations to safeguard shareholders’ interests and the Group’s business and assets.

### **2.0 OBJECTIVES**

The objectives of this Board Charter is to provide guidance to the Board in discharge of its duties and functions. The Board Charter sets out the composition, roles and responsibilities of the Board to ensure that all Board members acting on behalf of the Company are aware of their fiduciary duties and responsibilities and that the various standards of Corporate Governance are applied in all their dealings in respect and on behalf of the Company.

### **3.0 ROLES AND RESPONSIBILITIES**

The Board has the overall stewardship responsibilities of providing strategic leadership, overseeing the business conduct, identification and management of principal risks, ensuring the adequacy and integrity of internal control systems, establishing a succession plan and developing and implementing an investor relation programs.

The Board delegates the day-to-day management of the Company’s business to the management team but reserves for its consideration significant matters such as the following:-

- Review, adopt, monitor the overall strategic business plan, priorities, targets and direction of the Group with the integration of sustainability consideration;
- overseeing and evaluating the conduct of the Group’s businesses;
- identifying principal risks and ensuring the implementation of appropriate systems to manage those risks;
- reviewing and approving key matters such as financial results, structures and policies, investments and divestments, acquisitions and disposals and major capital expenditure;
- Instil good corporate governance culture and ethical standards within the Group; and
- Ensure full compliance and to carry out the duties of the Board in accordance with relevant provisions of the Bursa Securities and all other applicable laws, regulations and guidelines.

## **4.0 THE BOARD**

### **4.1 Composition**

The Group is led and managed by a competent Board which set the policies to enable them to lead and guide the Group to achieve its goals. The Board currently has Nine (9) board members comprising an Executive Chairman, a Vice Executive Chairman, a Managing Director, two (2) Executive Directors and four (4) Non-Executive Directors, of which three (3) of them are independent. This has met the Bursa Malaysia Securities Berhad's Main Market Listing Requirements, which requires nearest of one third of the Board to be Independent Directors.

Together, the Directors bring with them a broad range of hands on extensive experience and expertise in the areas such as finance, corporate affairs, marine law, business acumen, logistic management, shipping, and shipbuilding technical operations, which are vital to the success of the Group.

The Board believe that appointment of board members, regardless of gender shall base on experience, character, integrity and competence, as these are the essential criteria for an effective Board.

### **4.2 Appointment and Retirement of Directors**

The appointment of any additional directors is made as and when it is deemed necessary by the Board of Directors with due consideration given to a good mix of knowledge, skills and experiences required for the Board to discharge its duties effectively. The appointment of new Director by the Board is dependent upon recommendation from the Nomination Committee. Any proposal to appoint new directors will be discussed among the Board members and appointment to the Board will be documented in the Board resolutions.

The Company Constitution provides that one third of the Board shall retire from office and be eligible for re-election at every Annual General Meeting ("AGM"). The Directors to retire in each year are the Directors who have been longest in office since their last appointment or re-appointment. A retiring Director is eligible for re-appointment. These provide an opportunity for the shareholders to renew their mandates. The election of each Director is voted separately.

### **4.3 Tenure of Independent Directors**

The tenure of an independent Director should not exceed a cumulative term of nine (9) years. Upon the completion of the nine years, the Board may, at its absolute discretion, consider re-designating the independent director as a non-independent director if it is so determined that the expertise and experience of the independent director is still relevant. Currently, none of the existing Independent Directors of the Company has exceeded the tenure of a cumulative term of nine (9) years in the Company.

#### **4.4 Annual Assessment of Independence of Independent Director**

The Board, through the Nominee Committee, assesses the independence of Independent Directors annually. The criteria for assessing the independence of an Independent Director include the relationship between the Independent Director and the Company and his involvement in any significant transaction with the Company.

#### **4.5 Code of Ethics and Conduct**

The Company has a Code of Conduct and Ethics ("Code") which applies to all employees and Directors of the Group and its subsidiaries. The Code, together with other related policies, procedures and guidelines which are disseminated to employees at the Company's intranet portal, sets out the principles to guide standards of behavior and business conduct when employees and directors' deal with third party and these are integrated into company-wide management practices. The Code of Conduct and Ethics will be reviewed and updated periodically.

The Code of Conduct and Ethics is based on the following principles:-

- Responsibility and Compliance with the Code
- Workplace Health and Safety
- Harassment, Threat and Violence
- Drugs, Alcohol and Prohibited Substances
- Data Integrity and Data Protection
- Protection and Use of Company Assets and Resources
- Records and Reporting
- Conflict of Interest
- Accepting & Providing Gifts and other Benefits
- Bribery and Corruption
- Compliance with Laws

#### **4.6 Company Secretary**

The Company Secretary plays an important role in supporting the Board by ensuring adherence to Board policies and procedures. The Board shall appoint a suitably qualified and competent Company Secretary who can support the Board in carrying out its roles and responsibilities.

The Board is updated by the Company Secretary on new statutes and directives issued by the regulatory authorities. The Company Secretary has attended the Board and Committee meetings and ensured that all procedures are adhered.

#### **4.6 Company Secretary (Con't)**

The roles of Company Secretary includes among others, the following:-

- a) Ensure compliance of regulatory requirements by providing updates on new Listing Requirements and the Companies Act 2016 to the Board;
- b) Advise and remind the Directors of their obligations to disclose their interest in securities, any conflict of interest and related party transactions;
- c) Advise and remind the Directors on the prohibition on dealing in securities during closed period and the restriction on disclosure of price sensitive information;
- d) Prepare agenda items of meetings for Board and Board Committees and send to the respective Board and Board Committees;
- e) Support the Board by ensuring adherence to Board practices and procedures, rules, relevant laws and best practices on Corporate Governance;
- f) Attend all Board and Board Committee meetings to ensure that meetings are properly convened, and that accurate proper records of the proceedings and resolutions passed are made and maintained accordingly; and
- g) Maintain a secured retrieval system which stores meeting papers and minutes of the Board and Board Committees.

The Company Secretary also attend regular trainings to keep themselves abreast of the evolving capital market environment, regulatory changes and developments in corporate governance.

#### **4.7 Board Committees**

The Board has two (2) standing Committees, namely, the Audit and Risk Management Committee ("ARMC") and Joint Remuneration and Nomination Committee ("JRNC"), each operating within the defined Terms of Reference, to assist the Board in discharging its responsibilities.

The ARMC assists the Board in reviewing and monitoring the integrity and adequacy of the internal controls, financial and non-financial reporting process, policies and practices of the Group. It also reviews any related party transactions and conflict of interest situations that may arise within the Group.

While, the JRNC is tasked with the responsibility of, among others, overseeing the succession planning and talent management of the Company, establishing a competitive remuneration policy of the Group.

The Board together with the Key Senior Management on an annual basis, conduct a strategy review and budget session whereby it provides avenue for the Board and the Key Senior Management to discuss among others, the strategic direction of the Company for a given year, the financial and operational performance of the Company, the setting of the KPIs and budget allocations.

#### **4.7 Board Committees (Cont')**

Risk Management is regarded as an integral part of the business operations. With the system of Internal Control in place, and periodical review by internal and external parties to ensure full compliance in its commitment, the Board monitors any risk that might be faced by the business and operations of the Group. The key management personnel are then responsible in managing the identified risks.

The Board is overall responsible for maintaining and ensuring the integrity of a sound system of Internal Control which supports effective and efficient operations to safeguard shareholders' interests and the Group's business and assets.

#### **4.8 Chairman and Chief Executive Officer**

The positions of the Chairman and the Chief Executive Officer are held by two different individuals.

The distinct and separate roles of the Chairman and Chief Executive Officer, with a clear division of responsibilities, ensure a balance of power and authority, such that no one individual has unfettered powers of decision-making. The chairman is responsible for leadership, orderly conduct and working of the Board, whereas the Chief Executive Officer is responsible for the management of the Group's business.

##### **(a) Chairman**

The responsibilities of the Chairman include leading the Board in the oversight of management and among others, includes the following roles and responsibilities:-

- a) Providing leadership to the Board and is responsible for the developmental needs of the Board;
- b) Ensuring that guidelines and procedures are in place to govern the Board's operation and conduct;
- c) Ensuring the smooth functioning of the Board and the Governance structure and inculcating positive culture in the Board;
- d) Ensuring that procedures and processes are in place to facilitate effective conduct of business by the Board;
- e) Chairing the Board meetings and ensure the efficient organisation and conduct of the meetings;
- f) Providing support and guidance to Key Senior Management to assist and facilitate management succession planning;
- g) Grooming and mentoring Key Senior Management to achieve consistently high levels of professionalism and excellent performances; and
- h) Manage and interface between Board and Management.

**(a) Chairman (Cont')**

The Chairman ensures that all Directors are properly briefed on issues arising at Board meetings and sufficient time is allowed for discussion. When chairing Board meetings, the Chairman ensures the following:-

- i. All relevant issues are on the agenda of Board meetings;
- ii. Board debates strategic and critical issues;
- iii. Board receives the necessary management reports relating to the Company's business on a timely basis;
- iv. All directors are able to participate openly in discussions at Board meetings;
- v. Providing leadership to the Board and is responsible for the developmental needs of the Board.

The Chairman of the Company might appoint another board member to chairs at the general meetings of the Company and provide clarification on issues raised by the shareholders.

**(b) Chief Executive Officer**

Chief Executive Officer is the conduit between the Board and the Management in ensuring the success of the Company's governance and management functions.

Chief Executive Officer is responsible to the day-to-day operations of the Company includes the following roles and responsibilities:-

- i. Provides effective leadership to the Company and is responsible for ensuring high management competency and that an effective management succession plan is in place
- ii. Implement the policies, strategies and decisions adopted by the Board
- iii. Direct all aspects of the business operations cost effectively
- iv. Ensure financial management practice is integrity and transparent and that business affairs are carried out ethically and in compliance with the relevant laws and regulations.

**(c) Independent Non-Executive Director**

The Independent Non-Executive Director is not a member of the management and is free of any relationships or have no direct or indirect interest which could interfere in the exercise of independent judgement or the ability to act in the best interest of the Group. With the skills and experience, Independent Non-Executive Director contributes independent views, advices and recommends on areas relating to policy, strategy, business performance, risk management, internal controls including corporate governance.

#### **4.9 Directors' Training**

All the Directors have attended and completed the Mandatory Accreditation Programme ("MAP") prescribed by the Bursa Malaysia Training Sdn Bhd. The Directors are also encouraged to attend the Continuing Education Programme ("CEP") organized by accredited organisations as and when necessary to keep abreast with the latest development that are relevant to the Group.

### **5.0 BOARD MEETINGS AND PROCEDURES**

#### **5.1 Board Meetings**

Board meetings are scheduled in advance to enable all directors to plan ahead. The Board meets at least four (4) times a year with additional meetings to be convened as and when the Board's approval and guidance is required.

The Board may invite external parties such as auditors, solicitors or consultants as and when the need arises. Such invited parties may attend part or all of the Board meeting at the discretion of the Board.

At the Board Meeting, strategies and performance of the Group are being reviewed and evaluated in the light of any changing circumstances whether economic, social or political. Although all the Directors have an equal responsibility for the Group's operation and performance, the role played by the Independent Non-Executive Directors are vital to ensure that strategies formulated or transactions proposed by the management are amply discussed in an unbiased and independent manner, taking into account the interest not only of the Group but also the shareholders, employees, customers, suppliers, business associates, environment and community at large.

#### **5.2 Notice of Meeting, Agenda and Board Papers**

The Notice of the meeting together with the agenda and meeting materials are circulated in a timely manner, to allow reasonable time for the Directors to review the papers before the meeting.

The minutes of meetings are prepared and circulated to all the Directors for review and approval. The minutes would be confirmed by the Board at the next meeting and signed by the Chairman. The signed minutes of the Board/Committee meetings are entered in the Minutes Books kept by the Company Secretaries.

## **6.0 REMUNERATION**

The determination of remuneration packages of Directors are determined by the Board as a whole and individuals are required to abstain from discussion of their own remuneration.

The Group pays its Non-Executive Directors annual fees, which are approved annually by the shareholders. The Directors are also reimbursed reasonable expenses incurred by them in the course of carrying out their duties on behalf of the Group.

The Remuneration Committee reviews the annual salaries, incentive programmes, service arrangements and other employment conditions for the Executive Directors. They shall ensure that the Company's Directors are fairly rewarded for their individual contributions to the Company's overall performance and the levels of remuneration shall be sufficient to attract and retain Directors to run the Company and Group successfully. Where applicable, the Board who takes into consideration information sourced by independent consultant or survey information on comparable companies in determining the remuneration package.

## **7.0 SUPPLY AND ACCESS OF INFORMATION**

All Directors have full access to information concerning the Company and the Group. The Directors are provided with the relevant agenda and a set of Board papers in sufficient time prior to every Board meeting to enable them to understand the matter and seek further explanation, where necessary in order to be properly informed before the meeting. The Board papers circulated include quarterly and annual financial statements, minutes of meeting of all Committees of the Board, report on recurrent related party transactions, internal audit reports and reports on the Group's financial, operational and corporate developments. All matters requiring Board approvals have been duly circulated prior to the Board Meeting. All proceedings of the Board Meeting are minuted and signed as correct record by the Chairman of the Meeting.

At all times, Directors have direct access to the advice and the services of the Company Secretary, Key Senior Management Staff as well as independent professional advisers including the external auditors. All Directors are encouraged to visit the Group's operating locations to familiarize themselves with the various operations of the Group.



## **8.0 RELATIONSHIP WITH SHAREHOLDERS**

The Group recognized the importance of effective and timely communication with shareholders and investors to keep them informed on the Group's latest business and corporate developments. Such information is disseminated via the Company's quarterly financial results, the various announcements, annual reports, circulars to shareholders made from time to time and notices of general meeting.

The policy of the Group is to maintain an active dialogue with its shareholders with the intention of giving shareholders a clear and precise picture of the Group's performance and position.

The Group's Annual General Meeting ("AGM") is the principal avenue for dialogue and interaction with the shareholders. At the AGM, the shareholders are encouraged to ask questions both about the resolutions being proposed and about the Group's operations in general.

## **9.0 RELATIONSHIP WITH AUDITORS**

Through the Audit and Risk Management Committee, the Group maintained a formal and transparent professional relationship with the internal and external auditors in seeking professional advice and ensuring compliance with the accounting standards in Malaysia. The Audit and Risk Management Committee meets with the external auditors at least once a year to review audit plans and to facilitate exchange of view on issues requiring attention.

## **REVIEW OF BOARD CHARTER**

The Board shall review this Board Charter periodically to ensure it remain consistent with the Board's objectives and responsibilities and any new corporate law and regulations that may have impact on the discharge of the Board's responsibilities.

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