

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 5173  
**COMPANY NAME** : Shin Yang Group Berhad  
**FINANCIAL YEAR** : June 30, 2024

## 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.

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The Board sets the Vision, "To become a One-stop Quality Shipping, Logistics Services Provider and Marine Engineering in South East Asia and Beyond" and "To be the Premier Shipbuilder &amp; Integrated Marine Structural Fabricators".</p> <p>The Group upholds the following core values in pursuit of realizing its Vision:-</p> <ol style="list-style-type: none"> <li>a) Emphasis on comprehensive, innovative and efficient quality services</li> <li>b) Adaptability to changes and retain sustainable</li> <li>c) Quality assurance and management</li> <li>d) Environmental, health and safety conscience</li> </ol> <p>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 delegates the day-to-day management of the Company's business to the management team while reserving its consideration for significant matters such as the following: -</p> <ul style="list-style-type: none"> <li>• Formulation of corporate policies and strategies;</li> <li>• Overseeing and evaluating the conduct of the Group's businesses;</li> <li>• Identifying principal risks and ensuring the implementation of appropriate systems to manage those risks; and</li> <li>• Reviewing and approving key matters such as financial results, structures and policies, investments and divestments, acquisitions and disposals and major capital expenditure.</li> <li>• Ensuring full compliance with the Listing Requirements of Bursa Securities and all other applicable laws, regulations and statutory requirements</li> </ul> <p>The Board has two (2) standing Committees, namely, the Audit and</p>

	<p>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.</p> <p>The Board, together with the Key Senior Management, on a quarter and an annual basis, conduct strategy reviews and budget sessions whereby it provides an 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 performance KPIs, and budget allocations.</p> <p>Risk Management is regarded as an integral part business operation. 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 senior management personnel are then responsible in managing the identified risks.</p> <p>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.</p> <p>The Statement of Risk Management and Internal Controls are set out in the Annual Report and provides an overview of the state of internal controls within the Group.</p> <p>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.</p> <p>As for the JRNC, 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.</p> <p>The Board identifies the Annual Report and the Annual General Meeting as the key channel of communications with the shareholders/stakeholders, to report the progress and performance of the Group.</p>
<p><b>Explanation for departure</b></p>	<p>:</p>

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

<b>Measure</b> :		
<b>Timeframe</b> :		

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is headed by Tan Sri Datuk Ling Chiong Ho, the Group Executive Chairman. He provides leadership to the Board and instills good corporate governance practices at all levels of the Group.</p> <p>The responsibilities of the Chairman include leading the Board in the oversight of management and among others, includes the following roles and responsibilities: -</p> <ul style="list-style-type: none"><li>a) Providing leadership to the Board and is responsible for the developmental needs and strategies;</li><li>b) Ensuring that guidelines and procedures are in place to govern the Board's operation and conduct;</li><li>c) Ensuring the smooth functioning of the Board and the governance structure and positive cultures in the Board;</li><li>d) Ensuring that procedures and processes are in place to facilitate effective conduct of business by the Board;</li><li>e) Chairing the Board meetings and ensuring the efficient organisation and conduct of the meetings;</li><li>f) Providing support and guidance to the Key Senior Management to assist and facilitate management succession planning;</li><li>g) Grooming and mentoring the Key Senior Management to achieve consistently high levels of professionalism and excellent performances; and</li><li>h) Manage an interface between the Board and Management.</li></ul> <p>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: -</p> <ul style="list-style-type: none"><li>i. All relevant issues are on the agenda of the Board meetings;</li><li>ii. The Board debates on strategic and critical issues;</li><li>iii. The Board receives the necessary management reports relating to the Company's business on a timely basis;</li><li>iv. All directors are able to participate openly in discussions at the Board meetings;</li><li>v. Providing leadership to the Board and is responsible for the developmental needs of the Board.</li></ul>

	The Chairman of the Company may appoint another board member to chair the general meetings of the Company and provide clarification on issues raised by the shareholders.	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### 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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Board is led by Tan Sri Datuk Ling Chiong Ho, the Group Executive Chairman while the position of the Chief Executive Officer is helmed by Captain Ting Hien Liong. They are not "person connected" under the definition of Bursa Malaysia Main Market Listing Requirements.  The distinct and separate roles of the Group Executive 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 Group Executive chairman is responsible for leadership, orderly conduct and effective working of the Board, whereas the Chief Executive Officer is responsible for the day-to-day management of the Group's business.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**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 Chairman of the board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: The Group Executive Chairman, Tan Sri Datuk Ling Chiong Ho is neither a member of the Audit and Risk Management Committee nor a member of the Joint Remuneration and Nomination Committee. During the year under review, he also did not attend any of these Committee meetings as an invitee.  The Board is cognisant that having the same individual assuming the positions of Chairman of the Board as well as Chairman or member of Board Committees may give rise to an exercise of self-review risks. This may have the effect of compromising the impartiality of Board-level deliberations.
<b>Explanation for departure</b>	:  
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	:  
<b>Timeframe</b>	:  



### 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

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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company Secretary, Richard Ling Peng Liing, (SSM Practicing certificate no: 201908000676) holder of Master in Business Administration from Curtin University of Technology, Australia, is a Fellow member of the Association of Chartered Certified Accountants (ACCA), Malaysian Institute of Accountants (MIA) and the Chartered Tax Institute of Malaysia (CTIM), and also satisfies the qualification as prescribed under Section 235(2) of the Companies Act, 2016 and has the requisite experience and competency in company secretarial services</p> <p>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.</p> <p>The roles of Company Secretary includes among others, the following:-</p> <ul style="list-style-type: none"><li>a) Ensures compliance of regulatory requirements by providing updates on new Listing Requirements and the Companies Act 2016 to the Board;</li><li>b) Advises and reminds the Directors of their obligations to disclose their interest in securities, any conflict of interest and related party transactions;</li><li>c) Advises and reminds the Directors on the prohibition on dealing in securities during closed period and the restriction on disclosure of price sensitive information;</li><li>d) Prepares agenda items of meetings for the Board and Board Committees and send to the respective Board and Board Committees;</li><li>e) Supports the Board by ensuring adherence to Board practices, procedures, rules, relevant laws and best practices on Corporate Governance;</li><li>f) Attends 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</li><li>g) Maintains a secured retrieval system which stores meeting papers and minutes of the Board and Board Committees.</li></ul>

	<p>The Company Secretary also attend regular training to keep himself abreast of the evolving capital market environment, regulatory changes and developments in corporate governance. He also attends continuous professional development programmes as required by the Companies Commission of Malaysia, the Malaysian Institute of Chartered Secretaries and Administrators and other professional bodies.</p>	
<p><b>Explanation for departure</b></p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p><b>Measure</b></p>		
<p><b>Timeframe</b></p>		

**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 1.6**

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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Board meetings are held on a quarterly basis and ad hoc Board meetings will be held as and when required.</p> <p>The Board meetings are scheduled in advance, to allow Directors sufficient time to plan their attendance.</p> <p>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.</p> <p>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 Group Executive Chairman. The signed minutes of the Board/Committee meetings are entered in the Minutes Books kept by the Company Secretary.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>A Board Charter has been established with the objectives to ensure that all Board Members are aware of their duties and responsibilities, various legislation and regulations affecting their conduct, principles and practices of good corporate governance are applied accordingly. The Board Charter is reviewed periodically and updated in accordance with the needs of the Group and any new regulation that may have an impact on the discharge of the Board's responsibilities.</p> <p>The Board is aware of the importance of continuous training for the Directors to enable them to effectively discharge their duties. The Board will continuously evaluate and determine the training needs of the Directors as prescribed in the Board Charter. All Directors are encouraged to attend continuous education programmes and seminars to keep abreast of the current developments and business environment affecting their roles and responsibilities.</p> <p>In carrying out its duties, certain matters are specifically reserved for the Board's decision, including overall strategic directions, operating plans, capital expenditure plans, material acquisitions and disposals, material capital projects, monitoring the Group's operating &amp; financial performance and reviewing key risks affecting the Group.</p> <p>Formal Board Committees established by the Board with defined terms of reference, namely the Audit and Risk Management Committee and Joint Remuneration and Nomination Committee assist the Board in the discharge of its duties.</p> <p>The Board Committees will deliberate and examine issues in greater detail within their respective Terms of Reference and make their necessary recommendations to the Board which retains full responsibility.</p> <p>The Board Charter is available at the company's website <a href="http://www.shinyanggroup.com.my">www.shinyanggroup.com.my</a></p>

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

**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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company has a Code of Conduct and Ethics (“Code”) which applies to all employees and Directors of the Company 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 dealing with third parties and these are integrated into company-wide management practices. The Code of Conduct and Ethics is reviewed and updated appropriately periodically.</p> <p>The Code of Conduct and Ethics is based on the following principles:-</p> <ul style="list-style-type: none"> <li>• Responsibility and Compliance with the Code</li> <li>• Office rules and regulations</li> <li>• Conflict of interest</li> <li>• Supply chain code</li> <li>• Personal integrity and professionalism</li> <li>• Accountability &amp; transparency</li> <li>• Compliance and continuous improvement</li> <li>• Declaration of interest</li> <li>• Business gifts and hospitality</li> <li>• Absence of duty</li> <li>• Security and confidential information</li> <li>• Harassment and sexual harassment</li> <li>• Abusing assets or office facilities</li> <li>• Drugs and liquors</li> <li>• Career development</li> <li>• Attitude professionalism</li> <li>• Office attire and appearance</li> </ul> <p>The Code of Conduct and Ethics is periodically reviewed and available on the Company’s website.</p>
	:	

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

**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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The Board recognises the importance of whistle-blowing and is committed to maintain the standards of ethical conduct within the Group. The Group is committed to operate in compliance with all applicable laws, rules and regulations, including those concerning to accounting and auditing, and prohibits fraudulent practices by any of its Board members, key management team and/or employees. The Board has established a whistle-blowing policy which outlines procedures for employees to report actions that an employee reasonably believes violate the law, or a regulation or that constitutes fraudulent accounting or other practices. This policy applies to any matter which is related to the Group’s business.  The Whistle-Blowing policy is available on the Company’s website.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

**Practice 4.1**

The board together with management takes responsibility for the governance of sustainability in the company including setting the company’s sustainability strategies, priorities and targets.

The board takes into account sustainability considerations when exercising its duties including among others the development and implementation of company strategies, business plans, major plans of action and risk management.

Strategic management of material sustainability matters should be driven by senior management.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board recognises the importance of incorporating sustainability considerations into the Group’s business and corporate activities, and how sustainability is essential for successful business strategies that delivers sustainable value to all stakeholders and ultimately boosts the business performance of the Group.</p> <p>The Board and the Key Senior Management proactively govern the Group’s materiality processes, including setting the Group’s sustainability strategies, priorities and targets. Any action against these clearly set out strategies, priorities and targets are communicated to the Group’s internal and external stakeholders.</p> <p>The Board and the Key Senior Management integrate Environmental, Social and Governance (ESG) factors into their investment decision-making process and the Group’s overall strategy and operations in paving the path for a more sustainable future.</p> <p>Further details are disclosed in the “Sustainability Report” section of the Annual Report 2024.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



### Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

### Practice 4.2

The board ensures that the company's sustainability strategies, priorities and targets as well as performance against these targets are communicated to its internal and external stakeholders.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Group recognises that stakeholder's engagement and their feedback are an integral part of its sustainability strategy and initiatives. The Group is committed to form a sustainable, mutually beneficial relationship with its stakeholders to achieve sustainable value creation and preservation for all.</p> <p>As with preceding years, the Group has produced a Sustainability Report that forms part of the Annual Report, pursuant to the Bursa Malaysia Sustainability Guide and the accompanying toolkits.</p> <p>Further details are disclosed in the "Sustainability Report" section of the Annual Report 2024.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

**Practice 4.3**

The board takes appropriate action to ensure they stay abreast with and understand the sustainability issues relevant to the company and its business, including climate-related risks and opportunities.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board keeps itself abreast of relevant sustainability developments by way of formal training sessions, industry talks, presentation of updates to allow structured reading and deliberations. During the financial year under review, the Board members proactively attended physical conference, seminar and webinars covering a wide range of sustainability topics, including on the subject matter of climate change.</p> <p>The Board will continue to engage with subject matter experts from external and internal and attend relevant training to ensure that the Board has knowledge in supporting the Group to enhance its sustainability focus and formulate sustainability strategy.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

### Practice 4.4

Performance evaluations of the board and senior management include a review of the performance of the board and senior management in addressing the company's material sustainability risks and opportunities.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board had, through its Joint Remuneration and Nomination Committee, carried out annual performance evaluation on the Board's effectiveness in addressing the Group's material sustainability risks and opportunities.</p> <p>The Board, through the Human Resource Department, ensures that the performance of Key Senior Management in managing material sustainability risks and opportunities are taken into consideration as part of their performance evaluation.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

**Practice 4.5- Step Up**

The board identifies a designated person within management, to provide dedicated focus to manage sustainability strategically, including the integration of sustainability considerations in the operations of the company.

*Note: The explanation on adoption of this practice should include a brief description of the responsibilities of the designated person and actions or measures undertaken pursuant to the role in the financial year.*

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	The Board is supported by the sustainability team, which comprises representatives from key operating companies of the Group.

### Intended Outcome

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

### Practice 5.1

The Nomination Committee should ensure that the composition of the board is refreshed periodically. The tenure of each director should be reviewed by the Nomination Committee and annual re-election of a director should be contingent on satisfactory evaluation of the director's performance and contribution to the board.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Joint Remuneration and Nomination Committee conducts yearly assessment on the appropriateness, effectiveness and mix of skills of the Board and Board Committees, the Board's and Board Committees' composition, time commitment performance, contribution and experience of each director.</p> <p>Currently, the Board comprises of members from diverse backgrounds which provides the Group with diverse views and a wealth of expertise, advice and experience. The profiles of the Directors are provided in Annual Report 2024.</p> <p>The Joint Nomination &amp; Remuneration Committee has reviewed and conducted the assessment of the Directors for appointment and re-election, the tenure of Directors on merit based, fit and proper criteria and pursuant to the Listing Requirements and the Malaysian Code on Corporate Governance ("MCCG") 2021.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 5.2**

At least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors.

<b>Application</b>	: Departure
<b>Explanation on application of the practice</b>	:
<b>Explanation for departure</b>	: <p>The Board currently has nine (9) board members comprising of four (4) Non-independent Executive Directors, one (1) Non-Independent Non-Executive Directors and four (4) Independent Non-Executive Directors. The Independent Directors constitute 44% of the Board.</p> <p>This fulfils the Bursa Malaysia Listing Requirements which requires at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, to be independent Directors.</p> <p>However, this does not meet the criteria of having a majority of Independent Director for Large Company as set out in the MCCG.</p> <p>Although the current independent composition of the Board does not meet the 50% threshold as recommended by the Code, it does comply with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and with the Constitution of the Company.</p> <p>The Board is of the opinion that the current composition of Independent Directors is sufficient to provide the necessary checks and balances on the decision-making process of the Board as evidenced in their contribution and participation as members of the various Board Committees and their independent oversight and constructive challenge to the executive directors.</p> <p>The Board, through its Joint Nomination &amp; Remuneration Committee carries out an annual assessment of the Independent Directors to ensure that they were independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement or the ability to act in the best interests of the Company.</p> <p>The extensive knowledge and experience of the four (4) Independent Directors are invaluable in providing the necessary checks and balances and taking care of the minority shareholders' interest.</p>

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

<b>Measure</b>	:	The Board through its Joint Nomination & Remuneration Committee, will continue to identify potential independent directors that possess the right skills and knowledge required by the Group.	
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 5.3**

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 provide justification and seek annual shareholders' approval through a two-tier voting process.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board, through the Joint Remuneration and Nomination Committee, assesses the independence of the Independent Directors and monitors their tenure annually.</p> <p>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.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		



**Intended Outcome**

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

**Practice 5.4 - Step Up**

The board has a policy which limits the tenure of its independent directors to nine years without further extension.

*Note: To qualify for adoption of this Step Up practice, a listed issuer must have a formal policy which limits the tenure of an independent director to nine years without further extension i.e. shareholders' approval to retain the director as an independent director beyond nine years.*

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	<p>It is stated in the Board Charter that the tenure of an Independent Director shall not exceed a cumulative term limit 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.</p> <p>For the financial year ended 30 June 2024, none of the Independent Non-Executive Directors in the Board have reached nine years of tenure.</p>

**Intended Outcome**

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

**Practice 5.5**

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.

Directors appointed should be able to devote the required time to serve the board effectively. The board should consider the existing board positions held by a director, including on boards of non-listed companies. Any appointment that may cast doubt on the integrity and governance of the company should be avoided.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Appointment of the Board and Key Senior Management Personnel is based on merit, academic, professional qualification, diversity of skills, experience, age, background, gender, ethnicity, fit and proper criteria, and their commitment and contribution to the Group.</p> <p>In appointing a new Director, the Board takes into consideration recommendations made by the Joint Remuneration and Nomination Committee.</p> <p>All of the Directors of the Company do not hold more than five (5) directorships in the listed issuers. This is to ensure that competing time commitments can be managed so as to not impair their ability to discharge their duties effectively.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 5.6**

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.

If the selection of candidates was based on recommendations made by existing directors, management or major shareholders, the Nominating Committee should explain why these source(s) suffice and other sources were not used.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Joint Remuneration and Nomination Committee will consider recommendations of new candidates from various sources, such as the existing Board/ Management/ major shareholders and their own independent sources.</p> <p>The Joint Remuneration and Nomination Committee will evaluate the skills, competency, knowledge, social exposure, experience, professionalism, academic, professional qualification, integrity, fit and proper criteria of new candidates, and then recommend to the Board for approval. The sources and reasons for Joint Remuneration and Nomination Committee's selection of candidate will be made known there.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 5.7

The board should ensure shareholders have the information they require to make an informed decision on the appointment and reappointment of a director. This includes details of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect their capacity to bring an independent judgement to bear on issues before the board and to act in the best interests of the listed company as a whole. The board should also provide a statement as to whether it supports the appointment or reappointment of the candidate and the reasons why.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>In compliance with the Constitution of the Company, one third (1/3) of the Directors shall retire by rotation at each Annual General Meeting ("AGM") and that a director who is appointed during the year shall retire at the next AGM. The Constitution further provides that all Directors shall retire from office at least once in every three (3) years.</p> <p>The information of the Directors such as their personal profile, record of attendance of meetings and their shareholdings in the company (if any) are disclosed in the Annual Report 2024.</p> <p>During the year under review, the assessment relating to the reappointment of directors was reviewed by the Joint Remuneration and Nomination Committee and recommended to the Board for approval. Based on the results of the evaluation conducted on their fitness and propriety in line with the Fit and Proper Policy and the annual assessment and evaluation of the Board for the financial year ended 30 June 2024, the Board had recommended the reappointment of the Directors to the shareholders for approval at the forthcoming 19th AGM.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 5.8**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Joint Remuneration and Nomination Committee is chaired by an Independent Director, Mr. Jack Willien @ William Anak Jinep.</p> <p>The Joint Remuneration and Nomination Committee consists of two Independent Non-Executive Directors and one Non-Independent Non-Executive Director as follows:-</p> <p>Mr. Jack Willien @ William Anak Jinep Chairman/Independent Non-Executive Director</p> <p>Dr. Dominic Lai Yew Hock Member/Independent Non-Executive Director</p> <p>Mdm Ling Siu Chuo Member/Non-Independent Non-Executive Director</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 5.9**

The board comprises at least 30% women directors.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Board comprises 3 women Directors out of 9 Directors, which represents 33% women directors.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 5.10**

The board discloses in its annual report the company's policy on gender diversity for the board and senior management.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Group respects and unequivocally supports the Universal Declaration of Human Rights and advocates fair employment policies and practices as it is committed to provide equal employment opportunities to everyone without any discrimination such as against age, gender, race, ethnicity, religion and nationality.</p> <p>As such, the Group do not discriminate when it comes to nomination or promotion of any Board member or Senior management personnel.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors.

### Practice 6.1

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 its outcome, actions taken and how it has or will influence board composition.

For Large Companies, the board engages an independent expert at least every three years, to facilitate objective and candid board evaluation.

<i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: <p>The Board has delegated the task of the preliminary annual assessment on performance and effectiveness of the Board, Board Committees and each individual Director to the Joint Remuneration and Nomination Committee. This assessment on performance and effectiveness was internally facilitated.</p> <p>For the financial year under review, the Joint Remuneration and Nomination Committee has reviewed and assessed the mix of skills, expertise and experience of the Board. This includes the core competencies of both Executive and Non-Executive Directors, size of the Board, contribution of each Director, effectiveness of the Board and also evaluated the level of independence of the Directors.</p> <p>The Board and Board Committees are satisfied with their existing composition and are of the view that, with the current mix of skills, experiences, expertises, and competencies of the existing directors, the Board and respective Board Committees are able to discharge their duties effectively. The Board is also satisfied that the Board composition in terms of size, the balance between Executive, Non-Executive and Independent Directors and mix of skills is adequate.</p>
<b>Explanation for departure</b>	:  
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	:  
<b>Timeframe</b>	:  



### 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 7.1

The board has remuneration 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 remuneration policies and practices should appropriately reflect the different roles and responsibilities of non-executive directors, executive directors and senior management. The policies and procedures are periodically reviewed and made available on the company's website.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has established a formal and transparent process in determining the appropriate remuneration package for the Directors and Key Senior Management.</p> <p>Among others, the criteria adopted by the Company and its subsidiaries in considering the remuneration of the Key Senior Management were as follow:-</p> <ul style="list-style-type: none"><li>• The overall performance of the Company and its subsidiaries;</li><li>• Individual performance;</li><li>• General economic situation;</li><li>• Prevailing market practice;</li><li>• Salary position against market trend; and</li><li>• Skills and experiences.</li></ul> <p>The Board, with the assistance of the Joint Remuneration and Nomination Committee ("JRNC"), recommends a fair and attractive remuneration framework, which includes the remuneration packages and other terms of employment for the Executive Directors. In formulating the remuneration framework, the Joint Remuneration and Nomination Committee also ensures that the remuneration policy remains supportive of the Company's corporate objectives and is aligned with the interest of the shareholders. It would able to attract, retain and motivate the Executive Directors to be reflective of their experience and level of responsibilities. The Executive Directors abstained from deliberation on their own remuneration at Board meetings.</p> <p>The Non- Executive Directors are paid a fixed monthly directors' fee. The determination of the monthly directors' fee for Non-Executive Directors is based on the seniority, experience, contribution and level</p>

	of responsibilities in Board Committees by a particular Non-Executive Director. The monthly directors' fee payable to Non- Executive Directors would be tabled to the shareholders for approval at the forthcoming 19 <sup>th</sup> AGM. The Directors who are also the shareholders shall abstain from voting at the forthcoming 19 <sup>th</sup> AGM on resolutions pertaining to their Directors' fees.	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### 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 7.2

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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Joint Remuneration and Nomination Committee is chaired by an Independent Director, Mr. Jack Willien @ William Anak Jinep.</p> <p>The Joint Remuneration and Nomination Committee consists of two Independent Non-Executive Directors and one Non-Independent Non-Executive Director as follows:-</p> <p>Mr. Jack Willien @ William Anak Jinep Chairman/Independent Non-Executive Director</p> <p>Dr. Dominic Lai Yew Hock Member/Independent Non-Executive Director</p> <p>Mdm Ling Siu Chuo Member/Non-Independent Non-Executive Director</p> <p>The terms of Reference of the Joint Remuneration and Nomination Committee is available on the Company's website.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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 8.1**

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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The details of the Directors' remuneration for the financial year ended 30 June 2024 for each individual Director with a breakdown into fees, salaries and bonus, allowance and other emoluments are set out in the table below.

No	Name	Directorate	Company ('000)							Group ('000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	TAN SRI DATUK LING CHIONG HO	Executive Director	0	0	1,980	480	0	98	2,558	0	0	2,160	495	0	108	2,763
2	LING CHIONG SING	Executive Director	0	0	660	150	0	33	843	0	0	1,440	232	0	70	1,742
3	LING CHIONG PIN	Executive Director	0	0	240	45	0	12	297	0	0	300	50	0	15	365
4	DATUK LING LU KIONG	Executive Director	0	0	240	45	0	35	320	0	3	240	45	0	35	320
5	VINCENT LING LU YEW (RETIRED ON 22 NOVEMBER 2023)	Executive Director	0	0	120	0	0	15	135	0	0	180	0	0	22	202
6	LING SIU CHUO	Non-Executive Non-Independent Director	30	0	0	0	0	0	30	30	0	0	0	0	0	30
7	YONG NYET YUN	Independent Director	54	0	0	0	0	0	54	54	0	0	0	0	0	54
8	JACK WILLIEN @ WILLIAM ANAK JINEP	Independent Director	30	0	0	0	0	0	30	30	0	0	0	0	0	30
9	DR. LAI YEW HOCK	Independent Director	18	0	0	0	0	0	18	18	0	0	0	0	0	18
10	IZAN NADIAWATI BINTI MOHAMAD TABIB	Independent Director	18	0	0	0	0	0	18	18	0	0	0	0	0	18
11	ARSHAD BIN ZAINUDDIN (DEMISED ON 20 NOVEMBER 2023)	Independent Director	10	0	0	0	0	0	10	10	0	0	0	0	0	10

**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 8.2**

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.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	It is not in the interest of the Group to disclose detailed remuneration components of the top five (5) Key Senior Management in bands of RM50,000 on a named basis in view of confidentiality and security reasons. In addition, the Group is operating in a very competitive environment where talent retention is a challenge.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	The Company has identified the top 5 Key Senior Management as follows: Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, General Manager (Shipbuilding & Ship repair) and Fleet Manager.  The combined remuneration of these executives for the year 2024 was approximately RM3.16 million (2023: RM 2.13 million) inclusive of basis salary, allowance, bonus, benefit in kind and other emoluments.
<b>Timeframe</b>	:	

**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 8.3 - Step Up**

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

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	

**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 9.1**

The Chairman of the Audit Committee is not the Chairman of the board.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Chairman of Audit and Risk Management Committee and the Board are held by different persons. Chairman of the Audit and Risk Management Committee – Mdm Yong Nyet Yun Chairman of the Board – Tan Sri Datuk Ling Chiong Ho</p> <p>Having the positions of Chairman of the Board and Chairman of the Audit and Risk Management Committee by different persons allows the Board to objectively review the Audit and Risk Management Committee's findings and recommendations.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		



**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 9.2**

The Audit Committee has a policy that requires a former partner of the external audit firm of the listed company to observe a cooling-off period of at least three years before being appointed as a member of the Audit Committee.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Group recognises the importance of the independence of its External Auditors and no possible conflict of interest whatsoever should arise.</p> <p>The Term of Reference of the Audit and Risk Management Committee contains a clause that a cooling off period of least three (3) years before a former audit partner is being appointed as a member of the Audit Committee.</p> <p>The Terms of Reference of the Audit and Risk Management Committee is available on the Company's website.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**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 9.3**

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor to safeguard the quality and reliability of audited financial statements.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Audit and Risk Management Committee (“ARMC”) is responsible for reviewing, assessing and monitoring the performances, suitability and independence of the External Auditors in accordance with a framework/policy which was approved by the Board. The Policy is in line with Practice 9.3 of the Code.</p> <p>The assessment will be conducted annually to assess the performance of the External Auditors prior to making a recommendation to the shareholders for re-election.</p> <p>The external auditors are also required to provide confirmation to the Audit and Risk Management Committee that they are and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements. The policies governing the circumstances under which contracts for the provision of non-audit services could be entered into and procedures that must be followed by the external auditors have been approved by the Board.</p> <p>In 2024, the ARMC has assessed the performance of the External Auditors, Messrs. Crowe Malaysia PLT (“Crowe”), and is satisfied with the quality of the services rendered and the competency and sufficiency of resources provided for the Company. In view thereof, the ARMC has recommended for Crowe to be retained as the Company’s External Auditors for Financial Year Ended 30 June 2025. A resolution on the re-appointment of Crowe as the Company’s Auditors will be tabled at the forthcoming 19th Annual General Meeting to be held on 5 December 2024.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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 9.4 - Step Up**

The Audit Committee should comprise solely of Independent Directors.

<b>Application</b> :	Not Adopted
<b>Explanation on adoption of the practice</b> :	

**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 9.5**

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate, competent 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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>All members of the Audit and Risk Management Committee possess the necessary skills and knowledge to discharge their duties in accordance with the Terms of Reference of the Audit and Risk Management Committee. The Chairman and members of the Audit and Risk Management Committee are financially literate and they are able to understand matters under the purview of the Audit and Risk Management Committee including the financial reporting process.</p> <p>All members of Audit and Risk Management Committee undergo training and professional development to keep themselves abreast of relevant development.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

## 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 10.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board recognises the importance of sound internal controls and risk management in safeguarding the assets of the Group.</p> <p>The Board reviews the effectiveness, adequacy, integrity of the risk management framework and internal control system of the Group to ensure that significant risks faced by the Group are being managed appropriately to respond to the changes in the business environments.</p> <p>The Board reviews the effectiveness of the risk management and internal control system through the following monitoring and assessment mechanisms:</p> <ul style="list-style-type: none"> <li>• Quarterly reviews on the Group's actual financial and operational performance versus planned performance and other key financial and operational performance indicators;</li> <li>• Reviews of specific transactions and projects or opportunities are also discussed between the Management and the Board as and when required. This allows the Board and the Management to manage potential risks;</li> <li>• The Audit and Risk Management Committee deliberates and discusses reports issued by the Internal Audit and external auditors pertaining to financial, operational, governance, risk management and control matters. The status of preventive and corrective actions for issues discussed were also updated to the Audit and Risk Management Committee to enable monitoring of the actions.</li> </ul> <p>The details of the Risk Management and Internal Control of the Group are disclosed in the Company's Annual Report 2024.</p>
<b>Explanation for departure</b>	:	

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

<b>Measure</b> :		
<b>Timeframe</b> :		

### 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 10.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>A Statement on the Risk Management and Internal Control of the Group is disclosed in the Company's Annual Report 2024.</p> <p>For the Financial Year ended 30 June 2024, the Board was of the opinion that the risk management and internal control is adequate and sound to provide reasonable assurance in safeguarding shareholders' investments, Group's assets and other stakeholders' interests as well as in addressing key risks impacting the business operations of the Group.</p> <p>There was no major internal control weakness identified during the year under review that may result in any material loss or uncertainty to the Group.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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 10.3 - 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.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	<p>The current function of the Audit and Risk Management Committee is assisting the Board in carrying out, among others, the responsibility of overseeing the risk management activities and approving appropriate risk management procedures and measurement methodologies for the Group.</p> <p>The Audit and Risk Management Committee comprises of a majority of independent directors, i.e. 4 out of 5 members are Independent Non-Executive Director.</p>



**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 11.1**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>To assist the Board in maintaining a sound system of internal control for the purposes of safeguarding shareholders' investment and the Group's assets.</p> <p>Internal Audit Department ("IAD") reports directly to the Audit and Risk Management Committee ("ARMC"). The functions of the IAD are to ensure a regular review of the adequacy and integrity of its internal control system. The IAD is also required to assist the Group in enhancing its existing risk management framework and adopting a risk-based approach.</p> <p>The IAD provides independent assessment on the effectiveness and efficiency of internal controls utilizing a global audit methodology and tool to support the corporate governance framework and to assist the Group in enhancing its existing risk management framework and adopting a risk-based approach framework to provide assurance to the ARMC.</p> <p>The IAD reviews compliance with policies and procedures and advises executive and operational management areas for improvement and subsequently reviews the extent to which its recommendations have been implemented. The IAD also conducts a follow up review on the implementations status of action plans agreed by management.</p> <p>The ARMC approves the internal audit plan during the first ARMC meeting each year. Any subsequent changes to the internal audit plan are approved by the ARMC. The scope of internal audit covers the audits of all units and operations, including subsidiaries as stated in the letter of engagement.</p> <p>The scope of work covered by the IAD during the financial under review is provided in the Statement on Risk Management and Internal Control of the Annual Report 2024.</p> <p>The ARMC and the Board are satisfied with the performance of the IAD and agreed that the internal audit review was done in accordance with the audit plan and the coverage is adequate.</p>
<b>Explanation for departure</b>	:	

<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### 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 11.2

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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The internal audit personnel is independent and free from any relationship or conflicts of interest with the Group.</p> <p>The Internal Audit Department (“IAD”) comprises of 5 (2023: 4) audit personnel led by Internal Audit Manager, Ms Leh Sheng Sheng. Ms. Leh has academic and professional qualification with extensive knowledge and working experience in the internal audit filed with exposure to various industries and Corporate Risk Management.</p> <p>The internal audit activities were reported directly to the Audit and Risk Management Committee (“ARMC”) based on the approved annual Internal Audit Plan. The approved annual Internal Audit Plan was designed to cover all level of operations within the Group.</p> <p>The IAD adopts a risk based approach and prepares its audit plan based on the risk profiles from the risk assessment of the business units of the Group.</p> <p>The IAD also periodically reports on the activities performed, key strategic and control issues observed by internal audit to the ARMC in order to preserve its independence. The ARMC reviews and approves the internal audit’s annual budget, remuneration, audit plan and human resources requirements to ensure an adequate number of internal auditors with sufficient knowledge, skills and experience. IAD adopts the International Standards for the Professional Practice of Internal Auditing of The Institute of Internal Auditors (IIA).</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### 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 12.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Group acknowledges the importance of regular and effective communication with shareholders and investors. The Group engages all its stakeholders through various platforms including announcements made through Bursa Securities and engagement through the investor relations function.</p> <p>The Group has also established a website <a href="http://www.shinyanggroup.com.my">www.shinyanggroup.com.my</a> from which investors and shareholders can access information relating to the Group, its businesses and periodic performance reports and annual report. The website is updated periodically to reflect key changes to the Group.</p> <p>Annual General Meeting ("AGM") also provides an effective means of communication with the shareholders where they are encouraged to participate in the open question and answer session during the AGM.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### 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 12.2

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

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	The Board acknowledges that an integrated reporting will improve the quality of information available to investors, and promote greater transparency. However, a special team comprising of various operating and functional units with specialised training is required for preparation of such integrated reporting.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	The current reporting complies with the requirements of the applicable accounting standards, Companies Act 2016 and Bursa Malaysia Listing Requirements.  The Board will consider adoption of the integrated reporting at an appropriate time in future based on globally well received framework.
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 13.1**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Company serves the Notice of Annual General Meeting (“AGM”) to the shareholders of the Company at least 28 days prior to the meeting.</p> <p>The Notice is also advertised in national newspapers, on Bursa’s announcement page and made available on the Company’s website.</p> <p>The Notice of AGM provides detailed explanation for resolutions proposed that are relevant, where required and necessary, to enable shareholders to make decisions regarding AGM’s business agenda of the Company.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 13.2**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>All Directors are committed to attend General Meetings of the Company, which are scheduled in advance, save for unforeseeable circumstances.</p> <p>All directors, the Chair of the Board Committees and Chief Executive Officer are aware of their respective scope of responsibilities and will respond to questions addressed to them at General Meetings.</p> <p>External auditors are also present to address queries pertaining to audited financial statements.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 13.3

Listed companies should leverage technology to facilitate–

- voting including voting in absentia; and
- remote shareholders' participation at general meetings.

Listed companies should also take the necessary steps to ensure good cyber hygiene practices are in place including data privacy and security to prevent cyber threats.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>Based on the previous general meetings, the Company does not have a large number of shareholders to warrant voting in absentia and/ or remote shareholders' participation at Annual General Meeting.</p> <p>All General Meetings of the Company are held in accessible location within Miri, Sarawak. Shareholders who are unable to attend general meetings of the Company may, in accordance with the Constitution of the Company, appoint their respective proxies or the Chairman of the meeting to vote on their behalf. This is done via the filing of the 'Form of Proxy' not less than 48 hours before the time appointed for the holding of the meeting. The Form can be found with the Notice of AGM and on the Company's website. An electronic polling agent and scrutineer respectively are engaged to count and validate the votes cast at the General Meeting. Detailed of electronic poll results are announced at the General Meeting and also uploaded on the Company's website.</p> <p>The Company will continually enhance the content of the Annual Report to improve our communication to our stakeholders.</p> <p>Meanwhile, the Company will monitor the development of technology and market practice.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



**Intended Outcome**

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

**Practice 13.4**

The Chairman of the board should ensure that general meetings support meaningful engagement between the board, senior management and shareholders. The engagement should be interactive and include robust discussion on among others the company’s financial and non-financial performance as well as the company’s long-term strategies. Shareholders should also be provided with sufficient opportunity to pose questions during the general meeting and all the questions should receive a meaningful response.

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i>	
<b>Application</b> :	Applied
<b>Explanation on application of the practice</b> :	All of the Directors, Key Senior Management and External Auditors had attended the 18th AGM to respond to questions posted by the shareholders and proxies. The Chairman had invited shareholders and proxies to raise their questions on the Company’s financial statements and other items at the said AGM.  Sufficient time and opportunity were made available for shareholders to pose questions during the 18th AGM.
<b>Explanation for departure</b> :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b> :	
<b>Timeframe</b> :	

**Intended Outcome**

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

**Practice 13.5**

The board must ensure that the conduct of a virtual general meeting (fully virtual or hybrid) support meaningful engagement between the board, senior management and shareholders. This includes having in place the required infrastructure and tools to support among others, a smooth broadcast of the general meeting and interactive participation by shareholders. Questions posed by shareholders should be made visible to all meeting participants during the meeting itself.

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.</i>	
<b>Application</b>	: Not applicable – only physical general meetings were conducted in the financial year
<b>Explanation on application of the practice</b>	: Based on the previous general meetings, the Company does not have a large number of shareholders to warrant voting in absentia and/ or remote shareholders' participation at Annual General Meeting.  All General Meetings of the Company are held in accessible location within Miri, Sarawak. Shareholders who are unable to attend general meetings of the Company may, in accordance with the Constitution of the Company, appoint their respective proxies or the Chairman of the meeting to vote on their behalf.
<b>Explanation for departure</b>	:  
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	:  
<b>Timeframe</b>	:  

**Intended Outcome**

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

**Practice 13.6**

Minutes of the general meeting should be circulated to shareholders no later than 30 business days after the general meeting.

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>		
<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The minutes of the general meeting was uploaded on the Company's website within 30 business day after General Meeting
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT  
CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA**

*Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.*

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