



SHIN YANG SHIPPING CORPORATION BERHAD

Registration No: 200401027554 (666062-A)



ANNUAL REPORT 2021



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Shin Yang Shipping Corporation Group

OUR VISION

To be the Premier Shipbuilder & Integrated Marine Structural Fabricators And One-stop Quality Logistics Services Provider and Marine Engineering in South East Asia and Beyond.

OUR CORPORATE MISSION

To operate a Modern Integrated shipping and shipbuilding benchmarking for Excellence in providing Comprehensive, Innovative and efficient Quality services.

Adaptability to changes, and retain sustainable success and steadfast in Health, Safety, Environment and Quality Value.

Committed to achieving Quality Assurance and Management through quality planning, improvement and control.

Full concern for preserving the Environment, Health and Safety of employees, neighbouring communities and our valued customers.

Our business is focused on shipping and shipbuilding, which represent our main core revenue streams. Our two core businesses are synergistic as we construct the vessels and also used them in our shipping operations. In supporting our core business areas, we also undertake shipping agency & forwarding services, third party logistics transportation solutions, ship repairs, modifications and maintenance works.

We are one of the few large shipping and shipbuilding operators that construct our own vessels. Being an integrated shipping and shipbuilding operator provides us with the competitive advantage to react quickly to favourable market conditions and to quickly undertake modification of existing vessels to meet new business opportunities and reinforce our fleet robustness by timely constructing vessels for our shipping operation requirements.

Our shipping operations cover both Malaysian and International waters; ranging from South East Asia, East Asia and the Far East region. Currently, we are supported by our own fleet of 229 vessels with a total Gross Registered Tonnage (GRT) of approximately 357,100 Tonnage.

Our shipbuilding facilities are supported by three shipbuilding yards located in Kuala Baram, Miri and one in Bintulu, Sarawak with a total land area of approximately 280 acres and an annual capacity to construct 40 vessels based on a hundred meter length vessel. In addition, we also have one shipbuilding yard in Tanjung Manis, Sarawak for future business expansion with a total land area of approximately 214 acres.



Corporate Information

DIRECTORS

Tan Sri Datuk Ling Chiong Ho

Ling Chiong Sing
Group Managing Director

Ling Chiong Pin

Datuk Lawrence Lai Yew Son

Koh Ek Chong

Ling Siu Chuo

Vincent Ling Lu Yew

Arshad Bin Zainuddin

Hudson Chua Jain
(Resigned on 16 November 2020)

AUDIT AND RISK MANAGEMENT COMMITTEE

Koh Ek Chong
(Redesignated on 24 November 2020)
Chairman and Independent Non -Executive

Datuk Lawrence Lai Yew Son
Independent Non -Executive

Ling Siu Chuo
Non-Independent Non-Executive

Arshad Bin Zainuddin
Independent Non -Executive

Hudson Chua Jain
(Resigned on 16 November 2020)
Chairman and Independent Non -Executive

JOINT REMUNERATION AND NOMINATION COMMITTEE

Datuk Lawrence Lai Yew Son
Chairman and Independent Non -Executive

Koh Ek Chong
Independent Non -Executive

Ling Siu Chuo
Non-Independent Non-Executive

Arshad Bin Zainuddin
Independent Non -Executive

REGISTERED OFFICE

Sublot 153 (Parent Lot 70)
Jalan Kuala Baram, Kuala Baram
98100 Miri, Sarawak, Malaysia
Telephone No. : [6085]-428399
Facsimile No. : [6085]-421428
E-mail: syshippingcorp@shinyang.com.my
Website: www.syshippingcorp.com.my

CHIEF EXECUTIVE OFFICER

Captain Ting Hien Liong

COMPANY SECRETARY

Richard Ling Peng Liing

SHARE REGISTRAR

Boardroom Share Registrars Sdn Bhd
(199601006647/378993-D)
11th Floor, Menara Symphony
No.5, Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor Darul Ehsan.
Telephone No. : [603]-7890 4700
Facsimile No. : [603]-7890 4670

AUDITORS

Crowe Malaysia PLT (AF: 1018)
Lot 2395, Block 4, Bulatan Business Park,
Jalan Bulatan Park, 98000 Miri, Sarawak
Telephone No. : [6085]-658 835
Facsimile No. : [6085]-655 001

PRINCIPAL BANKERS

AmBank (M) Berhad
Affin Bank Berhad
CIMB Bank Berhad
Hong Leong Bank Berhad
Malayan Banking Berhad
RHB Bank Berhad

STOCK EXCHANGE LISTING

Main Market Bursa Malaysia Securities Berhad
Stock Name: SYSCORP
Stock Code: 5173 (Transportation and Logistics)
Domicile: Malaysia

Financial Calendar

FINANCIAL YEAR END

30 JUNE 2021

Announcement of results

First Quarter	27 November 2020
Second Quarter	26 February 2021
Third Quarter	28 May 2021
Fourth Quarter	30 August 2021

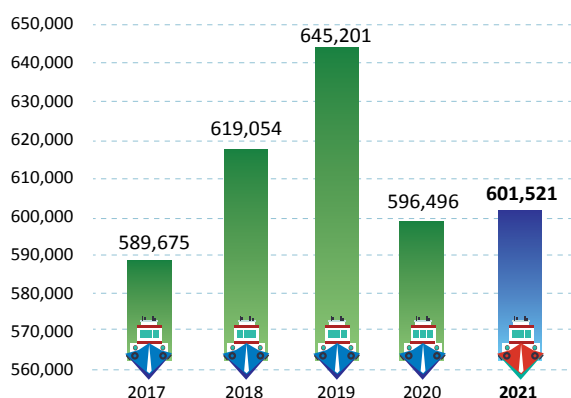
Published Annual Report And Financial Statements

Notice of Annual General Meeting	29 October 2021
16 th Annual General Meeting	8 December 2021

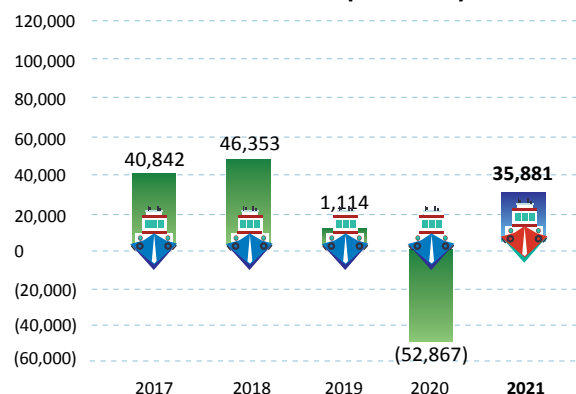


5- Years Statistic Highlights

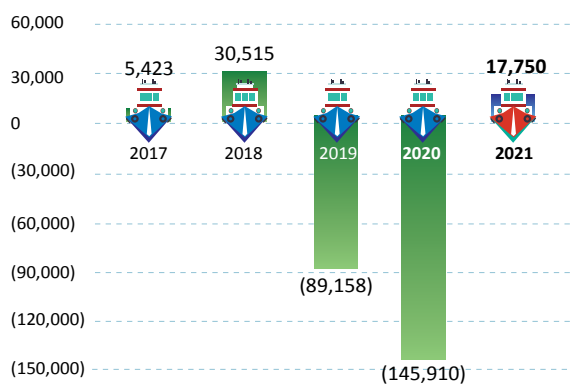
Revenue (RM'000)



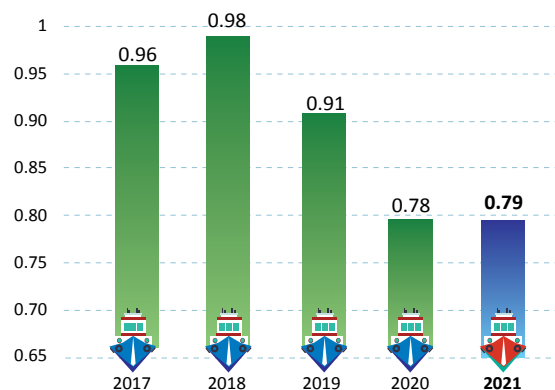
Gross Profit (RM'000)



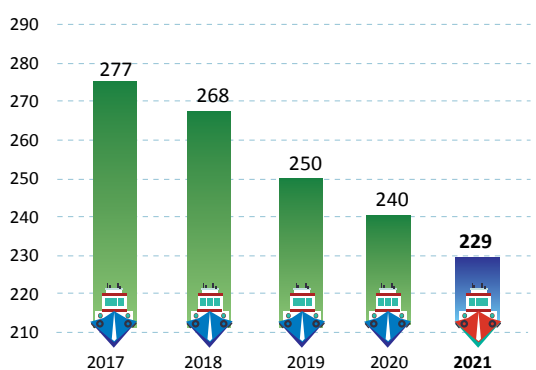
PAT (RM'000)



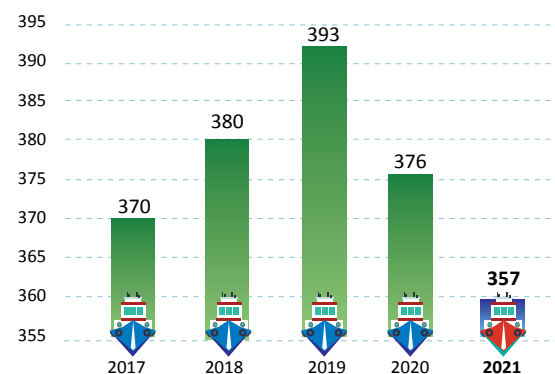
NTA (RM per share)



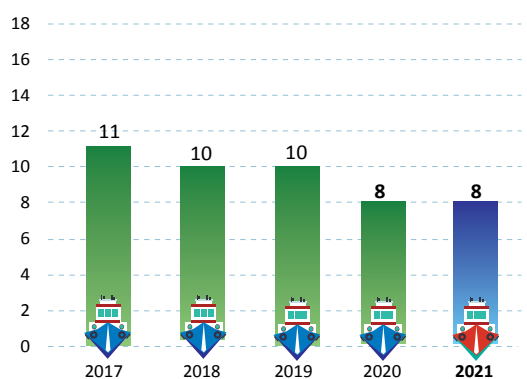
Vessel fleet (no)



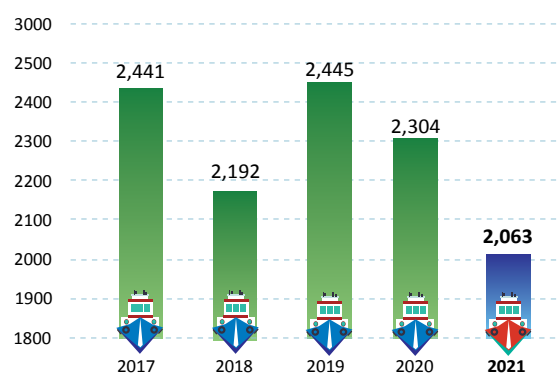
Vessel fleet (GRT'000)



No. of Vessels completed & WIP



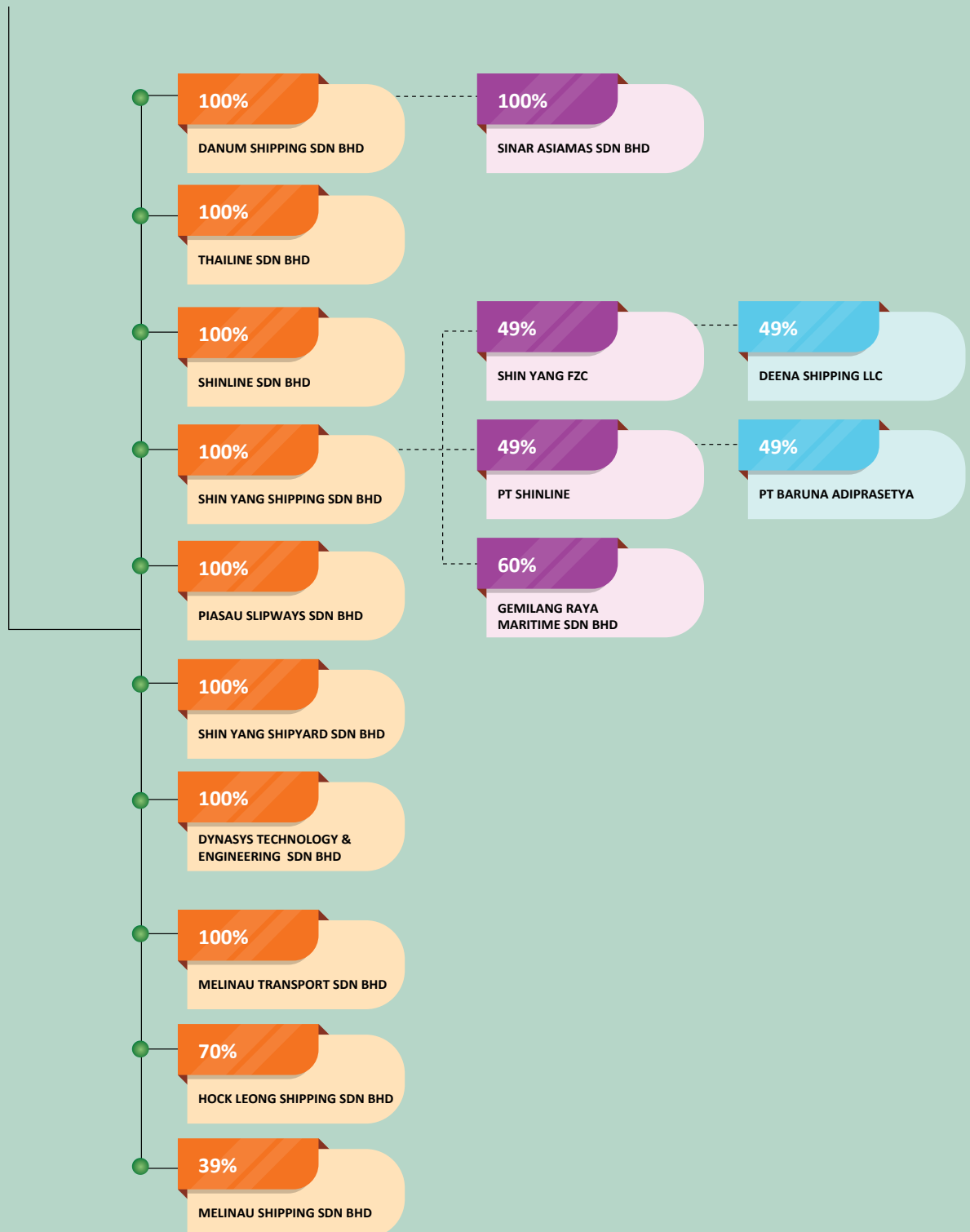
No. of Employee



Group Structure



SHIN YANG SHIPPING
CORPORATION BERHAD



Profile of Board of Directors

TAN SRI DATUK LING CHIONG HO

Non-Independent Non-Executive Chairman

DATE OF APPOINTMENT

15 September 2004 (Director)

31 March 2010 (Non-Executive Chairman)

NATIONALITY/AGE

Malaysian, 69 years

Tan Sri Datuk Ling Chiong Ho has extensive experience and technical know-how toward new development and design & full construction of vessels and repair of vessels. He has been instrumental in the growth and development of the Group and had lead our Group to become an established shipping operator and leading shipbuilder in Malaysia. Tan Sri Datuk Ling is the founder and Chairman of the well diversified Shin Yang Group of Companies involving in reforestation, wood based downstream activities, property development, infrastructure projects and public toll concession, oil palm plantation, public transportation, hypermarkets and hotel businesses. He is also the Group Executive Chairman and Chairman of Group Management, ESOS and MRGF committee of Sarawak Oil Palms Berhad, a company listed on Bursa Malaysia Securities Berhad.

In addition to being the current Deputy Chairman of Sarawak Timber Association, he also serves as Chairman/Deputy Chairman of several school boards and charitable organisations in Sarawak.

Tan Sri Datuk Ling is the brother of Ling Chiong Sing, Ling Chiong Pin and Mdm Ling Siu Chuo, directors of the Company. Tan Sri Datuk Ling is deemed connected to Shin Yang Holding Sdn Bhd, one of the substantial shareholders of the Company. He is deemed interested in various transactions between the Group and certain companies carried out in the ordinary course of business by virtue of his common directorship and/or shareholdings in these companies.

Tan Sri Datuk Ling had attended all four Board Meetings held during the financial year ended 30 June 2021. He has not been convicted of any offence within the past 5 years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

LING CHIONG SING

Group Managing Director

DATE OF APPOINTMENT

15 September 2004 (Director)

13 May 2010 (Group Managing Director)

NATIONALITY/AGE

Malaysian, 65 years

Ling Chiong Sing graduated from Taiwan in Accountancy and is responsible for the overall operational and financial management of our Group. As one of the founding members of our Group, Mr. Ling brings with him over thirty (30) years of extensive and hands-on knowledge on all aspects of our business activities ranging from international and coastal shipping, shipbuilding and ship repairs. Mr. Ling was also pioneer to our projects planning and business development, especially the expansion of new shipping routes. Mr. Ling is also the Non-Executive Director and a member of MRGF Committee of Sarawak Oil Palms Berhad, a company listed on Bursa Malaysia Securities Berhad.

Mr. Ling also elected to serve as Chairman to Miri Chinese Chamber of Commerce and Industry for 2021 to 2023 term.

He is the brother of Tan Sri Datuk Ling, Ling Chiong Pin and Mdm Ling Siu Chuo who are Non Executive Chairman, Executive Director and Non Executive Director of the Company respectively. He is deemed connected to Shin Yang Holding Sdn Bhd, one of the substantial shareholders of the Company. He is deemed interested in various transactions between the Group and certain companies carried out in the ordinary course of business by virtue of his common directorship and/or shareholdings in these companies.

He has attended all four Board Meetings held during the financial year ended 30 June 2021. He has not been convicted of any offence within the past 5 years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

Profile of Board of Directors

(Cont'd)

LING CHIONG PIN

Executive Director

DATE OF APPOINTMENT

30 November 2009 (Executive Director)

NATIONALITY/AGE

Malaysian, 67 years

Ling Chiong Pin had served as a Coastal Master of domestic tugboats for over ten (10) years during the 1970s. He is currently the Managing Director of Piasau Slipways Sdn Bhd and is responsible for all aspects of our shipbuilding and ship repair operations and brings with him extensive hands-on experience and knowledge in shipping and shipbuilding operations.

He is the brother of Tan Sri Datuk Ling, Ling Chiong Sing and Mdm Ling Siu Chuo, who are Non Executive Chairman, Group Managing Director and Non Executive Director of the Company respectively. He is deemed connected to Shin Yang Holding Sdn Bhd, one of the substantial shareholders of the Company. He is deemed interested in various transactions between the Group and certain companies carried out in the ordinary course of business by virtue of his common directorship and/or shareholdings in these companies.

He has attended all four Board Meetings held during the financial year ended 30 June 2021. He has not been convicted of any offence within the past 5 years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

DATUK LAWRENCE LAI YEW SON

Independent Non-Executive Director

DATE OF APPOINTMENT

30 November 2009 (Independent Non-Executive Director)

NATIONALITY/AGE

Malaysian, 61 years

Datuk Lawrence Lai is an Advocate and Solicitor by profession. He graduated with Bachelor of Law with Honours from the University of Sheffield, England in 1982 and was admitted as Barrister-At-Law of the Honourable Society of Lincoln's Inn, London, England and was called to the English Bar in 1983. He was admitted as an Advocate of the High Court of Sabah and Sarawak and called to the Sarawak Bar in 1984 and the Sabah Bar in 1986. He is currently a Notary Public and Commissioner for Oaths. Datuk Lawrence Lai was the Mayor of Miri City Council, Sarawak from year 2009 to year 2016.

On 16th October 2016, Datuk Lawrence Lai was conferred the Darjah Pangkuan Seri Melaka (D.P.S.M) which carries the title "Datuk" by Yang Di-Pertua Negeri Melaka.

Datuk Lawrence Lai is also a member of the Audit and Risk Management Committee and the Chairman of the Joint Remuneration and Nomination Committees. He is not related to any director and /or substantial shareholders of the Company and does not have any conflict of interest with the Group.

He has attended all four Board Meetings held during the financial year ended 30 June 2021. He has not been convicted of any offence within the past 5 years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

Profile of Board of Directors

(Cont'd)

KOH EK CHONG

Independent Non-Executive Director

DATE OF APPOINTMENT

30 November 2009 (Independent Non-Executive Director)

NATIONALITY/AGE

Malaysian, 60 years

Koh Ek Chong has extensive experience in financial management and audit, taxation and financial planning. He started work in 1983 with Hii King Hiong & Company, a public accounting and audit firm and is now one of the practicing partners. Mr Koh is a fellow member of the Association of Chartered Certified Accountants (ACCA), a member of the Malaysian Institute of Accountants.

Mr. Koh is also the Chairman of the Audit and Risk Management Committee and as a member of Joint Remuneration and Nomination Committees. He is not related to any director and /or substantial shareholders of the Company and does not have any conflict of interest with the Group. Mr. Koh is also the Independent Non-Executive Director and Audit Committee Chairman of Dayang Enterprise Holdings Berhad, a company listed on Bursa Malaysia Securities Berhad.

He has attended all four Board Meetings held during the financial year ended 30 June 2021. He has not been convicted of any offence within the past 5 years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

LING SIU CHUO

Non-Independent Non-Executive Director

DATE OF APPOINTMENT

30 November 2009 (Non-Independent Non-Executive Director)

NATIONALITY/AGE

Malaysian, 58 years

Ling Siu Chuo started her career with Shin Yang Group of Companies in the 1980s and was later promoted to be the Manager in charge of the administration and human resources of Shin Yang Group in 1990. She has hands-on experience and knowledge of the business activities of the Shin Yang Group and related business and administrative matters involving shipping and shipbuilding activities. Presently she serves as a member of the Audit and Risk Management Committee and as a member of the Joint Remuneration and Nomination Committees.

She is the sister of Tan Sri Datuk Ling, Ling Chiong Sing and Ling Chiong Pin who are Non Executive Chairman, Group Managing Director and Executive Directors of the Company respectively. She is an appointed representative of Shin Yang Holding Sdn Bhd, one of the substantial shareholders of the Company. She is deemed interested in certain transactions between the Group and certain companies carried out in the ordinary course of business by virtue of her common directorship in these companies.

She has attended all four Board Meetings held during the financial year ended 30 June 2021. She has not been convicted of any offence within the past 5 years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

Profile of Board of Directors

(Cont'd)

VINCENT LING LU YEW

Non-Independent Executive Director

DATE OF APPOINTMENT

2 September 2016 (Non-Independent Executive Director)

NATIONALITY/AGE

Malaysian, 37 years

Vincent Ling Lu Yew graduated with a Bachelor of Civil and Construction Engineering from Curtin University of Technology, Australia in 2006. In 2007, he joined Shin Yang Shipyard as Operation Manager and was appointed as Director of Shin Yang Shipyard in March 2010. Mr. Vincent Ling oversees the day-to-day operations of our Shipbuilding and ship repair & metal fabricant operations and actively implementing continual improvements to our shipbuilding and ship repair & metal fabrication operations. He is gradually overseeing the international shipping within the Group and will gradually contribute to the strategic planning and evaluation to the overall shipping sector.

He is the son of Ling Chiong Pin, the Executive Director and nephew of Tan Sri Datuk Ling Chiong Ho and Ling Chiong Sing who are Non Executive Chairman and Group Managing Director of the Company respectively. He is an appointed representative of Shin Yang Holding Sdn Bhd, one of the substantial shareholders of the Company. He is deemed interested in certain transactions between the Group and certain companies carried out in the ordinary course of business by virtue of his common deemed shareholdings in these companies.

He has attended all four Board Meetings held during the financial year ended 30 June 2021. He has not been convicted of any offence within the past 5 years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

ARSHAD BIN ZAINUDDIN

Independent Non-Executive Director

DATE OF APPOINTMENT

2 September 2016 (Independent Non-Executive Director)

NATIONALITY/AGE

Malaysian, 58 years

Arshad Bin Zainuddin has extensive experience in Quality Assurance and Health Safety and Environmental activities. He started work as assistant administrator for Sarawak region with Bintulu Industrial Gas Sdn Bhd in 1989. He is currently a HSE Manager for Sarawak Region in Citra Alti Sdn Bhd, who is in charge of HSE activities for all project sites including new projects in Malaysia.

He was awarded the National General Certificate in Occupational Safety and Health in July 1994 by The National Examination Board in Occupational Safety and Health, England. He was also awarded the Chartered Member and Chartered Advanced Diploma in Logistics Management by The Chartered Institute of Logistics and Transport, United Kingdom in December 2006.

Encik Arshad is also the member of the Audit and Risk Management Committee and Joint Remuneration and Nomination Committees. He is not related to any director and /or substantial shareholders of the Company and does not have any conflict of interest with the Group.

He has attended all four Board Meetings held during the financial year ended 30 June 2021. He has not been convicted of any offence within the past 5 years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

Key Management Profile

CAPTAIN TING HIEN LIONG

Chief Executive Officer

NATIONALITY

Malaysian

Captain Ting is responsible for overall daily operation of our Group. Captain Ting graduated with Bachelor of Science in Marine Navigation and Shipping Management from Keelung, Taiwan, and also holds a Master of International Trade (Captain). Captain Ting joined Shinline Sdn. Bhd. as General Manager in 1997 and has over thirty (30) years of hand-on experience in shipping operations including Class Marine Surveyor for Bureau Veritas, Owner Representative of a shipping company, Ship Captain for Ocean going vessels, Docking Master and Charging Engineer for companies in Sabah and Sarawak. Master, Chief Officer, and Deck Cadet on board of various cargo vessels operated by Mitsui O.S.K Lines, Japan.

Captain Ting is also a Director of Sarawak Maritime Academy Sdn Bhd, maritime higher learning institute which is a member of Shin Yang Holding Group.

He is not related to any director and /or substantial shareholders of the Company and does not have any conflict of interest with the Group.

He has not been convicted of any offence within the past 5 years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.



Chairman's Statement

On behalf of the Board of Directors of Shin Yang Shipping Corporation Berhad ("The Board"), I am pleased to present the Annual Report and Audited Financial Statements of Shin Yang Shipping Corporation Group ("the Group") for the financial year ended 30 June 2021.



REVIEW OF RESULT PERFORMANCE

We have seen the year-on-year (y-o-y) improvement in profitability for year 2021 as compared to the previous year. We analysed that the domestic and coastal shipping were the major growth contributors covered for the local demand from the infrastructure and resource based projects. Furthermore, shipbuilding sector also showed by signs of stable recovery path from the capital expenditures by the oil and gas industry players, coupled with the stable crude oil prices and effect of vaccination from the outbreak of Covid-19 pandemic in the country and globally. The order books for ship repair and docking effect maintenance has shown a gradual recovery while few new shipbuilding vessels are being ordered. In order to sustain itself in the maritime industry, it must be able to stand firm, consolidate its business activities and to fulfil its commitments and responsibilities to the stake holders.

The economy effects outlined above has weighed on the Group's performance for the financial year ended 30 June 2021. The Group recorded a gross revenue of RM601.5million, representing 8.4% increase from the results of the previous financial year ended 30 June 2020. The increase was in line with the higher charter activities and freight rates from the shipping segments with an increase of 13.4% compared to previous year, while the shipbuilding segment reached a decrease of 60.3% as compared to year 2020.

Accordingly, the Group registered a gross profit and net profit before tax of RM35.9million and RM21.3million respectively with a positive earnings per share of 1.46 sen per share as compared to negative earnings of 12.49 sen per share in the previous year.

Chairman's Statement

(Cont'd)

During the year, the Group had maintained its vessel fleet at 229 vessels with Gross Revenue Tonnage (GRT) of approximately 357,100 tonnages compared to 240 vessels with approximate GRT of 376,500 tonnages in 2020.

With the continuous improvement in terms of fleet efficiency, routes enhancement and plying speed of our vessel fleets, the Group is expected to increase its containers shipping by establishing strategic alliance with business partners to provide efficient and effective port services while the partners will aim to achieve economies of scale to increase shipping service frequency routes coverage between East Malaysia and West Malaysia from our existing fourteen (14) units of container vessels. The shipment of liquid bulk from the tankers have showed its earnings stability.

DIVIDEND

In view of the current weak performance of the margin and our long term vision to sustain growth by substantially reinvesting its cash flow and taking into consideration the current completion of capital expenditures commitment, the Board has not proposed any dividend payment in the forthcoming Annual General Meeting.

REVIEW OF OPERATIONS

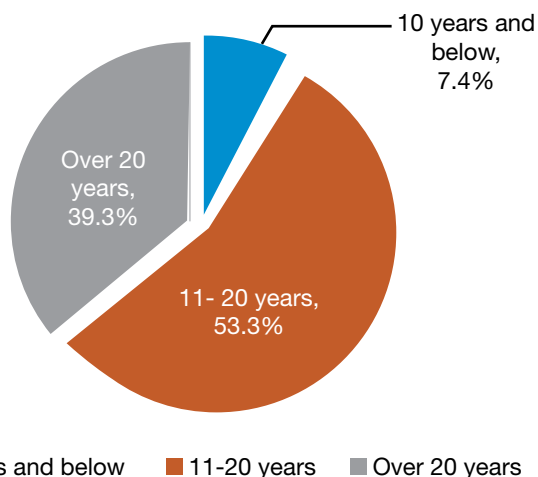
For the year under review, we have shipped 0.341 million cubic metres of timber products, an increase of 28% from 0.266 million cubic metres in 2020 from our eight (8) units of Twin Decker cargo vessels to the Far East regions. One (1) unit of the Twin Decker cargo vessel has been sold during the year.

Our container vessels had transported an increase of lifting capacity by 32% in TEU as compared to in 2020 from our fourteen (14) operating container vessels in our fleet.

For the shipbuilding sector, we had successfully completed and delivered three (3) vessels to the ship owners with total contract sum of RM19.9 million and currently five (5) vessels with contract sum of RM119.4 million are still under construction as work in progress to be completed within the next two years.

The vessel fleet age profiles of the Group as follows:

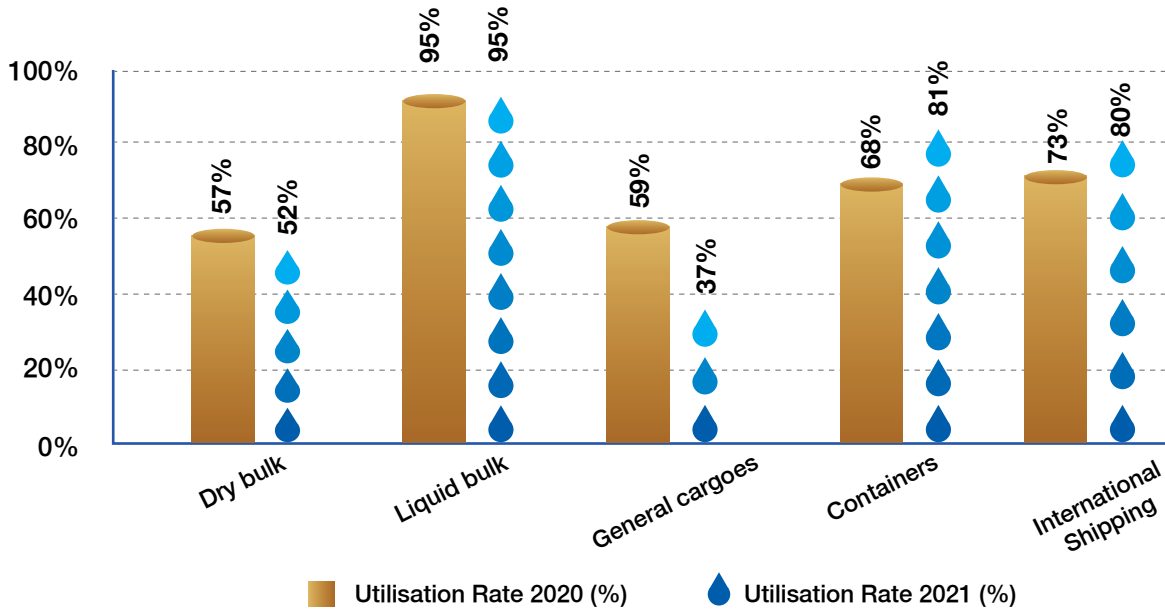
Vessel Fleet Age profiles



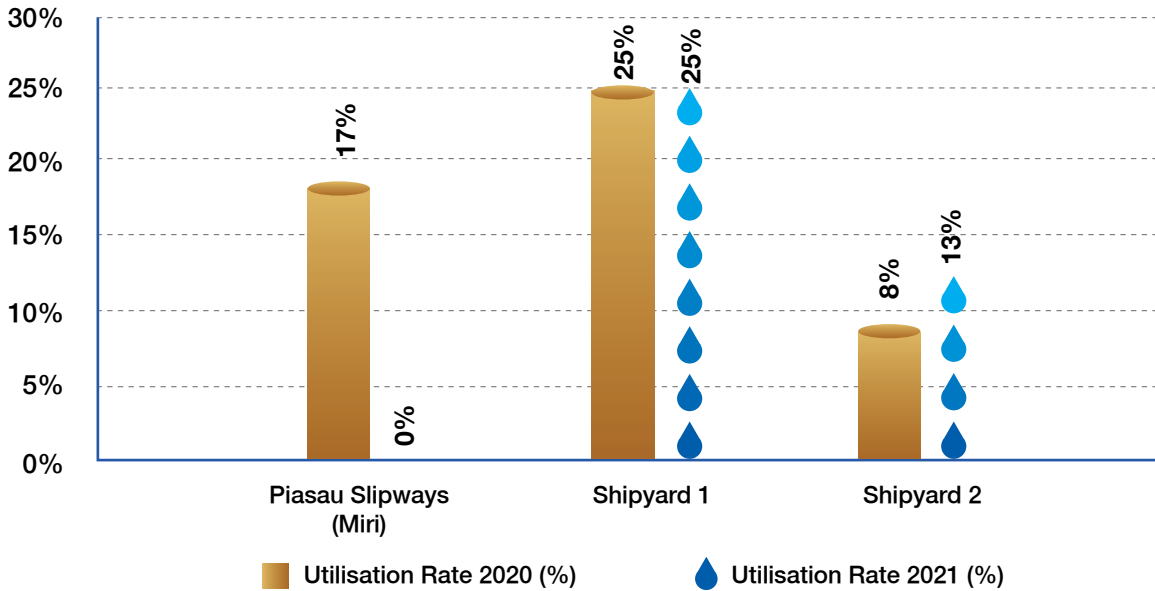
Chairman's Statement

(Cont'd)

Shipping Operation Utilisation Rates (%):



Shipbuilding Operation Utilisation Rates (%):



CORPORATE DEVELOPMENT

The Group had acquired the entire equity interest in Melinau Transport Sdn Bhd ("MTSB") during the financial year. The Acquisition will allow the Group to hold the entire equity interest in MTSB and thus have control over its management and operations and reap the full benefits of all future revenues and profits. With the anticipation of the ongoing growth in the businesses network and potential external customer base, the Board believes that the Acquisition represents a good opportunity to further strengthen the future income of the Group. Further details of the acquisition are outlined in the Management's Discussion and Analysis on page 16.

Chairman's Statement

(Cont'd)

CORPORATE GOVERNANCE

The Group believes in the maintenance of the highest standards of corporate governance practice within the group as a fundamental part of discharging our responsibility to protect and maximized shareholder values and in enhancing the continued business prosperity of the Group. The steps implemented have been reported in the Statement on Corporate Governance on page 35 to 44.

PROSPECT

We equip to build greater resilience in our business portfolio to cushion the disruptive impact brought by the COVID-19 pandemic as well as the recovery of shipbuilding orders. Our strength on the balanced consolidation of our business activities would continue to guide us to revenue earning and business achievements.

Ongoing vaccination programs in Malaysia and the region are expected to bring the pandemic under control. Our government also continues taking effort to accelerate the recovery of the economy. Hence, the shipping sectors is expected to improve further in the second half of 2021.

The continuous infrastructure development in the State which would maintain as the main priority for development, creating numerous supporting spin-off shipping business activities including the requirement for shipping, and third party logistics from the resource based projects plying South East Asian regions.

In the shipbuilding sector, the emphasis is on taking aggressive steps to build valued new vessel constructions and to strengthen our floating dock facility, which would enable us to carry out improved vessel maintenance works and also effectively carry out docking essential defect works to meet the niche requirement markets.

The challenge for the Group is to further improve its efficiency and productivity in both the fleet efficiency, shipbuilding consolidation activities and third party logistic activities. The Group shall continue to work on achieving and realising the full use of its resources.

APPRECIATIONS

It is my great pleasure, on behalf of the Board, to extend our sincere gratitude and appreciation to our employees, customers, business associates, and shareholders for their continued support and confidence in the Group.

Tan Sri Datuk Ling Chiong Ho
Chairman



Management's Discussion And Analysis

The Purpose of this review is to highlight and provide further details on financial and operating information of the Group.

1. Overview of Group's Business and Operation:-

The Group's core business are shipping, shipbuilding, ship repair as well as shipping and forwarding agency. Shipping sector is further classified as dry bulk, liquid bulk, containers and coastal, barges and tug, International shipping and logistic segments. Our shipping operations cover both Malaysian and International waters; ranging from South East Asia, East Asia and the Far East region. Currently, we are supported by our own fleet of 229 vessels with Gross Revenue Tonnage (GRT) of approximately 357,100 tonnages.

The ship repair sector was taking aggressive steps to move towards higher quality repair works such as docking essential defect works with our floating dock facilities to meet the niche requirements markets. Our shipbuilding facilities are supported by three shipbuilding yards located in Kuala Baram, Miri and one in Bintulu, Sarawak with a total land area of approximately 280 acres.

2. Corporate Development

Acquisition of 100% equity interest in Melinau Transport Sdn Bhd.

The Company had on 8 February 2021 entered into a conditional share sale and purchase agreement with Shin Yang Holding Sdn Bhd ("SYH") to acquire 10,000,000 ordinary shares in Melinau Transport Sdn Bhd ("MTSB"), representing the entire issued share capital of MTSB ("Acquisition"). MTSB is now the wholly owned subsidiary of the Company.

The Acquisition enable the Group to:

- (i) reduce outsourcing costs on land transport for inbound and outbound cargoes to and from Sibul, Miri, Bintulu, Kota Kinabalu and Kuching, where MTSB primarily operates in;
- (ii) leverage on MTSB's network and client base to cross-sell the Group's other shipping services such as transportation, door to door services, custom clearing, import and export documentation and port related services under a unified franchise; and
- (iii) strengthen its shipping offerings by reducing the reliance on external land transport service provider and have better control over delivery routes as well as the reliability, timing and manner of cargoes delivery to hinterland destinations, particularly in the course of servicing and tendering for multi-national contracts involving the provision of logistic services.

Therefore, the acquisition will establish the Group's land transport capability and is a step towards positioning the Group as an integrated shipping service provider which provides seamless shipping and transport solutions to its customers. At the point of acquisition, MTSB was a profit contributor to SYH Group's downstream division.

The acquisition was completed on 7 May 2021.

3. Financial Results

The Group recorded a gross revenue of RM601.5million, representing of 8.4% increase from the results of the previous financial year ended 30 June 2020. The increase was in line with the higher charter activities and freight rates from the shipping segments with an increase of 13.4% compared to previous year.

The Group achieved a net profit after tax of RM17.7million for financial year ended 30 June 2021 ("FYE2021") as compared to a net loss after tax of RM 145.9million for financial year ended 30 June 2020 ("FYE2020")

Management's Discussion And Analysis

(Cont'd)

3. Financial Results (continued)

(i) Group Income Statement:

	FYE 2021 RM'million	FYE 2020 RM'million
Revenue	601.5	596.5
Gross Profit / (Loss)	35.9	(52.9)
Profit / (Loss) after tax	17.7	(145.9)
Profit / (Loss) per share:		
Basic (sen)	1.46	(12.49)
Diluted (sen)	1.46	(12.49)

(ii) Group Cash Flow Statement:

	FYE 2021 RM'million	FYE 2020 RM'million
Cash flows from operating activities	132.1	82.1
Cash flows (for)/from investing activities	(35.0)	17.8
Cash flows for financing activities	(106.7)	(76.0)
Net (decrease)/increase in cash and cash equivalent	(9.6)	23.9
Cash and cash equivalent at beginning of financial year	68.7	44.8
Effect of exchange rate changes on cash & cash equivalent	0.0	0.0
Cash and cash equivalent at end of financial year	59.1	68.7

(iii) Group Statement of Financial Position:

	As at 30 June 2021 RM'000	As at 30 June 2020 RM'000
Non-current assets	1,007,131	1,043,388
Current Assets	372,748	356,390
Non- Current assets held for sale	4,937	12,875
Total Assets	1,384,816	1,412,653
Total equity fund	934,589	917,090
Current liabilities	351,843	378,448
Non-current liabilities	98,384	117,115
Total liabilities	450,227	495,563
Total equity and liabilities	1,384,816	1,412,653

Management's Discussion And Analysis

(Cont'd)

3. Financial Results (continued)

(iv) Dividend

No dividend has been declared for the financial year ended 30 June 2021. There is no formal dividend policy and payment of a dividend is solely at the Board's discretion. The Board is guided by a series of factors, including balancing cash flow, investment and/or expansion needs, earnings, capital commitments and future financial strength of the Group and would declare dividends when the above factors are satisfied for considerations by the Board.

4. Review of Operation:

(i) Shipping Operation

a) Dry Bulk

The Group concentrates in the transportation of loose bulk such as timber, plywood, quarry, aggregate, sands, cement and many more plying Miri, Bintulu, Sibul, Kuching, Kota Kinabalu, Sandakan, Tawau, Port Klang, Brunei, Singapore, Thailand, Vietnam and Indonesia on a regular basis.

The Group have sufficient number of vessels for voyage and time charter. Our current major charterers are from oil and gas, cement and oil palm industries. The Group is actively participating in sand extraction and reclamation of land with its fleet of tugs and barges and managing logistic service providers.

b) Liquid Bulk

The demand for CPO shipment for East Asia regions is stable and seasonal in demand with the freight rate ranging from USD25 to USD40 per metric ton.

The Group has signed an on going two years contract of affreightment to ship methanol products from Labuan via vessel with parcel size below 1,500MT with Petronas Chemical Marketing (Labuan) LTD. The CPO cargo vessel was also constantly time charter to Shipping Company with a fixed time charter rate.

c) Containers and coastal

The Group is expected to stabilise its containers shipping by establishing strategic alliance with business partners to provide efficient and effective port services while the partners will aim to achieve economies of scale to increase shipping service frequency routes coverage between East Malaysia and West Malaysia from our existing fourteen (14) units of container vessels.

The lifting capacity of containers had improved by 32% in TEU for the year. During the year, the Group had acquired a unit of container vessel with carrying capacity of 1,200 TEU per trip to strengthen the container shipping activities.

d) International Shipping

With the consistent plying routes to the far east regions from our 8 cargo vessels which has shipped 0.341million cubic meters of cargo with the freight rate of USD30 – USD 44 per cubic meter, while on the returning bound, it was mainly on time charter for shipments of general cargo from far regions to the Philippines and other Asean countries, then enroute back to home region. The current freight rate had reach to USD50 per cubic meter.

With the foreseen stable demand toward the International shipping in view of supplyuncertainty in term of freight rates and utilisation. Our emphasis is on time charter of vessels for international shipping.

Management's Discussion And Analysis

(Cont'd)

4. Review of Operation: (continued)

(ii) Shipbuilding Operation

Recovery sentiments toward shipbuilding from the oil and gas sector was due to some recovery from their capital expenditures by the oil and gas industry players. During the year, it has delivered 3 vessels that were constructed by the yards. In the coming year, the Group foresee maintaining shipbuilding orders from Far West & Middle East region and domestic demands.

(iii) Ship Repair and fabrication

The ship repair sector was operating satisfactorily with the ship repairs totalling of 934 units (FYE 2020: 689) of vessels both minor and major vessels. With the strengthening of 160 meters in length and another unit with 80 meter in length's floating docks enable us to carry out improved vessel maintenance works and also effectively carry out docking essential defect works.

5. Outlook and Prospects:

We anticipate that the price of crude oil price remain stable which in term contributed to our anticipated stable bunker fuel costs to our shipping operation and shipbuilding orders. The international dry bulk and container shipping market has made a promising start to year 2022, with positive improvement in the Baltic Dry Index and asset values. The continuous infrastructure development in the State would brings a lot of supporting spin-off shipping business activities. Furthermore, with our addition unit of container vessels, renewal for contract of affreightment to ship methanol products from Labuan and time charter of CPO cargo vessels and international shipping, will lead to sustainable shipping business activities that would continue to guide us to revenue earning and business achievements.

The Group remains prudent to further improve its efficiency and productivity in both the fleets efficiency and shipbuilding consolidation activities and cost control coupled with the expected increase in freight rates, the performance of the Group is expected to be satisfactorily.



Sustainability Report

About this Sustainability Report

The Board of Directors (“BOD”) of Shin Yang Shipping Corporation Berhad (“SYSCORP”) are pleased to present the Sustainability Report for year 2021.

The Group Sustainability Report emphasise on the corporate commitment to the balanced integration of economic, environmental and social factors into its business practices to ensure long term success for its sustainable future.

This report forms an integral part of the Group’s Annual Report for the year 2021, which would then jointly provide a more comprehensive description of the Group from economics, environmental and social perspectives.

SCOPE OF REPORT

REPORTING PERIOD

GRI 102-50

1st July 2020 to 30th June 2021, unless otherwise specified

DATE OF RECENT REPORT

GRI 102-51

This is third Sustainability Report

REPORTING CYCLE

GRI 102-52

Annually

COVERAGE

GRI 102-46

This Sustainability Report 2021 covers the entire operational and management activities in Malaysia of Shin Yang Shipping Corporation Berhad Group of Companies (“Group”), which comprises the parent company and her subsidiary companies.

GUIDELINES

Principal Guidelines

- Global Reporting Initiative (GRI) Standards

Additional Guidelines

- Bursa Malaysia Sustainability Reporting Guide (Second Edition)

DISTRIBUTION OF AND FEEDBACK ON THE REPORT

GRI 102-53

This report is available to all stakeholders in hard copy upon request. For further information and comments, please contact:-
Shin Yang Shipping Corporation Berhad
Contact Person: Richard Ling
Telephone: +6 085 428 399

Sustainability Report

(Cont'd)

Data Validation

Details presented in this report has been sourced internally and validated by respective business entities or information owners. The Group continually to improve data collection and analysis to provide further comprehensive and transparent perspective of its sustainability performance.

Economic, Environmental and Social Pillars and Metrics

Pillars	Description	Metrics
Economic	To achieve long term shareholder value	<ul style="list-style-type: none"> Business Performance Product Safety and Quality
Environmental	To ensure a positive impact on environment and natural resources	<ul style="list-style-type: none"> Climate Management Natural Resources Preservation Waste Management Energy Efficiency
Social	To ensure a positive impact on community it operates in the communities	<ul style="list-style-type: none"> Workforce Relations Training and Development Health and Safety Community Engagement

Economic

To adopt the Code of Conduct, all forms of corruption and bribery are prohibited, a manifestation of our strong adherence to high ethical standards and anti-corruption laws. In supporting this commitment, all employees must not provide, offer or accept bribes, kickbacks, corrupt payments, facilitation payments, or inappropriate gifts, to government officials or any commercial persons or entity, regardless of local practices or customs. A tender committee and senior management team have also been set up for sustainable procurement processes and implementation of Board's decisions.

Environmental

Environment sustainability is mainly about energy efficiency measures on land and at sea aimed at reducing consumption and therefore the impact on the environment. We are also bound by laws and regulations especially by International Maritime Organization ("IMO") to protect the environment and people's health by imposing limits on atmospheric emissions, discharges into water and soil and setting rules for the treatment of hazardous waste and the reclamation of any polluted sites.

The Group is also implementing the Ballast Water Management Plan, so as to halt the spread of invasive aquatic species, which can damage the local ecosystems, affect biodiversity and lead to substantial economic loss.

Social

The Group systematically prioritise safety work standards in order to safeguard the working environment for employees, and also to increase the safety of transported goods. We believe our staff and crew, onshore or at sea, deserve a safe and healthy working environment not only for the individual's well-being but for the interest of the Group as well.

Employees are fundamental in the long-term success of the business. We ensure that employees are well-trained and emphasise on how important it is that they should be equipped with the right skills.

With continuous commitment from the Board of Directors and active participation of all our stakeholders, we will work hard to ensure that the notion of sustainability becomes embedded within our working culture in a more prominent manner.

Sustainability Report

(Cont'd)

1. Sustainability Governance

(i) Sustainability governance structure

The Group has established a sustainability governance structure as below:-



BOARD OF DIRECTORS (Oversight Role)

- Approve of sustainability policies
- Oversee the Group's sustainability performance
- Approve Sustainability Report

SENIOR MANAGEMENT

- Formulating sustainability strategies, goals and implementation procedures and practices
- Deliberate sustainability issues
- Group's sustainability performance
- Stakeholders engagement



HEAD OF DEPARTMENT

- Maintaining sustainability performance across the Group
- Rising awareness among employees
- Assisting management to ensure that sustainability standards are consistent across the Group

(ii) Sustainability policies

The Group currently has established four key policies as follows:-

[a] Environmental Policy

- Aims to prevent and control pollution, use energy, water and other resources efficiently.

[b] Safety and Health Policy

- To maintain prominent safety culture to create an intact business reputation; reduced medical cost, training and turnover costs; conducive working environment, confident customers and vendors and self-esteemed employees and contractors.

[c] Smoking Policy

- Aims to reduce numerous fire accidents or smoking related incidents at workplace.

[d] Waste Management Policy

- To comply with the Environmental Quality (Scheduled Wastes) Regulations 2005 of Environmental Quality Act 1974, to minimize waste production throughout the Group

Sustainability Report

(Cont'd)

1. Sustainability Governance (continued)

(iii) Corporate Governance and Ethics

The Group recognises good corporate governance is more than just complying with existing standards and regulations. It is also about ethics, trust and values which shape the Group's business conduct. This enhances stakeholders' confidence and sets the standard of the conducts for the Group.

(iv) Code of Ethics and Conduct

The Group has an established Business Ethics and Code of Conduct that describe the expected action and behaviour from the employees and business associates. The business conduct emphasis legal, equitable and unbiased standard in relation to conflict of interest, entertainment and gifts, misuse of position, insider trading and misconduct. The employees of the Group are required to retain the highest standard of ethics and professional conduct during their employment with the Group.

(v) Whistleblowing policy

This Policy aim to provide a structured mechanism for employees and other stakeholders to raise genuine and legitimate concerns on any suspected or wrongful activities or wrongdoings. The Group want to embed a culture across the Group where wrongdoing is not tolerated and when reported, will be quickly and efficaciously addressed. The Group also commit to provide protection for those who make such disclosures.

In FYE2021, no reports of whistleblowing were received.

(vi) Anti-Bribery and Anti-Corruption Policy ("ABC Policy")

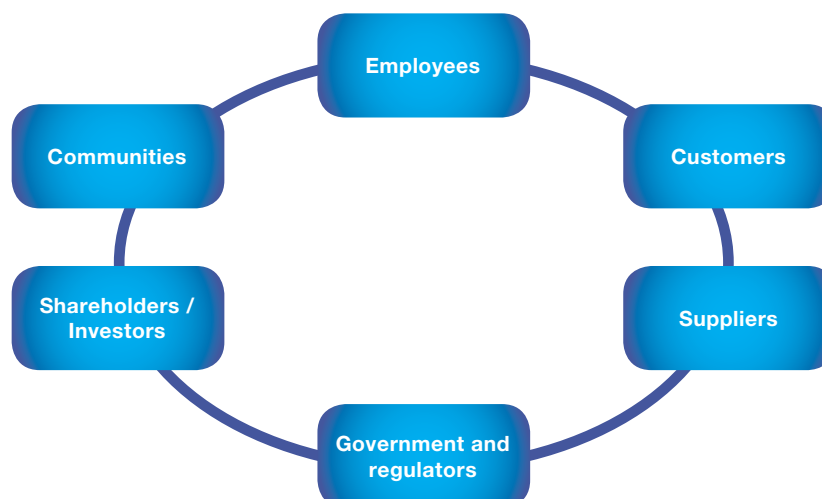
As part of its commitment to ethical business practices, the Group had implemented an Anti- Bribery and Anti-Corruption Policy ("ABC Policy"), which in the Group adopts a zero-tolerance policy against all forms of bribery and corruption. The ABC Policy ensures that the directors, employees and business associates of the Group are committed to comply with the Malaysian Anti-Corruption Commission Act 2009 and the Malaysian Anti-Corruption Commission Act (Amendment) 2018 (collectively referred as the "MACC Act") and other applicable anti-bribery and anti-corruption laws.

In FYE2021, no reports of bribery or corruption were received

2. Stakeholders engagement

The Group recognised that stakeholders engagement and their feedback are an integral part of its sustainability strategy and initiatives.






The stakeholders engagement process involved both formal and informal approaches. The followings provide an overview of the efforts involved in the Group's focus on stakeholders' engagement.



Sustainability Report

(Cont'd)


2. Stakeholders engagement (continued)

Stakeholder Group	Modes of engagement	Frequency	Key areas of interest	Material matters	Outcomes
Employees 	<ul style="list-style-type: none"> Meeting/ Discussion Electronic communication Events and functions Training and Development Performance Review 	<ul style="list-style-type: none"> On-going Ad-hoc Ad-hoc Annually 	<ul style="list-style-type: none"> Company direction and strategy Health and Safety Career development and Training Talent acquisition and retention 	<ul style="list-style-type: none"> Economic sustainability Occupational Health and Safety Training and Development 	<ul style="list-style-type: none"> Improves employees' understanding on sustainability policies & practices, vision and direction, culture & values of the Group Enhance employees' competency
Customers 	<ul style="list-style-type: none"> Meeting/ Discussion Customer Survey/ Feedback Company website Press release / Announcement Customer visitation 	<ul style="list-style-type: none"> On-going Annually On-going Ad-hoc 	<ul style="list-style-type: none"> Product/service quality, pricing and delivery Business sustainability 	<ul style="list-style-type: none"> Market place Product safety and quality 	<ul style="list-style-type: none"> To better meet customers' satisfaction To better understand customers' requirements.
Suppliers/ Business partners 	<ul style="list-style-type: none"> Business review Vendor registration and credit review Meeting/ Discussion 	<ul style="list-style-type: none"> Annually Ad-hoc On-going 	<ul style="list-style-type: none"> Procurement practice Anti corruption practice Supply chain management 	<ul style="list-style-type: none"> Economic sustainability Corporate governance and ethics 	<ul style="list-style-type: none"> To achieve transparent procurement process and strengthen supply chain. To achieve constant supply and delivery of products
Government and Regulators 	<ul style="list-style-type: none"> Official visits & dialogue Events and seminars Regular reporting 	<ul style="list-style-type: none"> Ad-hoc Ad-hoc Ad-hoc/ Annually 	<ul style="list-style-type: none"> Compliance of regulatory requirements Updated on government annual budget 	<ul style="list-style-type: none"> Economic Sustainability Environmental management Corporate Governance and Ethics 	<ul style="list-style-type: none"> Continuous compliance with the relevant laws, rules and regulations
Shareholders / Investors 	<ul style="list-style-type: none"> Annual General Meeting Annual report and quarterly announcements of financial results Company website 	<ul style="list-style-type: none"> Annually Annually/ quarterly Ad-hoc 	<ul style="list-style-type: none"> Company performance Profitability/Growth Business performance and prospects 	<ul style="list-style-type: none"> Economic Sustainability 	<ul style="list-style-type: none"> Better understanding of the Group's sustainability progress

Sustainability Report

(Cont'd)

2. Stakeholders engagement (continued)

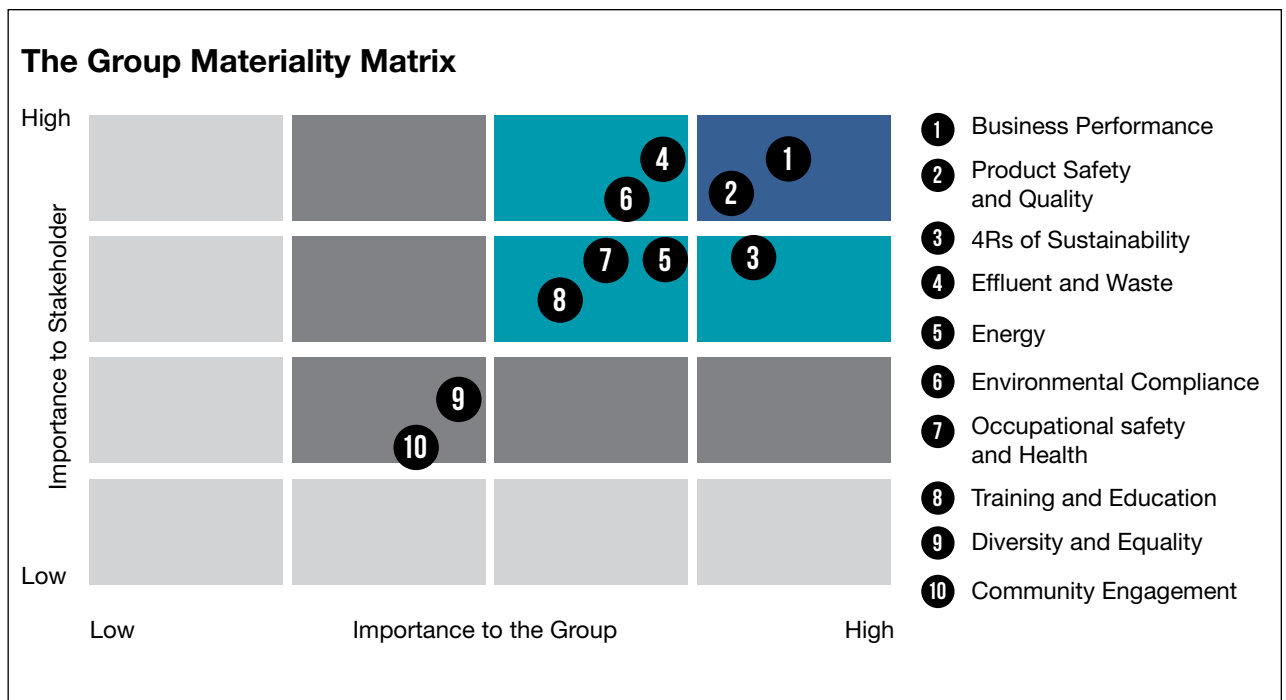
Stakeholder Group	Modes of engagement	Frequency	Key areas of interest	Material matters	Outcomes
Communities 	<ul style="list-style-type: none"> • Internship opportunities for students and study tours • Official launches and corporate events • Gifting to social in flood affected areas and aid for Covid-19 supply 	<ul style="list-style-type: none"> • Ad-hoc • Ad-hoc • Annually 	<ul style="list-style-type: none"> • Job opportunities • Communities' engagement • Corporate Social Responsibility 	<ul style="list-style-type: none"> • Communities Engagement 	<ul style="list-style-type: none"> • Create awareness on working life, career development • Better understanding of the Group as a responsible corporate citizen amongst local communities at large

Given the swiftly changing business environment and the repetitively shifting of the stakeholders' expectations, the Group will continuously work to meet stakeholders' expectations by widening the scope towards a broader group of stakeholders.

3. Materiality

In year 2021, a materiality analysis exercise was conducted by taking into consideration the view and responses from all the Group's stakeholders on significant environmental, economic and social aspects, impacts, risks and opportunities which are crucial for the success and continued growth of the Group.

The feedback from the stakeholders for the above mentioned exercised is analyzed and assessed. Ten (10) key material matters were identified as being of high concern to stakeholders and of high significance for the Group.



Sustainability Report

(Cont'd)

3. Materiality (continued)

These 10 key material matters are categorised into three (3) main capitals as follow:-

		
Economic	Environmental	Social
<ul style="list-style-type: none"> - Business Performance - Product safety and quality 	<ul style="list-style-type: none"> - 4Rs of sustainability - Effluents and waste - Energy - Environmental compliance 	<ul style="list-style-type: none"> - Occupational, Safety and Health - Training and Education - Diversity and Equality - Community Engagement
An organisation's impacts on the economic conditions of its stakeholders and on economic systems at local, national and global levels. It does not focus on the financial condition of the organisation.	An organisation's impact on living and non-living natural systems, including land, air, water and ecosystems	An organisation's impact on the social systems within which it operates

4. Material sustainability matters: Economic

4.1 Business Performance

Economic sustainability is the ability of the Group to continue operating at an effective and sustainable economic level over a longer term. The Group is committed in increasing sustainable and responsible corporate performance, creating the conditions for development that ensures the needs and expectations of all stakeholders are met

The Group has continually strived to preserve its industry competitiveness despite the challenge with the ongoing COVID-19 pandemic. The table below shows the growth of the Group's overall financial performance in comparison to the last financial year:-

	FYE 30 June 2021	FYE 30 June 2020
Revenue (RM'000)	601,521	596,495
Profit / (Loss) before tax (RM'000)	21,324	(154,168)
Earnings / (Loss) per share (sen)	1.46	(12.49)

For further information, please refer to Management Discussion and Analysis section of this Annual Report.

The Board continues to support the management through looking into business opportunities to ensure business continuity. During the year, the Group has acquired a wholly owned subsidiaries, Melinau Transport Sdn Bhd ("MTSB") which involved in the road freight carriage and its core business activity is bulk cargo transportation primarily servicing major ports in the southern, central and northern region of Sarawak, namely Kuching, Sibul, Bintulu and Miri.

Sustainability Report

(Cont'd)

4. Material sustainability matters: Economic (continued)

4.1 Business Performance

The acquisition is expected to generate the future earnings of the shipping segment of the group:

- (i) reducing outsourcing costs on land transport for inbound and outbound cargoes to and from Sibul, Miri, Bintulu, Kota Kinabalu and Kuching, where MTSB primarily operates in;
- (ii) leveraging on MTSB's network and client base to cross-sell the group's other shipping services such as transportation, door to door services, custom clearing, import and export documentation and port related services under a unified franchise; and
- (iii) strengthening its shipping offerings by reducing the reliance on external land transport service provider and have better control over delivery routes as well as the reliability, timing and manner of cargoes delivery to hinterland destinations, particularly in the course of servicing and tendering for multi-national contracts involving the provision of logistic services.

4.1.1 Indirect Economic impact

The Group has provided employment opportunities for those from local communities, local universities and educational institutions. The priority placed on local hiring has helped boost the economic value and livelihood of these communities.

Furthermore, the Group supports local suppliers through purchasing mostly from the local suppliers. This contributing to the economic wellbeing of local industries.

4.1.2 Procurement practices

Project sub-contractors are selected via tender and selection process. The Group has in place formalised standard operating procedures for tender processes, priorities for local business wherever appropriate etc satisfactory quality of goods and services and competitive prices. A tender committee was set up to govern the evaluation and selection of sub-contractors, incorporating a combination of technical, financial and pricing criteria.

4.1.3 Anti - corruption

The Group's Code of Conduct, contains detailed procedures on dealing with improper solicitation, bribery and corruption. The consequences of breaching the Code of Conduct are clearly set out and subjected to the requirements of applicable laws and actions will be taken against any employee for non-compliance. The Group also adopted Whistle-Blowing Policy with the aim of providing a structured mechanism for employees and other stakeholders to raise genuine and legitimate concerns on any suspected or wrongful activities or wrongdoings. The Whistle-Blowing Policy is implemented to emphasize the Group's commitment to the highest standards of quality, honesty, openness and accountability, in ensuring that discrepancies are reported and dealt promptly to ensure ethical business practices, and to protect the employees.

4.2 Product safety and quality

Over the years, we have invested in equipment necessary to improve the safety features of our shipyard. We have also upgraded our communication systems and technology to increase our capacity and efficiency. These investments have enabled us to provide better service to our customers and to better meet the needs of our other stakeholders now and in the future. We are pleased to state that our business processes continue to comply with globally recognised standards, namely the ISO 9001:2015 Quality Management System, which stands as a testament to our commitment to quality.

Sustainability Report

(Cont'd)

5. Material sustainability matters : Environmental

The Group is aware of its industry's impact on the environment which includes generating of industrial wastes, water and air pollution and depletion of natural resource, such as energy and water.

In awareness of the key environmental issues, the Group is committed in operating in a manner that does not compromise the health of ecosystems in which it operates in the long term. The Group continuously improve on its resource management and environmental management to ensure that the natural resources are conserved for the next generation.

5.1 4Rs of sustainability

The Group is committed to the 4Rs principles (Reduce, Reuse, Recycle and Recover) to reduce wastage.



The Group is committed to the 4Rs principles (Reduce, Reuse, Recycle and Recover) to reduce wastage.

For onshore office, staff have been instilled with culture towards computer data storage whenever possible to reduce paper consumption.

The shipbuilding and ship repairing operations such as welding and cutting generate solid wastes, especially scrap metal. Such scraps, which have economic value are recycled and reused for other sub projects and rebuild aged vessels. This helps to increase our resource efficiency for materials consumption.

Waste management plans are implemented on all of our vessels. Waste separation is carried out on board and recyclable items such as plastic, paper and glass are sent to shore recycling facilities. Other types of waste are collected for treatment, recovery or disposal at shore, while waste which are permitted for on-board incineration are disposed of in the shipboard incinerator. The only waste that is allowed to be disposed at sea is food waste, which without packaging or container. This disposal is carried out in compliance with MARPOL (The International Convention for Prevention of Marine Pollution For Ships).

5.2 Effluent and waste

Waste management and pollution implemented on-board vessels are governed by the Marine Pollution ("MARPOL") with the objective to minimise pollution of the oceans and seas, including dumping, oil and air pollution.

We take pro-active initiatives in the management of our environment including emission mitigation. The Group embarked on IMO's Data Collection System (DCS) that are developed in the context of reduction of greenhouse gases (GHG)/carbon dioxide emissions and with the target to measure and potentially reduce the CO₂ emissions in the maritime industry.

Preventive actions are identified and controls are established to prevent any pollution and environmental hazards. All garbage accumulated is compressed to its possible minimum size prior disposal to shore facilities.

All our ships engaged in international trade carry a ballast water record book and an International Ballast Water Management Certificate. The Group manage the ballast water and sediments, according to a ship-specific ballast water management plan to avoid the introduction of alien species into coastal areas, including exchanging the ballast water or treating it using an approved ballast water management system.

Sustainability Report

(Cont'd)

5. Material sustainability matters : Environmental (continued)

5.3 Energy

5.3.1 Water & Electricity

The Group encourage to switch off any equipment or lights that are not in use for energy conservation.

The Group embrace water saving behaviour, such as collecting rainwater for cleaning our prime movers, cranes and shovel.

In FYE2021, the Group's water & electricity consumption decreased by 20.8%, RM2.343million (FYE2020: RM2.958million).

5.3.2 Fuel management

Fuel is our prime resource. The Group continuously monitor and control its fuel consumption to ensure optimal use on its operations.

IMO 2020 mandates a maximum sulphur content of 0.5% in marine fuels globally. As of last quarter of 2019, the Group has complied with the new emission standards with instituted low sulphur Fuel Oil ("LSFO") with a sulphur content of 0.1% or less instead of using the cheaper high sulphur MFO. This subsequently reduce the air pollution created in the shipping industry by reducing the sulphur content of the fuels that ships used.

5.4 Environmental Compliance

The Group endeavour to comply with all applicable laws, regulations and statutory obligations relating to environmental issues. In FYE2021, the Group had not been penalised for any significant environmental laws and regulations violations, neither as the Group imposed with any fines and non-monetary sanctions for non-compliance with environmental violations by the Department of Environment (FYE 2020:NIL)

The Group has complied with all the relevant Laws and Standards including:-

Labour

- Employment Act 1955
- Personal Data Protection Act 2010
- Workmen Compensation Act 1952
- Employees' Social Security Act 1969
- Employees Provident Fund Act 1991
- Income Tax Act 1967

Marine

- International Safety Management Code ("ISM Code")
- Ship Management System ("SMS")
- Marine Transport Regulations Act
- CLASS marine

Safety, Health and Environment

- Occupational Safety & Health Act, 1994
- Fire Service Act, 1988
- Environmental Quality Act, 1974
- Standard Operating Procedures ("SOP") in relation of managing Covid-19 by Ministry of Health ("MOH")

Sustainability Report

(Cont'd)

6. Material sustainability matters : Social

6.1 Occupational Health & Safety

Safety at work is a condition for the performance of work without exposure to the risk of accidents or occupational disease. Historically the Group has dedicated significant effort to the protection of health and safety; over the years it has promoted a profound change in safety culture, as a first step towards further development. The key element is personnel training as a tool for risk prevention.

The Group is committed to constantly developing an active role in the field of occupational health and safety through the following actions:

- always acting in full compliance with mandatory laws and reference standards;
- managing the hazards and risks identified in relation to activities and duties, constantly updating knowledge on the subject in order to prevent accidents and injuries;
- periodically reviewing the Health & Safety policy and targets;
- raising the skills and awareness of all people involved in its activities by means of adequate information and training, in the belief that more knowledge brings more safety and ensures the cultural change necessary to improve results;
- cooperating with stakeholders on policy and continuous improvement, so as to create alignment between the Company's top management and all employees.

With the pandemic outbreak of Covid-19, the Group monitored closely the Ministry of Health ("MOH")'s Standard Operating Procedures ("SOP") to take appropriate steps constantly to ensure maximum protection of employees and business especially in areas reporting Covid-19.

The Group is proud to announce that with the co-operation of all members of the Group, the Group is working toward full vaccinated workforce.

INCIDENT REPORT

Category	Total Reported / Cases	
	Jul'20 - Jun'21	Jul'19 - Jun'20
Unsafe Act	1	2
Unsafe Conditions	61	123
Environmental Spillage	0	0
Fire Outbreak	0	3
Property Damage	0	1
First Aid	0	16
Medical Treatment	186	500
Restricted Work	0	2
Lost Time Injury (LTI) Frequency rate	0	0
Fatality	0	0

6.2 Training and education

We offer our employees training programme and opportunities to attend seminars, workshops and conferences covering a wide range of economic, environmental, financial and social matters that are integral to the successful running of the Group's operations and for the career development of employees.

Sustainability Report

(Cont'd)

6. Material sustainability matters : Social (continued)

6.2 Training and education (continued)

During the financial year, the following training courses were attended by our employees:-

No	Training	Month & Year	No. of Employee
1	Sustainability Reporting Workshop for Practitioners	Aug-20	2
2	Role of Company Secretary	Sep-20	4
3	Corporate Liability Provision Under the MACC Act : Mitigating A New Risk For Your Company	Sep-20	4
4	Basic Training - Refresher	Oct-20	1
5	Advance Fire Fighting -Refresher	Oct-20	1
6	Proficiency in Survival Craft & Rescue Boats - Refresher	Oct-20	1
7	Director's Conflict of Interest	Oct-20	8
8	Workshop 2020 on Companies Act, 2016 - Capital Reduction Regime and Beneficial Ownership of Legal Person	Oct-20	1
9	Mate Domestic Below 500GT (Restricted)	Nov-20	1
10	Malaysia-Japan Online Business Matching Forum	Nov-20	3
11	Budget 2021 Seminar- Webinar	Dec-20	7
12	Incoterms 2020	Dec-20	6
13	Selected Public Rulings & Revenue Guidelines	Dec-20	7
14	Corporate Director Training Programme Fundamental 3.0+ Cyber Security awareness	Dec-20	1
15	International Maritime Dangerous Goods IMDG Code: Function Specific (Amdt:40-20)	Mar-21	1
16	Microsoft Excel- Essential- Basic	Apr-21	15
17	ISO:9001:2015 Awareness & IQA	Apr-21	25
18	FMM Seminar- Workers Minimum Standard of Housing & Amenities	Apr-21	3
19	Companies Act, 2016 : Practical Guide for Company Directors	Apr-21	1
20	Industrial Relations Practice, Management of Misconduct & Termination	May-21	2

The Group has incurred a total training cost of RM 26,692.50 (FY 2020: 50,807.70) during the financial year 2021.

Total Training Cost (RM)	
Jul'20 – Jun'21	Jul'19 – Jun'20
26,692.50	50,807.70

6.3 Diversity and equality

Employee diversity is of significant importance to the Group, as we believe a diverse workforce promotes a culture that is open-minded, and encourages new ways of thinking and thriving, that is especially significant for a global minded corporation. The diversity of our employees is evidenced by the profile of our onshore 1,169 employees working for the Group, from over fifteen nationalities across regions. This number encompasses permanent and contract employees. We practice a non-discriminatory hiring policy and all our employees are hired based on capability and expertise.

Sustainability Report

(Cont'd)

6. Material sustainability matters : Social (continued)

6.3 Diversity and equality (continued)

Below is the Group's Employee Demographic Highlights FYE 2021 and FYE 2020:-

TOTAL NUMBER OF EMPLOYEES		NO	NO
		FYE 2021	FYE 2020
PERMANENT	Female	250	272
	Male	553	458
CONTRACT	Female	35	7
	Male	331	475
		1,169	1,212

TOTAL NUMBER OF EMPLOYEES BY AGE GROUP		NO	NO
		FYE 2021	FYE 2020
30, and under	Female	110	118
	Male	241	273
31-40	Female	123	114
	Male	244	262
41-50	Female	39	34
	Male	230	245
51 and above	Female	14	13
	Male	168	153
		1,169	1,212

TOTAL NUMBER OF EMPLOYEES BY NATIONALITY		NO	NO
		FYE 2021	FYE 2020
Malaysian		781	781
Non- Malaysian		388	431
		1,169	1,212

TOTAL NUMBER OF EMPLOYEES BY EMPLOYMENT LEVELS		NO	NO
		FYE 2021	FYE 2020
MANAGEMENT	Female	3	1
	Male	30	27
EXECUTIVE	Female	79	42
	Male	131	163
NON- EXECUTIVE	Female	184	235
	Male	81	160
GENERAL WORKER	Female	14	6
	Male	647	578
		1,169	1,212

Sustainability Report

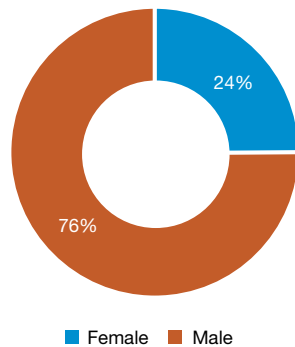
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6. Material sustainability matters : Social (continued)

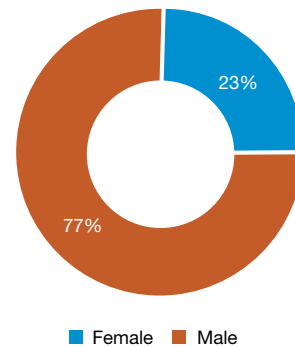
6.3 Diversity and equality (continued)

Across the Group, the male outnumbered female employee considering the business nature and models of logistics and marine working environment. Male employees accounted for 76% (2020: 77%), while remaining 24% (2020: 23%) for female.

2021: Gender Diversity

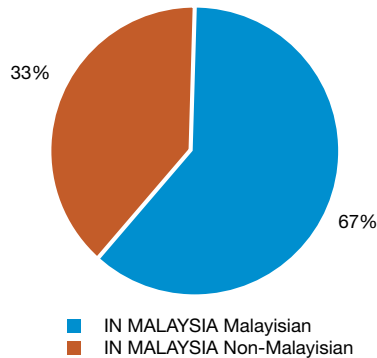


2020: Gender Diversity

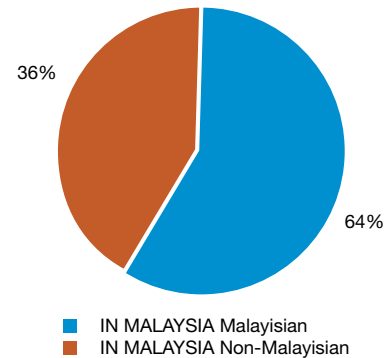


The Group encourages diversity, approximately 67% (2020: 64%) of our employee are Malaysian, and the remaining 33% (2020: 36%) were from other ethnic group and foreigners. Whenever possible, the Group hire local employees at our operations.

2021: Malaysian vs Foreign Employees

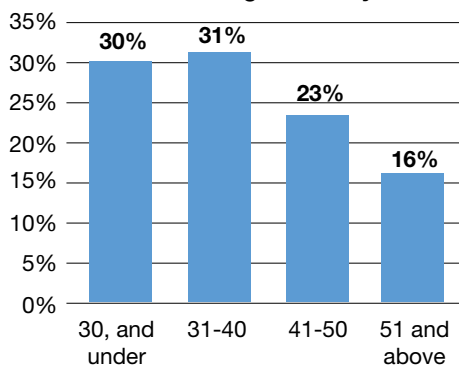


2020: Malaysian vs Foreign Employees

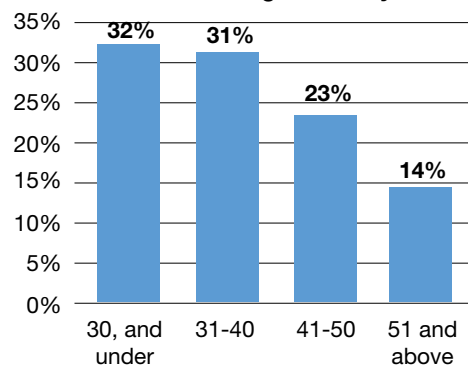


The Group has a young employee profile where almost 30% (2020: 32%) of the employees are under 30 years old, while 31% (2020: 31%) of the employees are between the age band of 31-40 years old, 23% (2020: 23%) of the employees are between the age band of 41 -50. The remaining 16% (2020: 14%) of employees aged above 50, which comprise of the senior employees who share their experience focusing their roles in providing guidance and mentorship to our young employees. The Group continues to engage effectively with our employees and employing more graduates and trainees to be part of our workforce through nurturing career development prospects.

2021: Age Diversity



2020: Age Diversity



Sustainability Report

(Cont'd)

6. Material sustainability matters : Social (continued)

6.4 Employee welfare

We understand that our employee need meaningful career development and skills improvement as well as competitive compensation and benefits to cope with rising cost of living.

The Group complies with the local statutory requirements on wages and benefits such as minimum wages order, employees' provident fund, social security protection, bonus payment in line with performance indicators and annual leave provision.

Currently, the Group also provided the platform to work from home as when required.

6.5 Community Engagement

As a social responsible corporation, the Group makes regular contribution to the charity and donation to local communities and associations. The Group continues to support the local communities when need arises, especially during this Covid-19 pandemic. The Group and Northport (Malaysia) Bhd had jointly support the Malaysian Relief Agency (MRA)'s relief mission to help the frontline healthcare workers and the communities affected by COVID-19 in Sabah and Sarawak. The Group supported the mission by providing three containers as well as special slots for these containers in their vessels. More than 10 tonnes of supplies worth RM1.24 million consisting of medical equipment and food packs were successfully collected by MRA for this mission.



Corporate Governance Overview Statement

The Board is committed to ensure that high standards of corporate governance are practiced throughout the Group in discharging its responsibilities to protect and enhance shareholders' value.

The Board believes that good corporate governance adds value to the business of the Group and will ensure that this practice continues. The Board of Directors believe in playing an active role in guiding the Management through its oversight review while at the same time steer the Group's business directions and strategies.

The statement outlines how the Group has applied the principles of corporate governance and the extent of compliance with the principles, recommendations and best practices set out in the Malaysian Code on Corporate Governance 2017 ("MCCG") and is to be read in conjunction with the Corporate Governance Report (CG Report) which is available on the Group's website.

The three (3) principles of corporate governance as set out in MCCG are:-

- Principle A: Board leadership and effectiveness;
- Principle B: Effective audit and risk management; and
- Principle C: Integrity in corporate reporting and meaningful relationship with stakeholders

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

Roles and responsibilities

The 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 Group's policies in discharging its fiduciary duties and responsibilities. The Board delegates the day-to-day management of the Group's business to the management team but reserves for its consideration significant matters such as the following:-

- formulation of corporate policies and strategies;
- overseeing and evaluating the conduct of the Group's businesses;
- identifying principal risks and ensuring the implementation of appropriate systems to manage those risks; and
- reviewing and approving key matters such as financial results, structures and policies, investments and divestments, acquisitions and disposals and major capital expenditures.

The Board has delegated specific responsibilities to two (2) committees, namely, the Audit and Risk Management Committee and the Joint Remuneration and Nomination Committee, both of which discharge the duties and responsibilities within their respective terms of reference. The final decision is the responsibility of the Board after considering the recommendations of the respective committees.

Chairman, Group Managing Director, Executive Directors and Independent Directors, Chief Executive Officer

In fostering independence, the positions of the Chairman and Group Managing Director are held by different individuals with clear and distinct roles. The chairman is responsible for leadership, orderly conduct and working of the Board, whereas the Group Managing Director is responsible for the management of the Group's business.

The Management of the Group is entrusted to the three (3) Executive Directors and the Chief Executive Officer, led by the Group Managing Director. They have extensive experience and knowledge of the shipping and shipbuilding industry in Malaysia spearhead the overall strategic direction of the Group. They report and communicate key strategic plans and proposals to the Board and implement decisions made by the Board.

The Independent Directors do not participate in the day-to-day management of the Group. Presence of the Independent Directors complements the Board by ensuring there is an effective check and balance in the process of decision-making by the Board. The Independent Directors fulfill the criteria of independence as set out in the Listing Requirements.

Corporate Governance Overview Statement

(Cont'd)

Company Secretary

The Board is supported by a qualified, experienced and competent Company Secretary. The Company Secretary plays an important role in supporting the Board by ensuring adherence to Board policies and procedures. 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. He also facilitates the communication of key decisions and policies between the Board, Board Committees and Senior Management and to update the Board on the Follow-up or implementation of its decisions or recommendations.

Board composition and balance

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 Eight (8) board members comprising three (3) Executive Directors and five (5) 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.

The profile of each director is presented on page 7 to page 10 in the Annual Report.

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 and 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, should be based on experience, character, integrity and competence as these are the essential criteria for an effective Board.

None of the Board members holds more than five (5) directorships in public listed companies to ensure they devote sufficient time to carry out their responsibilities.

Time Commitment

Directors are expected to give sufficient time to carry out their duties and responsibilities. In line with paragraph 15.06 of the Listing Requirements of Bursa Malaysia Securities Berhad in relation to the restriction on directorship in listed companies, all Directors of the Company complied with the limits on directorships held in the public listed companies.

Board Charter

The roles and functions of the Board are delineated in the Board Charter, which is available on the Company's website.

The charter shall be reviewed periodically as stipulated to ensure its relevance in assisting the Board to execute its duties with changes in corporate laws and regulations that may arise from time to time.

Board Committee

The Board has delegated certain functions to the committees to assist in the execution of its responsibilities:

- **Audit and Risk Management Committee**

The Audit and Risk Management Committee comprises three (3) Independent Non-Executive Directors and one (1) Non- Independent Non-Executive Director. The composition, responsibilities, detailed terms of reference and the activities of the Committee during the financial year are set out separately in the Audit and Risk Management Committee Report on page 50 to 53 of the Annual Report.

Corporate Governance Overview Statement

(Cont'd)

• Joint Remuneration and Nomination Committee

The Committee is responsible for recommending the remuneration framework for Directors as well as the remuneration packages of Executive Directors to the Board for approval and also recommending the right candidates with the necessary skills, knowledge, expertise and experience including his/her professionalism and integrity to fill in the Board. The Committee is also responsible to assess the effectiveness of the Board, its Committee and the performance of individual Director annually. The members of the Joint Remuneration and Nomination Committee are as follow:

Datuk Lawrence Lai Yew Son – Chairman, Independent Non –Executive Director

Koh Ek Chong - Independent Non –Executive Director

Ling Siu Chuo – Non-Independent Non-Executive Director.

Arshad Bin Zainuddin - Independent Non –Executive Director

The Committee meets as and when necessary. For the financial year ended 30 June 2021, the Committee held one meeting.

The respective Committees operate under clearly defined terms of reference and the Chairman of the respective Committees report to the Board on the outcome of the Committee Meetings.

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.

Board Meeting

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

During the financial year ended 30 June 2021, the Board met a total of four times.

Details of the attendance are as follows:

No	Directors	Status of Directorship	Attendance at meetings
1	Tan Sri Datuk Ling Chiong Ho	Non-Independent Non-Executive Chairman	4 out of 4 (100%)
2	Ling Chiong Sing	Group Managing Director	4 out of 4 (100%)
3	Ling Chiong Pin	Executive Director	4 out of 4 (100%)
4	Datuk Lawrence Lai Yew Son	Independent Non-Executive Director	4 out of 4 (100%)
5	Koh Ek Chong	Independent Non-Executive Director	4 out of 4 (100%)
6	Ling Siu Chuo	Non-Independent Non-Executive Director	4 out of 4 (100%)
7	Vincent Ling Lu Yew	Executive Director	4 out of 4 (100%)
8	Arshad Bin Zainuddin	Independent Non-Executive Director	4 out of 4 (100%)
9	Hudson Chua Jain	Independent Non-Executive Director	1 out of 1* (100%)
			*Resigned on 16 November 2020

Corporate Governance Overview Statement

(Cont'd)

The Board meetings may conduct via electronic means and for convenience, circular resolutions of the Directors will be prepared for the Directors' execution in order to facilitate efficient implementation of Board's decision. The Director who is unable to present physically at the meetings is encouraged to participate through electronic means of communication.

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.

Code of Ethics and Conduct

The Board is committed to maintain a corporate culture with good ethical conduct. This is formalised through the Company's Code of Ethics and Code of Conduct which set out in the Company's Employment Letters. The Letter covers matters in relation to conflict of interest, entertainment and gifts, misuse of position, insider trading and misconduct. The directors and employees of the Group are expected to adhere to the standard of ethics and conduct set out therein.

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 Joint Remuneration and 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's 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 on separately.

Tenure of Independent Directors

The Board complied with the recommendation of the MCCG 2017 that the tenure of an independent Director should not exceed a cumulative term of nine (9) years. However, if an independent director whose service is required beyond nine (9) years but less than twelve (12) years, shareholders' approval is sought in the AGM. For an independent director whose service is required beyond a cumulative term twelve (12) years, shareholders' approval through a two-tier voting process would be sought in the Annual General Meeting. The Board noted that Mr. Koh Ek Chong and Datuk Lawrence Lai Yew Son the independent Non-Executive Directors have served on the Board for more than twelve (12) years.

The Joint Remuneration and Nominee Committee had reviewed the performance of Mr. Koh Ek Chong and Datuk Lawrence Lai Yew Son was of the view that the independence of a director is measured by his conduct and his state of mind, his appearance as well as his ability to exercise independent judgment and act in the best interest of the Company. The length of time is not the sole determinant of his credibility as an Independent Director.

Mr. Koh Ek Chong and Datuk Lawrence Lai Yew Son's years of service on the Board have imbued them with a sound knowledge of the Group's business operations which enable them to participate actively and contribute during deliberations at board meetings. In this respect, the Board recommends the retention of Mr. Koh Ek Chong and Datuk Lawrence Lai Yew Son as Independent Non-Executive Director of the Company for shareholders' approval at the forthcoming AGM, through a two-tier voting process. Mr. Koh Ek Chong and Datuk Lawrence Lai Yew Son will abstain from the deliberation and voting on their retention respectively as Independent Non-Executive Director of the Company.

Corporate Governance Overview Statement

(Cont'd)

Annual Assessment of Independence of Independent Director

The Board, through the Joint Remuneration and 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.

Based on the assessment of the independence of the Independent Non-Executive Directors conducted by the Joint Remuneration and Nomination Committee on 30 August 2021, the Board is satisfied that all Independent Non-Executive Directors are able to provide check and balance to the Board's decision making process and bring independent and objective judgement to board deliberations.

The Board composition has met the Main Market Listing Requirements and the MCCG 2017 for a balanced board which is fulfilled with Independent Directors constituting one-third of the Board.

Shareholders' approval for the Continuance in Office as Independent Directors

The Board would seek shareholders' approval at the AGM if an Independent Director who has served in that capacity for more than nine (9) years shall remain as an Independent Director. For the forthcoming 16th Annual General Meeting ("16th AGM"), the Director Mr. Koh Ek Chong and Datuk Lawrence Lai Yew Son who served as Independent Director of the Company more than 12 years will seek shareholders' approval to continue to act as Independent Director.

The Joint Remuneration and Nomination Committee will assess the independence of the Independent Director based on the assessment criteria developed by the Joint Remuneration and Nomination Committee, and recommended to the Board for recommendation to shareholders for approval. Justification for the Board's recommendation would be provided to shareholders, where applicable.

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.

The Directors having during the financial year ended 30 June 2021, attended the trainings covered a range of topics which provided the Directors with updates on business trends and management, risk management, corporate governance, financial and audit. These trainings are regarded as appropriate in providing the Directors with continuous education and enhancement of their knowledge and skill in discharging of their responsibilities as directors of the Company

Directors' Remuneration

The Joint Remuneration and Nomination 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 of information sourced by independent consultant or survey information on comparable companies in determining the remuneration package.

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 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.

Corporate Governance Overview Statement

(Cont'd)

The aggregate and range of Directors' remuneration for the directors of the Company for the financial year ended 30 June 2021 are as follows:

Aggregate of remuneration	Company				Subsidiaries		Group
	Fees	Salaries and Bonus	Others	Company Total	Salaries and Bonus	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
EXECUTIVE	-	780	32	812	456	65	1,333
NON-EXECUTIVE	106	-	163	269	60	3	332
Total	106	780	195	1,081	516	68	1,665

Range of remuneration	Number of Directors	
	Executive	Non-Executive
Below RM50,000	-	5
RM200,001 to RM250,000	-	1
RM250,001 to RM300,000	1	-
RM350,001 to RM400,000	1	-
RM650,001 to RM700,000	1	-

PRINCIPLES B – EFFECTIVE AUDIT AND RISK MANAGEMENT

Audit and Risk Management Committee

The Board acknowledges that it is responsible for maintaining a sound risk management practices and internal control system to safeguard Shareholders' investments and Group's assets.

The Board, through its Audit and Risk Management Committee has established an ongoing process for identifying, evaluating, and managing the significant risks faced by the Group and this process includes enhancing the risk management and internal control system as and when there are changes to the business environment and regulatory requirements. The above activities is monitored by the Management with the assistance of the Internal Auditor.

The Group has outsourced an established external professional Internal Audit firm (IAF) namely, Smart Focus Group Sdn Bhd. The Internal Auditors has aligned its current internal audit practices with the Committee of Sponsoring Organizations of the Treadway Commission (COSO – USA Standard) and The Criteria of Control Board (COCO - Canadian Standard)'s Internal Controls – Integrated Framework.

The IAF team is headed by an Associate Director – Advisory, who is a member of the Malaysian Institute of Internal Auditors and was assisted by three (3) staffs during the financial year under review. The internal audit activities were reported directly to the Audit and Risk Management Committee based on the approved annual Internal Audit Plan. The approved annual Internal Audit Plan is designed to cover entities across all level of operations within the Group.

The Statement on Risk Management and Internal Control is set out on page 45 to 49 of the annual report.

Corporate Governance Overview Statement

(Cont'd)

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 memorandum and to facilitate exchange of view on issues requiring attention. Key features of the Audit and Risk Management Committee's term of reference are set out on page 50 to 53 of the Annual Report.

As required by Paragraph 15.23 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the External Auditors have reviewed this Statement and reported to the Board that nothing has come to their attention that cause them to believe that the statement intended to be included in the annual report of the Group, in all material respects: has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or is factually inaccurate.

PRINCIPLES C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Financial Reporting

The Board aims to present a balanced, meaningful assessment of the Group's financial position and prospects primarily through its annual report and quarterly interim financial results. In the process of preparing these financial statements, the Board, with the assistance of the Audit and Risk Management Committee, reviewed the accounting policies and practices to ensure that they are consistently applied throughout the financial year. In cases where judgment and estimates were made, they were based on reasonableness and prudence. The financial statements have been prepared in conformity with the applicable approved accounting standards.

The Statement by Directors pursuant to the Companies Act 2016 is set out on page 63 of this Report.

Ensure timely and high quality disclosure

The Board recognises the importance of timely dissemination of accurate information pertaining to the Group's business activities and financial performance to its shareholders, investors and other stakeholders.

The Group's financial results, announcements, annual report and circulars can be accessed from the Bursa Malaysia Securities Berhad's website at www.bursamalaysia.com. In addition, shareholders and investors may also access other information about the Group via the Company's corporate website at www.syshippingcorp.com.my.

Strengthen relationship between company and 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 at clear and precise picture of the Group's performance and position.

The Group Managing Director and Financial Controller cum Company Secretary hold dialogues with the institutional investors and presentations to analysts to keep them updated on the Group's performance, business expansion plans and other matters related to shareholders' interest.

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. Where it is not possible to provide immediate answers, the Chairman will undertake to furnish the necessary shareholders with a written answer after the AGM. The Chairman of the Board also addresses the shareholders on the review of the Group's operation for the financial year and outlines the prospect of the Group for the subsequent financial year in the Chairman's statement on page 12 to 15. Resolutions tabled and passed at the AGM are released to Bursa Malaysia on the same day to enable the public to be informed of the outcome.

The Group's website, www.syshippingcorp.com.my allows all the shareholders and investors to gain access to the information about the Group.

At all times, investors and shareholders may contact the Company Secretary for information of the Group.

Corporate Governance Overview Statement

(Cont'd)

ADDITIONAL COMPLIANCE INFORMATION

i) Shares Buy-back

During the financial year ended 30 June 2021, the Company bought back 604,900 shares from the open market as follows:

Month of Purchase	Total number Of Shares Purchased	Total Purchase Consideration (RM)	Highest Price Paid Paid (RM)	Lowest Price Paid Paid (RM)	Average Price Paid Paid (RM)
July 2020	40,000	7,625.20	0.195	0.190	0.191
August 2020	24,900	4,617.02	0.190	0.180	0.185
December 2020	540,000	118,497.60	0.225	0.220	0.219
TOTAL	604,900	130,739.82	0.225	0.180	0.216

All the shares purchased by the Company were retained as treasury shares. There were no treasury shares resold or cancelled during the financial year. As at 30 June 2021, a total of 32,026,300 shares were held as treasury shares.

ii) Imposition of Sanction and / or Penalties

There were no sanctions and/or penalties on the Company or its subsidiaries, directors or management by the relevant regulatory bodies during the financial year ended 30 June 2021.

iii) Non-Audit Fees

The amount of non-audit fees paid to the external auditor by the Company and its subsidiaries during the financial year ended 30 June 2021 amounted to RM61,600 for the professional services rendered as follows:

Company	Review of Internal Control System (RM)	Tax Fee (RM)	Total (RM)
Shin Yang Shipping Corporation Berhad	5,000	4,200	9,200
Its subsidiaries	-	52,400	52,400
Total (RM)	5,000	56,600	61,600

iv) Variation of Results

There were no material variances between the audited results of the financial year ended 30 June 2021 and the announced unaudited results.

v) Profit Guarantee

There were no profit guarantees given by the Company and its subsidiaries.

vi) Revaluation Policy

The Group does not adopt a policy of regular revaluation.

vii) Share Options Offered to Non-Executive Directors

There were no share options granted during the financial year ended 30 June 2021.

Corporate Governance Overview Statement

(Cont'd)

viii) Utilisation of Rights Issue Proceeds

There were no rights issue proceeds during the financial year ended 30 June 2021.

ix) Recurrent Related Party Transactions of a Revenue or Trading Nature ("RRPT")

The RRPT entered into by the Group during the financial year ended 30 June 2021 were as follows:

Name of Related Parties	Nature of transaction with the Related Parties	Business Activities of Related Parties	Manner of relationship in the Related Parties		Financial Year Ended 30 June 2021 Actual (RM'000)	
			Director	Major Shareholder		
Shin Yang Holding Sdn Bhd and Companies related to Shin Yang Holding Sdn Bhd						
1.	Shin Yang Holding Group ⁽¹⁾	Provision of shipping services by the Group	Hypermarket and departmental store, hotel business, property developing, wood-based products manufacturing, research & development of wood products, reforestation and oil palm operations, quarry operation, construction and engineering, transportation services and logistics, parts & hardware supplies, agriculture, glue manufacturing, plastic manufacturing, industrial gas manufacturing, sales of marine equipment and electrical engineering	Yes	Yes	105,506
2.	Shin Yang Holding Group ⁽¹⁾	Provision of fabrication services by the Group	Reforestation and wood-based products manufacturing, quarry operation, construction and engineering, transportation services and logistics, and parts & hardware supplies.	Yes	Yes	923
3.	Shin Yang Holding Group ⁽¹⁾	Purchase of marine hardware supplies and spare parts by the Group	Trading house, construction and engineering, and transportation and haulage service	Yes	Yes	11,516
4.	Shin Yang Holding Group ⁽¹⁾	Rental of properties by the Group	Investment and properties holding, wood based products manufacturing, quarry operation and construction & engineering	Yes	Yes	183
5.	Shin Yang Holding Group ⁽¹⁾	Purchase of transportation services and hotel accommodation by the Group	Investment holding, transportation and haulage services, provision of bus services for the Group's employees as well as ticketing agents and provision of hotel accommodation	Yes	Yes	11,915

Corporate Governance Overview Statement

(Cont'd)

Name of Related Parties	Nature of transaction with the Related Parties	Business Activities of Related Parties	Manner of relationship in the Related Parties		Financial Year Ended 30 June 2021 Actual (RM'000)
			Director	Major Shareholder	
6. Shin Yang Holding Group ⁽¹⁾ and Shin Yang Services Sdn Bhd ⁽²⁾	Purchase of industrial gas, diesel and bunker by the Group	Industrial gas manufacturing and trading house	Yes	Yes	8,080
Companies connected to the Directors or Person Connected to the Directors					
7. Ling Family Group ⁽³⁾	Provision of shipping services by the Group	Equipment and machinery supplies, tyre retreading, oil palm plantation, wet market supply in hypermarket, construction and engineering, scrap metal dealer, hydraulic hose supplies and barrage management	Yes	Yes	3,508
8. Ling Family Group ⁽³⁾	Provision of fabrication services by the Group	Equipment and machinery supplies, tyre retreading, scrap metal dealer and barrage management	Yes	Yes	5,627
9. Ling Family Group ⁽³⁾	Purchase of marine hardware supplies and spare parts by the Group	Ration supplier, trading house, and workshop operation	Yes	Yes	2,391
10. Ling Family Group ⁽³⁾	Rental of property by the Group	Provision of berthing facilities and letting of properties	Yes	Yes	42
11. Ling Family Group ⁽³⁾	Purchase of transportation services and accommodation services by the Group	Public transportation and provision of hotel accommodation.	Yes	Yes	8

Notes:-

- (1) Subsidiary companies of Shin Yang Holding Sdn Bhd, which Tan Sri Datuk Ling Chiong Ho, Ling Chiong Sing and Ling Chiong Pin who are the Directors and Major Shareholders. Shin Yang Holding Sdn. Bhd. Is the holding company of Shin Yang Shipping Corporation Berhad.
- (2) Associated companies of Shin Yang Holding Group
- (3) Companies in which Tan Sri Datuk Ling Chiong Ho, Ling Chiong Sing, Ling Chiong Pin, Ling Siu Chuo and Vincent Ling Lu Yew have substantial interests and / or directorships.

Statement on Risk Management and Internal Control

The Board affirms its commitment to maintain sound risk management practices and internal control system in the Group to safeguard shareholders' investment and the assets of the Group. Pursuant to Paragraph 15.26 (b) of the Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements, the Board is pleased to provide the following statement on risk management and internal control, which outlines the nature and scope of internal controls of the Group during the financial year, ended 30 June 2021.

INTRODUCTION

The Malaysian Code on Corporate Governance requires listed companies to maintain a sound system of internal control to safeguard shareholders' investments and the Group's assets. Pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements"), the Board of the Group is pleased to report on its Statement on Risk Management and Internal Control, which provides an overview of the nature and state of risk management and internal controls of the Group during the financial year under review and up to the date of approval of this statement by the Board. This statement is guided by the latest Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers issued by the Taskforce on Internal Control with the support and endorsement of the Bursa Malaysia Securities Berhad and Malaysian Code on Corporate Governance ("MCCG").

BOARD RESPONSIBILITY AND ACCOUNTABILITY

The Board acknowledges its responsibilities are fully committed to maintaining a sound risk management practices and internal control environment to safeguard Shareholders' investments and Group's assets. The Board has an overall responsibility for the Group's system of risk management and internal control and its effectiveness, as well as reviewing its adequacy and integrity. The Group's risk management process and system of internal control consists of financial controls, operational and compliance controls and risk management procedures of the Group.

In view of the limitations that are inherent in any system of risk management and internal control, our system is designed to manage, rather than eliminate the risk of failure to achieve corporate objectives. The Board continuously evaluates appropriate measures to strengthen the transparency and efficiency of its operations taking into account the requirements for sound and appropriate internal control and management information system of the Group.

The Board has received assurance from the Group Managing Director and Executive Director that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management practices and internal control system of the Group.

The Board is of the view that the risk management and internal control system in place for the year under review and up to the date of issuance of the financial statements is adequate and effective to safeguard the shareholders' investment, the interests of customers, regulators, employees and the Group's assets.

The Board, through its Audit and Risk Management Committee ("ARMC") has established an ongoing process for identifying, evaluating, and managing the significant risks faced by the Group and this process includes enhancing the risk management and internal control system as and when there are changes to the business environment and regulatory requirements. The process is reviewed by the Board and the ARMC on a periodic basis.

Management assists the Board in the implementation of the Board's policies and procedures on risk and control by identifying and assessing the risks faced by the Group, and in the design and operation of suitable internal controls to mitigate these risks identified.

The effectiveness of internal controls was reviewed by the ARMC in relation to the audits conducted by internal auditors ("IA") during the financial year. Audit issues and actions taken by Management to address the issues tabled by IA were deliberated during the ARMC meetings. Minutes of the ARMC meetings which recorded these deliberations were presented to the Board.

Internal control and risk-related matters which warranted the attention of the Board were recommended by the ARMC to the Board for its deliberation and approval and matters or decisions made within the ARMC's purview were referred to the Board for its notation.

Statement on Risk Management and Internal Control

(Cont'd)

MANAGEMENT RESPONSIBILITY

The management assist the Board in the implementation of the Board's policies and procedures on risk and control by identifying, assessing, monitoring and reporting risk and internal control, as well as taking proper actions to address risks. The Management has further assured the Board that the Group's risk management and internal control system are operating adequately and effectively in all material aspects.

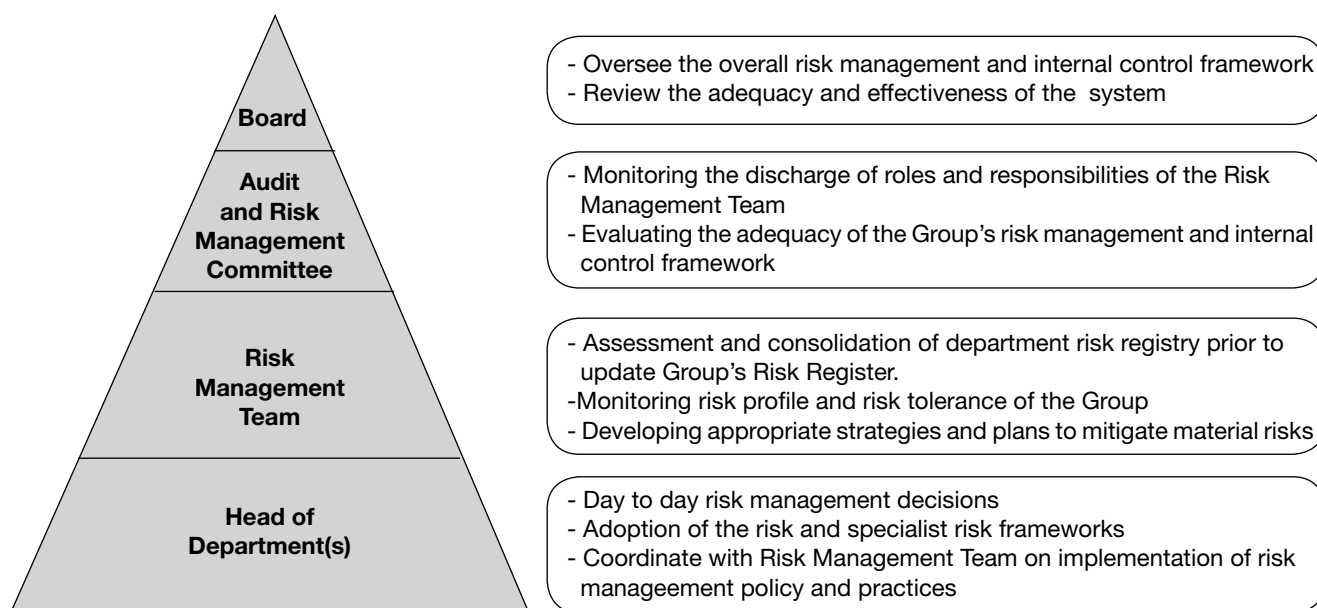
KEY COMPONENTS OF INTERNAL CONTROL ENVIRONMENT

Risk Management

The Board has made risk assessment an on-going exercise to effectively identify, evaluate, manage and review any changes in the risks faced by the businesses in the Group. The significant risks encountered by the Company are managed in accordance to the Guidance for Directors of Public Listed Companies on Statement on Risk Management and Internal Control. The risk management process involves all business and functional units of the Group identifying significant risks which impact the achievement of business objectives of the Group. The Group has established procedures for reporting and monitoring of risks and controls. Regular reviews are conducted with additional procedures to be carried out as and when required.

The Audit and Risk Management Committee has been delegated to oversee the risk management activities and approve appropriate risk management procedures and measurement methodologies for the Group.

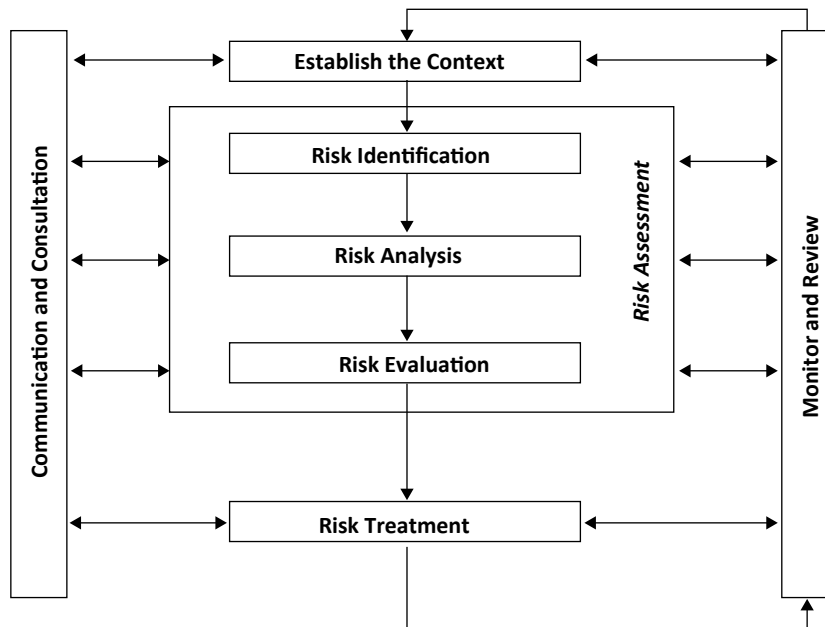
The Group's risk management framework is set out in the diagram below:-



Statement on Risk Management and Internal Control

(Cont'd)

Risk Management Process



A summary of the risk management procedures undertaken under the structure of the Group's Risk Management Framework are summarised as follows:

- i) Risk Identification
- ii) Risk Evaluation
- iii) Risk Mitigation and
- iv) Risk Monitoring and Reporting

The Board recognises the importance of Enterprise Risk Management ("ERM") in enhancing shareholder value while upholding a high standard of corporate governance. Combining a strong and sustained commitment from the Board and Senior Management with a clear direction and oversight from all levels of leadership, the Group embraces a holistic risk management approach to achieve its business targets with minimal surprises.

The Board continues to ensure that risk management is effectively institutionalised and its risk maturity level is elevated. This is achieved via a multitude of ERM initiatives clustered into key strategic areas, as part of the Group's efforts to ensure smooth ERM practice on the ground coupled with continuous tracking and monitoring of risks and controls. It also strengthens its risk culture and practice, harmonise its risks and risk appetites at the operational level wherever possible.

OTHER KEY COMPONENTS OF INTERNAL CONTROL ENVIRONMENT

Review of the Statement by External Auditors

The external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Audit and Assurance Practice Guide 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report ("AAPG3") issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the annual report of the Group for the year ended 30 June 2021, and reported to the Board that nothing has come to their attention that cause them to believe that the statement intended to be included in the annual report of the Group, in all material respects: has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or is factually inaccurate.

Statement on Risk Management and Internal Control

(Cont'd)

AAPG3 does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Directors and management thereon. The report from the external auditor was made solely for, and directed solely to the Board in connection with their compliance with the listing requirements of Bursa Malaysia Securities Berhad and for no other purposes or parties. The external auditors do not assume responsibility to any person other than the board of directors in respect of any aspect of this report.

Board Meeting

The Board meets at least quarterly and has a formal agenda on matters for discussion and approval. Presentation of board papers, comprehensive explanation and feedback from the board members are the prerequisites to arriving at a decision.

Organisational Structure with Defined Responsibility and Authority

We have in place an organisational structure with defined responsibility lines and authority to facilitate response to changes in the business environment and accountability for operational performance. Capital and non-capital expenditures and acquisition and disposal of investment interests are subject to appropriate approval processes and evaluations.

Operational Policies and Procedures

The documented policies and procedures form an integral control system to safeguard the Group's assets against material losses and ensure completeness and accuracy of financial information. The documents consist of memorandum, circulars and letters, which are continuously being revised and updated to meet operational needs.

We have business planning and budgetary system in place to manage performance of the business activities, which compared with the actual performance against set targets on a periodic basis.

Internal Audit

The Board is fully aware of the importance of the internal audit function and has engaged an independent professional firm, namely Smart Focus Group ("IA Firm") to provide independent assurance to the Board and ARMC in providing an independent assessment of the adequacy, efficiency and effectiveness of the Group's internal control system.

The IA Firm 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. Scheduled internal audits are carried out based on the annual audit plan approved by the ARMC. The IA Firm presents the ARMC with the internal audit reports.

During the year under review, internal audit reviews were carried out by the internal audit team to address the related internal control weaknesses. Significant weaknesses identified during the reviews together with the improvement measures to strengthen the internal controls were reported accordingly.

The ARMC reviews and approves IA's annual budget, remuneration, audit plan and human resource requirements to ensure the function maintains an adequate number of internal auditors with sufficient knowledge, skills and experience. IA adopts the International Standards for the Professional Practice of Internal Auditing of The Institute of Internal Auditors (IIA), the definition of Internal Auditing, Code of Ethics, Practices and Framework in order to ensure standardisation and consistency in providing assurance on the adequacy, integrity and effectiveness of the Group's overall system of internal controls, risk management and governance. IA has aligned its current internal audit practices with the Committee of Sponsoring Organizations of the Treadway Commission (COSO – USA Standard) and The Criteria of Control Board (COCO - Canadian Standard)'s Internal Controls – Integrated Framework. Using this framework, all internal control assessments performed by the IA are based on the internal control elements, scope and coverage. IA continues to adopt the risk-based audit plan to ensure the programmes carried out are prioritised based on the Group's key risks and core or priority areas. Input from various sources inclusive of the Enterprise Risk Management Framework, business plan, past audit issues, external auditors, Management and Board are gathered, assessed and prioritised to derive the annual audit plan.

Statement on Risk Management and Internal Control

(Cont'd)

Quality Assurance

The IA develops and maintains a quality assurance and improvement programme that covers all aspects of internal audit activities. The quality assurance programme assesses the effectiveness of IA processes and identifies opportunities for improvement via both internal and external assessments. It has its own peer reviewer mechanism to ensure consistently good quality output of every audit engagement. The team leader is well experienced to manage the internal audit assignments.

Information and Communication

While the Management has full responsibility in ensuring the effectiveness of internal control, which it establishes, the Board of Directors has the authority to assess the state of internal control as it deems necessary. In doing so, the Board has the right to enquire information and clarification from Management as well as to seek inputs from the ARMC, external and internal auditors, and other experts at the expense of the Company.

Assurance from the Management

The Board has also received reasonable assurance from the Group Managing Director and other Department Heads that the Group's risk management and the internal control system are operating adequately and effectively, in all material aspects, based on the risk management model adopted by the Group.

Audit and Risk Management Committee

The Audit and Risk Management Committee reviews the adequacy and effectiveness of the Group's systems of internal control as well as reviewing issues identified by the internal auditors. The ARMC also ensures that there is a continuous effort by management to address and resolve areas where weaknesses exist.

All audit findings, recommendations and management actions are rigorously deliberated upon during ARMC meetings before reporting to the Board. Quarterly reports to the ARMC track the progress towards completion of all corrective actions taken on issues highlighted by the Group Internal Audit.

The ARMC reviewed the quarterly results of the Group and if satisfied recommends adoption of such results to the Board.

Conclusion

For the financial year under review, there were no significant internal control deficiencies or material weaknesses resulting in material losses or contingencies requiring separate disclosure in the Annual Report. The Board is of the view that the Group's system of internal control and risk management is adequate to safeguard shareholders' investments and the Group's assets. However, the Board is also cognisant of the fact that the Group's system of internal control and risk management practices must continuously evolve to meet the changing and challenging business environment. Therefore, the Board will, when necessary, put in place appropriate action plans to further enhance the Group's system of internal control and risk management framework.

This Statement on Risk Management and Internal Control was made in accordance with a resolution of the Board on 29 October 2021.

Audit and Risk Management Committee Report

MEMBERS

Koh Ek Chong (Redesignated on 24 November 2020)
Chairman and Independent Non –Executive Director

Datuk Lawrence Lai Yew Son
Independent Non –Executive Director

Ling Siu Chuo
Non-Independent Non-Executive Director

Arshad Bin Zainuddin
Independent Non –Executive Director

Hudson Chua Jain (Resigned on 16 November 2020)
Chairman and Independent Non –Executive Director

TERMS OF REFERENCE

The Committee was established in 2010 and with effect from 2020, it was renamed as Audit and Risk Management Committee, to serve as a Committee of the Board, with the terms of reference as set out below:

COMPOSITION OF THE COMMITTEE

- The Committee shall comprise not less than three members.
- All members of the Committee must be non-executive directors, with a majority of them being independent directors.
- All members of the Committee should be financially literate and at least one member of the Committee must be a member of Malaysian Institute of Accountants (“MIA”)
- No alternate director shall be appointed as a member of the Committee
- The Chairman who shall be elected by the members of the Committee must be an independent non-executive director.
- Any vacancy in the Committee resulting in non-compliance of the said requirements must be filled within three (3) months
- No former key audit partner shall be appointed as a member of the Audit and Risk Management Committee, unless he/she has observed a cooling-off period of at least two (2) years before for such appointment.
- The presence of a majority of independent non-executive directors shall form a quorum for the Audit and Risk Management Committee meeting.
- The term of office and performance of the Committee members shall be reviewed by the Board at least once every three (3) years.

DUTIES AND RESPONSIBILITIES

- Provide assistance to the Board of Directors in fulfilling its fiduciary responsibilities relating to the corporate accounting practices for the Company and Group.
- Maintain a direct line of communication between the Board and the external and internal auditors.
- Review and monitor to ensure that an adequate system of risk management for the management to safeguard the Group’s assets and operations.
- Prepare reports, if the circumstances arise or at least once a year, to the Board summarising the work performed in fulfilling the Committee’s primary responsibilities.
- Any other activities, as authorised by the Board.
- Act upon the Board’s request to direct and where appropriate supervise any special projects or investigation considered necessary and review investigation reports on any major issues with regard to the management of the Group.
- Report promptly to Bursa Securities Malaysia Berhad on any matter reported to the Board, which has not been satisfactorily resolved resulting in a breach of Bursa Malaysia Main Market Listing Requirement.

Audit and Risk Management Committee Report

(Cont'd)

AUTHORITY	<ul style="list-style-type: none">• The Committee is authorised to seek any information it requires from employees, who are required to co-operate with any request made by the Committee.• The Committee shall have full and unlimited access to any information pertaining to the Group as well as direct communication to the internal and external auditors and with some senior management of the Group.• The Committee shall have the resources that are required to perform its duties. The Committee can obtain at the expenses of the Group, outside legal or other independent professional advice it considers necessary.• The Committee shall be able to convene meetings with external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.
PROCEEDINGS	<ul style="list-style-type: none">• The Secretary of the Company shall be the Secretary of the Audit and Risk Management Committee;• Audit and Risk Management Committee shall meet not less than four times a year. Prior to the meeting, the Secretary shall send notice to all Committee members at least seven days prior to the meeting;• Minutes of each meeting shall be kept at the registered office of the Company and circulated to all members within 14 days after each meeting;• Minutes shall be confirmed at the following meeting of the Committee;• No Director or employee shall attend any meeting of the Committee except at the Audit and Risk Management Committee's invitation, specific to the relevant meeting; and• Decisions of the Committee shall as far as possible be by consensus, failing which the decision will be by a simple majority.
FINANCIAL PROCEDURE AND FINANCIAL REPORTING	<p>Review the quarterly results and the year end financial statements, prior to the approval of the Board, focusing particularly on:-</p> <ul style="list-style-type: none">• Any significant changes to accounting policies and practices;• Significant adjustments arising from the audits;• Compliance with accounting standards and other legal requirements; and• going concern assumption.
RELATED PARTY TRANSACTIONS	<p>Monitor any related party transaction and conflict of interest situation that may arise within the Group, including any transaction, procedure or course of conduct that raises question on integrity of Directors and management.</p>
AUDIT REPORTS	<ul style="list-style-type: none">• Prepare the annual Audit and Risk Management Committee report to the Board which includes the composition of the Audit and Risk Management Committee, its terms of reference, number of meetings held, a summary of its activities and the existence of an Internal Audit unit and summary of the activities of that unit for inclusion in the Annual Report; and• Review the Board's statements on compliance with the Malaysian Code of Corporate Governance for inclusion in the Annual Report.
INTERNAL CONTROL	<ul style="list-style-type: none">• To consider annually the internal control system and risk management framework adopted within the Group and to be satisfied that the methodology employed allows identification, analysis, assessment, monitoring and communication of risks in a regular and timely manner that will allow the Group to minimise losses and maximize opportunities;• To ensure that the system of internal control is soundly conceived and in place, effectively administered and regularly monitored;• To cause reviews to be made of the extent of compliance with established internal policies, standards, plans and procedures;• To obtain assurance that proper plans for control have been developed prior to the commencement of major areas of change within the Group; and• To recommend to the Board steps to improve the system of internal control derived from the findings of the internal and external auditors and from the consultations of the Audit & Risk Management Committee itself.

Audit and Risk Management Committee Report

(Cont'd)

INTERNAL AUDIT

- Review and approve the yearly internal audit plan.
- Review the adequacy of the internal audit scope, functions, and resources of the internal audit and that it has the necessary authority to carry out its works.
- Review the results of the internal audit and ensure that appropriate action is taken by the management on the recommendations of the internal audits.
- Review the performance of the internal audit to ensure that they are able to exercise independence in discharging their duties.
- Approve any appointment or termination of the staff members of the internal audit functions.

EXTERNAL AUDIT

- Review with the external auditors and approve the yearly external audit plan.
- Review the objectivity of the external auditors and their services, including non-audit services and professional fees, so as to ensure a proper balance between objectivity and value for money.
- Review the external audit reports and to evaluate their findings and recommendations for actions to be taken.

MEETING

During the financial year ended 30 June 2021, five committee meetings were held. A record of the attendance to these meetings is as follows:

	No of Meeting attended
Koh Ek Chong,	5/5
Datuk Lawrence Lai Yew Son	5/5
Ling Siu Chuo	5/5
Arshad Bin Zainuddin	5/5
Hudson Chua Jain	1/1*

The Committee also met with the external auditors twice in the financial year.

*Resigned on 16 November 2020

INTERNAL AUDIT FUNCTION

The Group has appointed an established external professional Internal Audit firm (IAF) namely, Smart Focus Group Sdn Bhd. The IAF team is headed by an Associate Director – Advisory, who is a member of the Malaysian Institute of Internal Auditors and was assisted by three (3) staffs during the financial year under review. The internal audit activities were reported directly to the Audit and Risk Management Committee based on the approved annual Internal Audit Plan. The approved annual Internal Audit Plan is designed to cover entities across all level of operations within the Group.

The internal audit firm appointed by the Company is independent of activities related to business operations and performs its duties in accordance with standards set by relevant professional bodies, namely Institute of Internal Auditors. The internal audit provides independent assessment on the effectiveness and efficiency of internal controls system established by the management, utilizing a global audit methodology and tool to support the corporate governance framework and an efficient and effective risk management framework to provide assurance to the Audit and Risk Management Committee.

During the year, The Internal Audit carried out a total two (2) audits and reviews covering the Group's operations.

1. Review Effectiveness of Internal Audit Function based on the latest circular to PLC by Bursa Malaysia.
2. Sustainability Disclosure and Malaysian Anti-Corruption Commission (MACC) Disclosure.

Audit and Risk Management Committee Report

(Cont'd)

ACTIVITIES

The Committee carried out its duties in accordance with its terms and reference during the year.

A summary of activities of the Committee during the year under review were as follows:

- Reviewed the quarterly financial results announcements before recommending for the Board's approval, focusing particularly on;
 - o The changes in or implementation of major accounting policy;
 - o The significant or unusual events;
 - o Compliance with accounting standards;
 - o Disclosure and other legal requirements
- Reviewed the related party transactions entered into by the Group and conflict of interest situation that may arise.
- Reviewed the internal auditors' scope of works and audit planning memorandum for the year.
- Reviewed the internal auditors' reports, which highlighted audit issues, recommendations and management response.
- Reviewed the appointment of external auditors and their independence and effectiveness.
- Reviewed the external auditors' scope of works and audit plans for the year.
- Reviewed the audited financial statements of the Group with external auditor prior submission to the Board for their consideration and approval, including issues and findings noted in the course of the audit of the Group's financial statement.
- Considered and recommended to the Board for approval the audit fees payable to the external auditors.

CONCLUSION

The Audit and Risk Management Committee and the Board are satisfied with the performance of the outsourced internal auditors and have in the interest of greater independence and continuity in the internal audit function, taken the decision to continue with the outsource of the internal audit function.

This Audit and Risk Management Report is made in accordance with the resolution of the Board on 29 October 2021.

Statement On Directors' Responsibility

The Main Market Listing Requirements of Bursa Malaysia Securities Berhad requires the Directors to issue a statement explaining their responsibility for preparing the Financial Statements.

The Directors are required by the Company Act 2016, to prepare financial statements which give a true and fair view of the state of affairs of the Group and the Company as at the end of each financial year and of their results and their cash flows for that year then ended.

In preparing the financial statements, the Directors took into consideration the following:-

- the Group and the Company have used appropriate accounting policies and are consistently applied;
- reasonable and prudent judgments and estimates were made; and
- all applicable approved accounting standards in Malaysia, the provision of the Company Act 2016 and the Listing Requirements of the Bursa Malaysia Securities Berhad have been followed.

The Directors are responsible for ensuring that proper accounting records are maintained which disclose with reasonable accuracy the financial position of the Group and the Company, and which enable them to ensure that the financial statements comply with the Act. The Directors have general responsibilities for taking such steps that are reasonably available to them to safeguard the assets of the Group and the Company and to prevent and detect fraud and other irregularities.

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Directors' Report

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2021.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding and property holding. The principal activities of the subsidiaries are set out in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	The Group	The Company
	RM	RM
Profit/(Loss) after taxation for the financial year	<u>17,749,587</u>	<u>(124,902)</u>
Attributable to:-		
Owners of the Company	17,052,020	(124,902)
Non-controlling interests	<u>697,567</u>	<u>-</u>
	<u>17,749,587</u>	<u>(124,902)</u>

DIVIDENDS

No dividend was recommended by the directors for the financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those items disclosed in the statements of changes in equity.

Directors' Report

(Cont'd)

ISSUES OF SHARES AND DEBENTURES

During the financial year:-

- (a) there were no changes in the issued and paid-up share capital of the Company; and
- (b) there were no issues of debentures by the Company.

TREASURY SHARES

During the financial year, the Company repurchased a total of 604,900 of its issued ordinary shares from the open market for a total cost of RM130,739. The average cost paid for the shares repurchased during the year was RM0.22 per share.

The shares repurchased are held as treasury shares in accordance with Section 127 of the Companies Act 2016. Of the total 1,200,000,000 issued and fully paid ordinary shares as at 30 June 2021, 32,026,300 are held as treasury shares by the Company. As at 30 June 2021, the number of outstanding shares in issue after the set-off is therefore 1,167,973,700 ordinary shares.

The directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the share buy-backs plan can be applied in the best interests of the Company and its shareholders. The repurchase transactions were financed by internally generated funds.

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables, and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for impairment losses on receivables.

At the date of this report, the directors are not aware of any circumstances that would require the further writing off of bad debts, or the additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

Directors' Report

(Cont'd)

CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ensure that any current assets, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:-

- (a) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

Directors' Report

(Cont'd)

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

DIRECTORS

The names of directors who served during the financial year and up to the date of this report are as follows:-

Tan Sri Datuk Ling Chiong Ho **
Ling Chiong Sing **
Datuk Lawrence Lai Yew Son
Ling Chiong Pin **
Koh Ek Chong **
Ling Siu Chuo
Vincent Ling Lu Yew **
Arshad Bin Zainuddin
Hudson Chua Jain (Resigned on 16.11.2020)

** These Directors are also Directors of the Company's subsidiaries.

The names of directors of the Company's subsidiaries who served during the financial year and up to the date of this report, not including those directors mentioned above, are as follows:-

Dennis Ling Lu Jing
Ling Lu Kuang
Ling Lu Kiong
Tan Yeow Cheok
Tang Tiong Ing
Hou Siu Kee
Hong King Siang
Gary Tan Yow Hoo (Alternate Director to Ling Lu Kuang)
Ting Hien Liong
Hou Su Ee (Alternate Director to Hou Siu Kee)
Hong Kwang Meng (Alternate Director to Hong King Siang)
Lau Sie Ping
Alfred Ling Lu Khiing (Appointed on 7.5.2021)
Ngu Chee Sing (Appointed on 7.5.2021)

Directors' Report

(Cont'd)

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares of the Company and its related corporations during the financial year are as follows:-

	Number of Ordinary Shares			At 30.6.2021
	At 1.7.2020	Bought	Sold	
Ordinary Shares in the Holding Company, Shin Yang Holding Sendirian Berhad				
<i>Direct Interests</i>				
Tan Sri Datuk Ling Chiong Ho *	6,250,000	-	-	6,250,000
Ling Chiong Sing *	6,250,000	-	-	6,250,000
Ling Chiong Pin *	6,250,000	-	-	6,250,000
Ordinary Shares in the Company				
<i>Direct Interests</i>				
Tan Sri Datuk Ling Chiong Ho	34,802,669	-	-	34,802,669
Ling Chiong Sing	34,802,669	-	-	34,802,669
Ling Chiong Pin	34,802,668	-	-	34,802,668
Vincent Ling Lu Yew	100,000	-	-	100,000
Ling Siu Chuo	36,000,009	-	-	36,000,009
Datuk Lawrence Lai Yew Son	330,000	-	-	330,000
Koh Ek Chong	119,000	-	-	119,000
Deemed interest through Holding Company				
<i>Direct Interests</i>				
Tan Sri Datuk Ling Chiong Ho	660,412,796	-	-	660,412,796
Ling Chiong Sing	660,412,796	-	-	660,412,796
Ling Chiong Pin	660,412,796	-	-	660,412,796

By virtue of their shareholdings in the holding company and the Company, Tan Sri Datuk Ling Chiong Ho, Ling Chiong Sing and Ling Chiong Pin are deemed to have interests in shares in its related corporations during the financial year to the extent the holding company and the Company have interests, in accordance with Section 8 of the Companies Act 2016.

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose the direct interests of Tan Sri Datuk Ling Chiong Ho, Ling Chiong Sing and Ling Chiong Pin in subsidiaries of Shin Yang Holding Sendirian Berhad other than Shin Yang Shipping Corporation Berhad and its subsidiaries.

The other directors holding office at the end of the financial year had no interest in shares of the Company or its related corporations during the financial year.

Directors' Report

(Cont'd)

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by the directors as shown in the financial statements, or the fixed salary of a full-time employee of the Company or related corporations) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 40(b) to the financial statements.

Neither during nor at the end of the financial year was the Group or the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' REMUNERATION

The details of the directors' remuneration paid or payable to the directors of the Company during the financial year are disclosed in Note 39(a) to the financial statements.

INDEMNITY AND INSURANCE COST

During the financial year, there is no indemnity given to or professional indemnity insurance effected for directors, officers or auditors of the Company.

SUBSIDIARIES

The details of the Group's subsidiaries are disclosed in Note 6 to the financial statements.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 36.1 and 44 to the financial statements.

HOLDING COMPANY

The immediate and ultimate holding company is Shin Yang Holding Sendirian Berhad, a company incorporated in Malaysia.

Directors' Report

(Cont'd)

AUDITORS

The auditors, Crowe Malaysia PLT, have expressed their willingness to continue in office.

The details of the auditors' remuneration are disclosed in Note 33 to the financial statements.

To the extent permitted by law, the Company has agreed to indemnify its auditors, Crowe Malaysia PLT, as part of the terms of its audit engagement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Crowe Malaysia PLT during or since the financial year.

Signed in accordance with a resolution of the directors dated 29 October 2021

Koh Ek Chong

Director

Ling Siu Chuo

Director

Statement by Directors

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Koh Ek Chong and Ling Siu Chuo, being two of the directors of Shin Yang Shipping Corporation Berhad, state that, in the opinion of the directors, the financial statements set out on pages 72 to 165 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 30 June 2021 and of their financial performance and cash flows for the financial year ended on that date.

Signed in accordance with a resolution of the directors dated 29 October 2021

Koh Ek Chong
Director

Ling Siu Chuo
Director

Statutory Declaration

PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT 2016

I, Richard Ling Peng Liing, MIA Membership Number: 9688, being the officer primarily responsible for the financial management of Shin Yang Shipping Corporation Berhad, do solemnly and sincerely declare that the financial statements set out on pages 72 to 165 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovementioned
Richard Ling Peng Liing
at Miri in the State of Sarawak
on 29 October 2021

Richard Ling Peng Liing

Before me
Yong Swee Lien
Commissioner For Oaths (No. Q0149)
938, 2nd Floor, Jalan Pos
98000 Miri, Sarawak

Independent Auditors' Report

to the members of Shin Yang Shipping Corporation Berhad – 200401027554 (666062-A)
(Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Shin Yang Shipping Corporation Berhad, which comprise the statements of financial position as at 30 June 2021 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 72 to 165.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2021, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Other matter

The financial statements of the Group and of the Company for the preceding financial year were audited by another firm of auditors whose report dated 30 October 2020, expressed an unmodified opinion on those statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditors' Report

to the members of Shin Yang Shipping Corporation Berhad – 200401027554 (666062-A)
(Incorporated in Malaysia) (Cont'd)

Key Audit Matters (Cont'd)

Revenue Recognition Refer to Note 31 in the financial statements	
Key Audit Matter	How our audit addressed the Key Audit Matter
<p>(a) Revenue from freight, lighterage, charterage and hiring charges</p> <p>The Group's revenue from freight, lighterage, charterage and hiring charges is derived from a large volume of transactions. During the financial year, the Group recognised revenue of RM528.3 million from freight, lighterage, charterage and hiring charges, representing 87.8% of the Group's revenue.</p> <p>We identified revenue recognition of freight, lighterage, charterage and hiring charges as a key audit matter because of the significance of revenue in the financial statements in amount.</p>	<p>Our procedures included, amongst others:-</p> <ul style="list-style-type: none"> ▪ Checked the effectiveness of internal control by performing walkthrough tests and test of controls on revenue cycle with samples documented on identified key controls. ▪ Tested samples of revenue and verified them to underlying supporting documents to ascertain whether revenue has been appropriately recognised. ▪ Assessed whether revenue transactions either side of the balance sheet date are recognised in the correct period. ▪ Assessed to material credit notes issued to the customers subsequent to reporting date.
<p>(b) Revenue from shipbuilding, ship repair and metal fabrication</p> <p>The Group's revenue from shipbuilding, ship repair and metal fabrication amounted to approximately RM56.7 million, representing 9.4% of the total revenue as per financial year ended 30 June 2021.</p> <p>Revenue from shipbuilding, ship repair and metal fabrication is recognised on a percentage of completion basis which is calculated by reference to the contract cost incurred up to the reporting date over the total estimated contract costs.</p> <p>We identified revenue recognition of shipbuilding, ship repair and metal fabrication as a key audit matter because of the significant judgment involved in determining stage of completion as inherent uncertainties exist over the estimation of total contract costs.</p>	<p>Our procedures included, amongst others:-</p> <ul style="list-style-type: none"> ▪ Assessed the management's bases and assumptions of the estimated total contract costs in determining the percentage of completion. ▪ Agreed contract revenue to the original signed customer contracts and/or approved change orders. ▪ Considered the adequacy of the disclosure.

Independent Auditors' Report

to the members of Shin Yang Shipping Corporation Berhad – 200401027554 (666062-A)
(Incorporated in Malaysia) (Cont'd)

Key Audit Matters (Cont'd)

Impairment on Trade Receivables Refer to Note 14 in the financial statements	
Key Audit Matter	How our audit addressed the Key Audit Matter
<p>As at 30 June 2021, the Group's trade receivables were recorded at a gross amount of RM165.2 million with an impairment allowance of RM13.9 million.</p> <p>The management has assessed the recoverability of trade receivables by reviewing customers' ageing profile, credit history and trends, including status of subsequent settlement, and determine whether an impairment allowance is required.</p> <p>We identified impairment on trade receivables as a key audit matter because of the significance of trade receivables in the financial statements both in amount and nature, and the significant judgement required for assessing the recoverability of trade receivables.</p>	<p>Our procedures included, amongst others:-</p> <ul style="list-style-type: none"> ▪ Reviewed the ageing analysis of receivables and testing the reliability thereof. ▪ Assessed the reasonableness of historical loss rate applied and understand and discussed the forward looking information gathered by the management in relation to the provision matrix and the application thereof. ▪ Reviewed subsequent cash collections for major receivables and overdue amounts. ▪ Reviewed collections and sales trend during the financial year for major receivables. ▪ Evaluated the reasonableness and adequacy of the allowance for impairment recognised. ▪ Assessed the completeness, accuracy and relevance of disclosure required by MFRS 7.

Independent Auditors' Report

to the members of Shin Yang Shipping Corporation Berhad – 200401027554 (666062-A)
(Incorporated in Malaysia) (Cont'd)

Key Audit Matters (Cont'd)

Impairment Assessment on Vessels Refer to Note 8 in the financial statements	
Key Audit Matter	How our audit addressed the Key Audit Matter
<p>As at 30 June 2021, the carrying amount of vessels amounted to approximately RM605.6 million, representing 43.7% of the Group's total assets.</p> <p>The management has assessed the recoverable amounts of the vessels using the higher of an asset's value in use ("VIU") and fair value less costs to sell ("FV") provided by internal expert when indication of impairment exists.</p> <p>We identified impairment assessment on vessels as a key audit matter because of the significance of vessels' carrying amount in the financial statements both in amount and nature, and the significant judgement required for assessing the recoverability of the carrying amount of vessels.</p>	<p>Our procedures included, amongst others:-</p> <ul style="list-style-type: none"> ▪ Assessed the appropriateness of the methodology and approach applied. ▪ Assessed the reasonableness of key assumptions used in VIU calculation such as discount rates, charter hire rates, shipment volumes, operating expenditures and growth rates. ▪ Compared the valuation with recent transactions within the Group involving other similar vessels. ▪ Obtained an understanding of the valuation methodology used for FV model. ▪ Assessed the objectivity, independence, reputation, experience and expertise of the internal expert. ▪ Considered the adequacy of the disclosure.

Independent Auditors' Report

to the members of Shin Yang Shipping Corporation Berhad – 200401027554 (666062-A)
(Incorporated in Malaysia) (Cont'd)

Key Audit Matters (Cont'd)

Impairment Assessment on Investment in Subsidiaries (Separate financial statement of the Company)	
Refer to Note 6 in the financial statements	
Key Audit Matter	How our audit addressed the Key Audit Matter
<p>As at 30 June 2021, the carrying amount of the Company's investment in subsidiaries amounted to RM1,064.4 million, being 87.6% of the Company's total assets. With its significance in value, the management is required to perform impairment assessment of its investment in subsidiaries whenever there is an indication that the investments may be impaired.</p> <p>The management determined the recoverable amounts of investments using the higher of value in use ("VIU") and fair value less costs to sell ("FV") for the relevant investment. The fair value less costs to sell was determined by management based on adjusted net tangible assets of the subsidiary.</p> <p>Given the significant risks and complexity involved in estimating the recoverable amounts of the investments, we have identified the above requiring audit consideration.</p>	<p>Our procedures included, amongst others:-</p> <ul style="list-style-type: none"> ▪ Evaluated the assessment of the indication of impairment loss. ▪ Evaluated the appropriateness of the impairment assessment methodology. ▪ Evaluated the assumptions applied in the impairment assessment. ▪ Assessed the objectivity, independence, reputation, experience and expertise of the internal expert. ▪ Checked the mathematical accuracy of management's computation of the fair value less costs of disposal.

Independent Auditors' Report

to the members of Shin Yang Shipping Corporation Berhad – 200401027554 (666062-A)
(Incorporated in Malaysia) (Cont'd)

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Independent Auditors' Report

to the members of Shin Yang Shipping Corporation Berhad – 200401027554 (666062-A)
(Incorporated in Malaysia) (Cont'd)

Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:-

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Independent Auditors' Report

to the members of Shin Yang Shipping Corporation Berhad – 200401027554 (666062-A)
(Incorporated in Malaysia) (Cont'd)

Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 6 to the financial statements.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants

Wong Chie Bin
00950/01/2022 J
Chartered Accountant

Miri, Sarawak
29 October 2021

Statements of Financial Position

as at 30 June 2021

	Note	The Group		The Company	
		2021 RM	2020 RM	2021 RM	2020 RM
ASSETS					
NON-CURRENT ASSETS					
Investment in subsidiaries	6	-	-	1,064,373,580	1,021,373,580
Investment in associates	7	4,851,937	4,649,551	682,500	682,500
Property and equipment	8	1,000,096,149	1,036,529,638	49,551,418	50,616,227
Amount owing by subsidiaries	9	-	-	56,018,423	101,053,675
Other investments	10	68,400	93,600	-	-
Goodwill	11	2,063,893	2,063,893	-	-
Deferred tax asset	12	50,908	50,903	-	-
		<u>1,007,131,287</u>	<u>1,043,387,585</u>	<u>1,170,625,921</u>	<u>1,173,725,982</u>
CURRENT ASSETS					
Inventories	13	40,885,729	54,606,182	-	-
Trade receivables	14	151,285,084	135,357,997	558,179	360
Other receivable and deposits	15	18,935,319	24,482,994	1,163,612	2,149,112
Contract assets	16	3,506,459	16,685,975	-	-
Current tax assets		2,695,175	3,629,396	-	-
Derivative assets	17	-	130,200	-	-
Fixed and treasury deposits with licensed banks		108,500,000	80,400,000	40,500,000	41,200,000
Cash and bank balances		46,940,576	41,097,783	1,933,613	864,143
		<u>372,748,342</u>	<u>356,390,527</u>	<u>44,155,404</u>	<u>44,213,615</u>
		1,379,879,629	1,399,778,112	1,214,781,325	1,217,939,597
Non-current assets classified as held for sale	18	4,936,757	12,874,785	-	-
TOTAL ASSETS		<u>1,384,816,386</u>	<u>1,412,652,897</u>	<u>1,214,781,325</u>	<u>1,217,939,597</u>
EQUITY AND LIABILITIES					
EQUITY					
Share capital	19	1,216,972,062	1,216,972,062	1,216,972,062	1,216,972,062
Treasury shares	20	(8,983,427)	(8,852,688)	(8,983,427)	(8,852,688)
Retained profits/ (Accumulated losses)		18,062,233	1,010,213	(6,980,172)	(6,855,270)
Other reserves	21	(297,861,069)	(297,861,069)	-	-
Equity attributable to owners of the Company		<u>928,189,799</u>	<u>911,268,518</u>	<u>1,201,008,463</u>	<u>1,201,264,104</u>
Non-controlling interests		6,399,339	5,821,772	-	-
TOTAL EQUITY		<u>934,589,138</u>	<u>917,090,290</u>	<u>1,201,008,463</u>	<u>1,201,264,104</u>

The annexed notes form an integral part of these financial statements.

Statements of Financial Position

as at 30 June 2021 (Cont'd)

	Note	The Group		The Company	
		2021 RM	2020 RM	2021 RM	2020 RM
EQUITY AND LIABILITIES (CONT'D)					
NON-CURRENT LIABILITIES					
Lease liabilities	22	4,038,986	5,923,219	-	-
Bank borrowings	23	49,455,167	65,925,499	7,104,145	8,654,149
Deferred tax liabilities	12	44,890,204	45,266,072	-	-
		<u>98,384,357</u>	<u>117,114,790</u>	<u>7,104,145</u>	<u>8,654,149</u>
CURRENT LIABILITIES					
Trade payables	28	118,922,713	108,045,472	-	-
Contract liabilities	16	11,634,725	1,518,904	-	-
Other payables and accruals	29	21,711,483	24,125,028	1,043,305	1,230,145
Provision for onerous contract	30	361,449	7,615,684	-	-
Lease liabilities	22	4,136,928	4,933,424	-	80,583
Bank borrowings	23	191,228,103	231,837,963	5,550,004	6,550,004
Current tax liabilities		3,745,565	371,342	75,408	160,612
Derivative liabilities	17	101,925	-	-	-
		<u>351,842,891</u>	<u>378,447,817</u>	<u>6,668,717</u>	<u>8,021,344</u>
TOTAL LIABILITIES		<u>450,227,248</u>	<u>495,562,607</u>	<u>13,772,862</u>	<u>16,675,493</u>
TOTAL EQUITY AND LIABILITIES		<u>1,384,816,386</u>	<u>1,412,652,897</u>	<u>1,214,781,325</u>	<u>1,217,939,597</u>

The annexed notes form an integral part of these financial statements.

Statements of Profit or Loss and Other Comprehensive Income

for the financial year ended 30 June 2021

	Note	The Group		The Company	
		2021 RM	2020 RM	2021 RM	2020 RM
REVENUE	31	601,521,000	596,495,621	4,154,760	4,480,550
COST OF SALES		(565,639,883)	(649,362,354)	(1,834,184)	(1,861,375)
GROSS PROFIT/(LOSS)		35,881,117	(52,866,733)	2,320,576	2,619,175
OTHER INCOME		20,303,206	9,008,027	-	5,120
FINANCE INCOME		2,328,502	2,087,597	962,225	1,235,647
ADMINISTRATIVE EXPENSES		(25,062,733)	(28,258,016)	(2,586,784)	(2,722,331)
OTHER EXPENSES		-	(48,323,166)	-	(15,077,596)
NET IMPAIRMENT LOSS ON FINANCIAL ASSETS	32	(1,036,789)	(19,355,422)	-	-
FINANCE COSTS		(11,330,579)	(16,665,102)	(590,376)	(890,473)
SHARE OF PROFITS OF EQUITY ACCOUNTED ASSOCIATES		241,386	204,374	-	-
PROFIT/(LOSS) BEFORE TAXATION	33	21,324,110	(154,168,441)	105,641	(14,830,458)
INCOME TAX EXPENSE	34	(3,574,523)	8,258,337	(230,543)	(210,080)
PROFIT/(LOSS) AFTER TAXATION, RE- PRESENTING TOTAL COMPREHENSIVE INCOME/(EXPENSES) FOR THE FINANCIAL YEAR		17,749,587	(145,910,104)	(124,902)	(15,040,538)

The annexed notes form an integral part of these financial statements.

Statements of Profit or Loss and Other Comprehensive Income

for the financial year ended 30 June 2021 (Cont'd)

	Note	The Group		The Company	
		2021 RM	2020 RM	2021 RM	2020 RM
PROFIT/(LOSS) AFTER TAXATION					
ATTRIBUTABLE TO:-					
Owners of the Company:		17,052,020	(146,142,813)	(124,902)	(15,040,538)
Non-controlling interests		697,567	232,709	-	-
		<u>17,749,587</u>	<u>(145,910,104)</u>	<u>(124,902)</u>	<u>(15,040,538)</u>
TOTAL COMPREHENSIVE INCOME/(EXPENSES)					
ATTRIBUTABLE TO:-					
Owners of the Company:		17,052,020	(146,142,813)	(124,902)	(15,040,538)
Non-controlling interests		697,567	232,709	-	-
		<u>17,749,587</u>	<u>(145,910,104)</u>	<u>(124,902)</u>	<u>(15,040,538)</u>
EARNINGS/(LOSS) PER SHARE (SEN)					
Basic	35	<u>1.46</u>	<u>(12.49)</u>		

The annexed notes form an integral part of these financial statements.

Statements of Changes in Equity

for the financial year ended 30 June 2021

	Note	Share Capital RM	Treasury Shares RM	Other Reserves RM	Retained Profits/ (Accumulated Losses) RM	Attributable to Owners of the Company RM	Non-controlling Interests RM	Total Equity RM
The Group								
Balance at 1.7.2019		1,216,972,062	(8,404,643)	(288,383,332)	147,153,026	1,067,337,113	8,503,583	1,075,840,696
Loss after taxation for the financial year		-	-	-	(146,142,813)	(146,142,813)	232,709	(145,910,104)
		1,216,972,062	(8,404,643)	(288,383,332)	1,010,213	921,194,300	8,736,292	929,930,592
Contributions by and distributions to owners of the Company:								
- Disposal of a subsidiary		-	-	(9,477,737)	-	(9,477,737)	(2,414,322)	(11,892,059)
- Purchase of treasury shares	20	-	(448,045)	-	-	(448,045)	-	(448,045)
- Dividends:								
- by subsidiaries to non-controlling interests		-	-	-	-	-	(500,198)	(500,198)
Total transactions with owners		-	(448,045)	(9,477,737)	-	(9,925,782)	(2,914,520)	(12,840,302)
Balance at 30.6.2020		1,216,972,062	(8,852,688)	(297,861,069)	1,010,213	911,268,518	5,821,772	917,090,290

The annexed notes form an integral part of these financial statements.

Statements of Changes in Equity

for the financial year ended 30 June 2021 (Cont'd)

	Note	Share Capital RM	Treasury Shares RM	Other Reserves RM	Retained Profits RM	Attributable to Owners of the Company RM	Non-controlling Interests RM	Total Equity RM
The Group								
Balance at 1.7.2020		1,216,972,062	(8,852,688)	(297,861,069)	1,010,213	911,268,518	5,821,772	917,090,290
Profit after taxation for the financial year		-	-	-	17,052,020	17,052,020	697,567	17,749,587
Contributions by and distributions to owners of the Company:								
- Purchase of treasury shares	20	-	(130,739)	-	-	(130,739)	-	(130,739)
- Dividends:								
- by subsidiaries to non-controlling interests		-	-	-	-	-	(120,000)	(120,000)
Total transactions with owners		-	(130,739)	-	-	(130,739)	(120,000)	(250,739)
Balance at 30.6.2021		1,216,972,062	(8,983,427)	(297,861,069)	18,062,233	928,189,799	6,399,339	934,589,138

The annexed notes form an integral part of these financial statements.

Statements of Changes in Equity

for the financial year ended 30 June 2021 (Cont'd)

	Note	Share Capital RM	Treasury Shares RM	Retained Profits/ (Accumulated Losses) RM	Total Equity RM
The Company					
Balance at 1.7.2019		1,216,972,062	(8,404,643)	8,185,268	1,216,752,687
Loss after taxation for the financial year		-	-	(15,040,538)	(15,040,538)
Transactions with owners					
Purchase of treasury shares	20	-	(448,045)	-	(448,045)
Balance at 30.6.2020/1.7.2020		1,216,972,062	(8,852,688)	(6,855,270)	1,201,264,104
Loss after taxation for the financial year		-	-	(124,902)	(124,902)
Transactions with owners					
Purchase of treasury shares	20	-	(130,739)	-	(130,739)
Balance at 30.6.2021		1,216,972,062	(8,983,427)	(6,980,172)	1,201,008,463

The annexed notes form an integral part of these financial statements.

Statements of Cash Flows

for the financial year ended 30 June 2021

	Note	The Group		The Company	
		2021 RM	2020 RM	2021 RM	2020 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit/(loss) before taxation		21,324,110	(154,168,441)	105,641	(14,830,458)
Adjustments for:-					
Depreciation:					
- property and equipment	8	84,642,340	97,135,547	1,252,258	1,222,265
- right-of-use assets	8	3,638,559	3,540,305	56,402	56,402
Dividend income		(3,000)	-	(579,000)	(748,250)
Fair value changes on forward contracts		232,125	(150,966)	-	-
Fair value loss on investment securities		25,200	87,600	-	-
Net (gain)/loss on disposal of property and equipment		(10,787,506)	(4,120,844)	4	-
Gain on lease modification		(30,397)	-	-	-
Gain on disposal of non-current asset held for sale		(36,076)	-	-	-
Impairment loss:					
- investment in a subsidiary		-	-	-	15,077,596
- property and equipment		-	24,241,011	-	-
- trade and other receivables		4,286,897	23,486,244	-	-
- work-in-progress inventory		-	449,500	-	-
- non-current asset held for sale		1,126,604	6,542,364	-	-
Interest expenses		11,330,579	16,665,102	590,376	890,473
Interest income		(2,328,502)	(2,087,597)	(962,225)	(1,235,647)
Gain on bargain purchase		(5,221,935)	-	-	-
Net changes in provision for onerous contract		(7,254,235)	7,615,684	-	-
Loss on disposal of shares in a subsidiary		-	14,305,869	-	-
Property and equipment written off	1	-	6,653	-	-
Reversal of impairment loss on other receivables		-	(884,700)	-	-
Reversal of impairment loss on trade receivables		(3,250,108)	(3,246,122)	-	-
Reversal of inventories written off		(276,970)	-	-	-
Profit retained in associates		(241,386)	(204,374)	-	-
Unrealised loss/(gain) on foreign exchange		201,489	(239,591)	-	-
Operating profit before working capital changes		97,377,789	28,973,244	463,456	432,381

The annexed notes form an integral part of these financial statements.

Statements of Cash Flows

for the financial year ended 30 June 2021 (Cont'd)

	Note	The Group		The Company	
		2021 RM	2020 RM	2021 RM	2020 RM
Decrease in inventories		13,997,423	8,756,787	-	-
(Increase)/decrease in trade and other receivables		(15,358,293)	49,423,036	427,681	327,296
Increase/(decrease) in trade and other payables		3,593,768	2,528,671	(141,590)	130,492
Decrease in contract asset		13,179,516	4,594,844	-	-
Increase/(decrease) in contract liabilities		10,115,821	(22,588,835)	-	-
Decrease in amount owing by subsidiaries		-	-	45,035,252	8,929,154
Net change in related companies balances		18,596,367	26,877,325	(45,250)	(284,240)
Net change in holding company balances		(8,477)	(59,502)	-	-
CASH FROM OPERATIONS		141,493,914	98,505,570	45,739,549	9,535,083
Interest income received		2,328,502	2,087,597	962,225	1,235,647
Interest expenses paid		(11,330,579)	(16,665,102)	(590,376)	(890,473)
Income tax paid		(1,740,248)	(1,860,588)	(315,747)	(209,832)
Income tax refunded		1,377,380	-	-	-
NET CASH FROM OPERATING ACTIVITIES		132,128,969	82,067,477	45,795,651	9,670,425
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Acquisition of a subsidiary	36	(36,498,900)	-	(43,000,000)	-
Dividend received		3,000	-	-	-
Dividend received from associates		39,000	68,250	-	-
Dividend received from subsidiaries		-	-	579,000	748,250
Purchase of property and equipment	38	(38,075,934)	(20,745,223)	(246,145)	(313,553)
Proceeds from disposal of property and equipment		32,645,604	36,939,429	2,290	182
Proceeds from disposal of shares in investment in subsidiaries		-	1,565,322	-	-
Proceeds from disposal of asset held for sale		6,847,500	-	-	-
NET CASH (FOR)/FROM INVESTING ACTIVITIES		(35,039,730)	17,827,778	(42,664,855)	434,879

The annexed notes form an integral part of these financial statements.

Statements of Cash Flows

for the financial year ended 30 June 2021 (Cont'd)

	Notes	The Group		The Company	
		2021 RM	2020 RM	2021 RM	2020 RM
CASH FLOWS FOR FINANCING ACTIVITIES					
Acquisition of treasury shares		(130,739)	(448,045)	(130,739)	(448,045)
Dividend paid to non-controlling interests		(120,000)	(500,198)	-	-
Proceeds from lease liabilities		46,400	217,900	-	-
Repayment of principal portion of lease liabilities	22	(5,101,024)	(5,134,148)	(80,583)	(84,325)
Proceeds from term loans		-	20,950,000	-	-
Repayment of term loans		(21,601,757)	(33,028,180)	(1,550,004)	(1,550,004)
Net movement in fixed and treasury deposit with maturity dates more than 3 months		(49,500,000)	(27,100,000)	(27,100,000)	-
Net movement in trade financing		(30,278,000)	(30,972,800)	(1,000,000)	(1,000,000)
NET CASH FOR FINANCING ACTIVITIES		(106,685,120)	(76,015,471)	(29,861,326)	(3,082,374)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS					
		(9,595,881)	23,879,784	(26,730,530)	7,022,930
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR					
		68,667,777	44,785,625	42,064,143	35,041,213
EFFECT OF EXCHANGE RATE CHANGES					
		-	2,368	-	-
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR					
	38	59,071,896	68,667,777	15,333,613	42,064,143

The annexed notes form an integral part of these financial statements.

Notes to the Financial Statements

30 June 2021

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office is Sublot 153 (Parent Lot 70), Jalan Kuala Baram, Kuala Baram 98100 Miri, Sarawak.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 29 October 2021.

2. HOLDING COMPANY

The immediate and ultimate holding company is Shin Yang Holding Sendirian Berhad, a company incorporated in Malaysia.

3. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding and property holding. The principal activities of the subsidiaries are set out in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

4. BASIS OF PREPARATION

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

4.1 During the current financial year, the Group has adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any):-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)

Amendments to MFRS 3: Definition of a Business

Amendments to MFRS 4: Extension of the Temporary Exemption from Applying MFRS 9

Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform

Amendments to MFRS 16: COVID-19-Related Rent Concessions

Amendments to MFRS 101 and MFRS 108: Definition of Material

Amendments to References to the Conceptual Framework in MFRS Standards

The adoption of the above accounting standard(s) and/or interpretations(s) (including the consequential amendments, if any) did not have any material impact on the Group's financial statements.

Notes to the Financial Statements

30 June 2021 (Cont'd)

4. BASIS OF PREPARATION (CONT'D)

- 4.2 The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform – Phase 2	1 January 2021
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendment to MFRS 16: Covid-19-Related Rent Concessions beyond 30 June 2021	1 April 2021
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018 – 2020	1 January 2022

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application.

5. SIGNIFICANT ACCOUNTING POLICIES

5.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The outbreak of the COVID-19 has brought unprecedented challenges and added economic uncertainties in Malaysia and markets in which the Group operates. While the Group has considered the potential financial impact of the COVID-19 pandemic in the preparation of these financial statements, the full financial impact to the Group remains uncertain. Accordingly, there is a possibility that factors not currently anticipated by management could occur in the future and therefore affect the recognition and measurement of the Group's assets and liabilities at the reporting date.

Notes to the Financial Statements

30 June 2021 (Cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Key Sources of Estimation Uncertainty

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed below:-

(a) Depreciation of Property and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its property and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of property and equipment as at the reporting date is disclosed in Note 8 to the financial statements.

(b) Revenue Recognition for Construction Contracts

The Group recognises construction revenue by reference to the construction progress based on the physical proportion of contract work certified by professional consultants. Significant judgement is required in determining the progress towards complete satisfaction of the performance obligation based on the contract work certified to date corroborated by the level of completion of the construction based on actual costs incurred to date over the estimated total contract costs. The total estimated costs are based on approved budgets, which require assessment and judgement to be made on changes in, for example, work scope, changes in costs and costs to completion. In making the judgement, management relies on past experience and the work of specialists. The carrying amounts of contract assets and contract liabilities as at the reporting date are disclosed in Note 31 to the financial statements.

Notes to the Financial Statements

30 June 2021 (Cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Key Sources of Estimation Uncertainty (Cont'd)

(c) Impairment of Trade and Other Receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loans and receivables financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

(d) Impairment of vessels

Impairment exists when the carrying amount of an assets or cash generating unit exceeds its recoverable amount. The recoverable amount of vessel is determined based on the higher of its fair value less costs to sell and its value in use, whereas the recoverable amount of right-of-use asset is based on its value in use. When value in use calculation is undertaken, management estimates the expected future cash flows from the asset or cash generating unit ("CGU") by applying a suitable discount rate to calculated the present value of those cash flow. When fair value less costs to sell is used, management engages its internal expert or services of professional valuers to determine the air values using valuation techniques which involve the use of estimates and assumptions which are reflective of current market conditions. The carrying amounts of the Group's vessels is disclosed in Note 8.

(e) Investments in subsidiaries

The carrying amounts of the investments in subsidiaries of the Company as at 30 June 2021 was RM1,064,373,580 (2020: RM1,021,373,580). The Company assesses whether there are any indicators of impairment for its investments in subsidiaries at each reporting date. In assessing whether there is any indication that its investments in subsidiaries may be impaired, the Company considers the external and internal sources of information. The Company estimated the recoverable amount of the investments in the subsidiaries based on the higher of the fair value less costs to sell and the value in use.

Notes to the Financial Statements

30 June 2021 (Cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Critical Judgements Made in Applying Accounting Policies

Management believes that there are no instances of application of critical judgement in applying the Group's accounting policies which will have a significant effect on the amounts recognised in the financial statements other than as disclosed below:-

(a) Lease Terms

In determining the incremental borrowing rate of the respective leases. The Group first determines the closest available borrowing rates before using significant judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases.

5.2 BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

(a) Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

Notes to the Financial Statements

30 June 2021 (Cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.2 BASIS OF CONSOLIDATION (CONT'D)

(a) Business Combinations (Cont'd)

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

(b) Business combinations involving entities under common control

Business combinations involving entities under common control are accounted for by applying the pooling of interest method. The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company. Any difference between the consideration paid and the share capital of the "acquired" entity is reflected within equity as merger reserve. The statement of comprehensive income reflects the results of the combining entities for the full year, irrespective of when the combination takes place. Comparatives are presented as if the entities have always been combined since the date the entities had come under common control.

(c) Non-controlling interests

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(d) Changes in Ownership Interests in Subsidiaries Without Change of Control

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity of the Group.

Notes to the Financial Statements

30 June 2021 (Cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.2 BASIS OF CONSOLIDATION (CONT'D)

(e) Loss of Control

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:-

- (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and
- (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 9 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

5.3 GOODWILL

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition is recorded as goodwill.

Where the latter amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised in profit or loss immediately.

In respect of equity-accounted associates, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted associates.

Notes to the Financial Statements

30 June 2021 (Cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.4 FUNCTIONAL AND FOREIGN CURRENCIES

(a) Functional and Presentation Currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency.

(b) Foreign Currency Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the exchange rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

5.5 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in MFRS 132. Interest, dividends, gains and losses relating to a financial instrument classified as a liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value (other than trade receivables without significant financing component which are measured at transaction price as defined in MFRS 15 – Revenue from Contracts with Customers at inception). Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

Notes to the Financial Statements

30 June 2021 (Cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.5 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value (through profit or loss, or other comprehensive income), depending on the classification of the financial assets.

Debt Instruments

(i) Amortised Cost

The financial asset is held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset. When the asset has subsequently become credit-impaired, the interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), excluding expected credit losses, through the expected life of the financial asset or a shorter period (where appropriate).

(ii) Fair Value through Other Comprehensive Income

The financial asset is held for both collecting contractual cash flows and selling the financial asset, where the asset's cash flows represent solely payments of principal and interest. Movements in the carrying amount are taken through other comprehensive income and accumulated in the fair value reserve, except for the recognition of impairment, interest income and foreign exchange difference which are recognised directly in profit or loss. Interest income is calculated using the effective interest rate method.

(iii) Fair Value through Profit or Loss

All other financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss.

The Group reclassifies debt instruments when and only when its business model for managing those assets change.

Notes to the Financial Statements

30 June 2021 (Cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.5 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets (Cont'd)

Equity Instruments

All equity investments are subsequently measured at fair value with gains and losses recognised in profit or loss except where the Group has elected to present the subsequent changes in fair value in other comprehensive income and accumulated in the fair value reserve at initial recognition.

The designation at fair value through other comprehensive income is not permitted if the equity investment is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise.

Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established unless the dividends clearly represent a recovery of part of the cost of the equity investments.

(b) Financial Liabilities

(i) Financial Liabilities at Fair Value through Profit or Loss

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. The changes in fair value of these financial liabilities are recognised in profit or loss.

(ii) Other Financial Liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), through the expected life of the financial liability or a shorter period (where appropriate).

Notes to the Financial Statements

30 June 2021 (Cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.5 FINANCIAL INSTRUMENTS (CONT'D)

(c) Equity Instruments

Equity instruments classified as equity are measured initially at cost and are not remeasured subsequently.

(i) Ordinary Shares

Ordinary shares are classified as equity and recorded at the proceeds received, net of directly attributable transaction costs.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(ii) Treasury Shares

When the Company's own shares recognised as equity are bought back, the amount of the consideration paid, including all costs directly attributable, are recognised as a deduction from equity. Own shares purchased that are not subsequently cancelled are classified as treasury shares and are presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares.

Where treasury shares are reissued by resale, the difference between the sales consideration received and the carrying amount of the treasury shares is recognised in equity.

Where treasury shares are cancelled, their costs are transferred to retained profits.

(d) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the carrying amount of the asset and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity to profit or loss. In contrast, there is no subsequent reclassification of the fair value reserve to profit or loss following the derecognition of an equity investment.

Notes to the Financial Statements

30 June 2021 (Cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.5 FINANCIAL INSTRUMENTS (CONT'D)

(d) Derecognition (Cont'd)

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(e) Derivative Financial Instruments

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in fair value on derivatives during the reporting period, other than those accounted for under hedge accounting, are recognised directly in profit or loss.

Any derivative embedded in a financial asset is not accounted for separately. Instead, the entire hybrid contract is classified and subsequently measured as either amortised cost or fair value as appropriate.

An embedded derivative is recognised separately from the host contract which is a financial liability as a derivative if, and only if, its risks and characteristics are not closely related to those of the host contract and the host contract is not measured at fair value through profit or loss.

(f) Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee or, when there is no specific contractual period, recognised in profit or loss upon discharge of the guarantee. If the debtor fails to make payment relating to a financial guarantee contract when it is due and the Company or the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the amount of the credit loss determined in accordance with the expected credit loss model and the amount initially recognised less cumulative amortisation.

Notes to the Financial Statements

30 June 2021 (Cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.6 INVESTMENTS IN SUBSIDIARIES

Investment in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investments includes transaction costs.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

5.7 INVESTMENTS IN ASSOCIATES

An associate is an entity in which the Group and the Company has a long-term equity interest and where it exercises significant influence over the financial and operating policies.

The investment in an associate is accounted for in the consolidated financial statements using the equity method based on the financial statements of the associate made up to 30 June 2021. The Group's share of the post acquisition profits and other comprehensive income of the associate is included in the consolidated statement of profit or loss and other comprehensive income, after adjustment if any, to align the accounting policies with those of the Group, from the date that significant influence commences up to the effective date on which significant influence ceases or when the investment is classified as held for sale. The Group's investment in the associate is carried in the consolidated statement of financial position at cost plus the Group's share of the post acquisition retained profits and reserves. The cost of investment includes transaction costs.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation. The interest in the associate is the carrying amount of the investment in the associate determined using the equity method together with any long-term interests that, in substance, form part of the Group's net investment in the associate.

Unrealised gains or losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. Unrealised losses are eliminated unless cost cannot be recovered.

When the Group ceases to have significant influence over an associate and the retained interest in the former associate is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as the initial carrying amount of the financial asset in accordance with MFRS 9. Furthermore, the Group also reclassifies its share of the gain or loss previously recognised in other comprehensive income of that associate to profit or loss when the equity method is discontinued.

Notes to the Financial Statements

30 June 2021 (Cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.8 PROPERTY AND EQUIPMENT

All items of property and equipment are initially measured at cost. Cost includes expenditure that are directly attributable to the acquisition of the asset and other costs directly attributable to bringing the asset to working condition for its intended use.

Subsequent to initial recognition, property and equipment are stated at cost less accumulated depreciation and any impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The cost of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

Depreciation on property and equipment is charged to profit or loss (unless it is included in the carrying amount of another asset) on a straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Building, jetty and slipways	20 – 50 years
Dry docking expenses	2.5 – 5 years
Motor vehicles	5 – 10 years
Office equipment, furniture and fittings	20 years
Plant and machinery	10 years
Shipping equipment and machinery	3 – 20 years
Vessels	8 – 20 years
Wharf	20 years

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property and equipment. Any changes are accounted for as a change in estimate.

When significant parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset, being the difference between the net disposal proceeds and the carrying amount, is recognised in profit or loss. The revaluation reserve included in equity is transferred directly to retained profits on retirement or disposal of the asset.

Notes to the Financial Statements

30 June 2021 (Cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.9 LEASES

The Group assesses whether a contract is or contains a lease, at the inception of the contract. The Group recognises a right-of-use asset and corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for low-value assets and short-term leases with 12 months or less. For these leases, the Group recognises the lease payments as an operating expense on a straight-line method over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use assets and the associated lease liabilities are presented as a separate line item in the statement of financial position.

The right-of-use asset is initially measured at cost. Cost includes the initial amount of the corresponding lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any incentives received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of the lease liability. The depreciation starts from the commencement date of the lease. If the lease transfers ownership of the underlying asset to the Group or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those property and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in the future lease payments (other than lease modification that is not accounted for as a separate lease) with the corresponding adjustment is made to the carrying amount of the right-of-use asset or is recognised in profit or loss if the carrying amount has been reduced to zero.

Notes to the Financial Statements

30 June 2021 (Cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.10 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out method and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

5.11 CONTRACT COST ASSETS

(a) Incremental Costs of Obtaining Contracts

The Group recognises incremental costs of obtaining contracts with customers as an asset when the Group expects to recover these costs. When the amortisation period of the asset is one year or less, such costs are recognised as an expense immediately when incurred.

(b) Costs to Fulfil A Contract

The Group recognises costs that relate directly to a contract (or an anticipated contract) with customer as an asset when the costs generate or enhance resources of the Group, will be used in satisfying performance obligation in the future and are recovered.

The contract cost assets are initially measured at cost and amortised on a systematic basis that is consistent with the pattern of revenue recognition to which the asset relates.

An impairment loss is recognised in the profit or loss when the carrying amount of the contract cost assets exceeds the expected revenue less expected cost that will be incurred. Any impairment loss recovered shall be reversed to the extent of the carrying amount of the contract cost assets does not exceed the amount that would have been recognised had there been no impairment loss recognised previously.

5.12 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

Notes to the Financial Statements

30 June 2021 (Cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.13 CONTRACT ASSET AND CONTRACT LIABILITY

A contract asset is recognised when the Group's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment requirements of MFRS 9 - Financial Instruments.

A contract liability is stated at cost and represents the obligation of the Group to transfer goods or services to a customer for which consideration has been received for the amount is due from the customers.

5.14 PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation. The discount rate shall be a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as interest expense in profit or loss.

5.15 IMPAIRMENT

(a) Impairment of Financial Assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at fair value through other comprehensive income, trade receivables and contract assets, as well as on financial guarantee contracts.

The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises lifetime expected credit losses for trade receivables and contract assets using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience and are adjusted for forward-looking information (including time value of money where appropriate).

Notes to the Financial Statements

30 June 2021 (Cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.15 IMPAIRMENT (CONT'D)

(a) Impairment of Financial Assets (Cont'd)

For all other financial instruments, the Group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at fair value through other comprehensive income, for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

(b) Impairment of Non-financial Assets

The carrying values of assets, other than those to which MFRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of an asset is the higher of the asset's fair value less costs to sell and its value in use, which is measured by reference to discounted future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss.

When there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately.

Notes to the Financial Statements

30 June 2021 (Cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.16 EMPLOYEE BENEFITS

(a) Short-term Benefits

Wages, salaries, paid annual leave and bonuses are measured on an undiscounted basis and are recognised in profit or loss in the period in which the associated services are rendered by employees of the Group.

(b) Defined Contribution Plans

The Group's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

5.17 INCOME TAXES

(a) Current Tax

Current tax assets and liabilities are expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

(b) Deferred Tax

Deferred tax are recognised using the liability method for all temporary differences other than those that arise from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that related tax benefits will be realised.

Notes to the Financial Statements

30 June 2021 (Cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.17 INCOME TAXES (CONT'D)

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill or negative goodwill.

Current tax assets and liabilities or deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

5.18 BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. The capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted. The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation is the weighted average of the borrowing costs applicable to borrowings that are outstanding during the financial year, other than borrowings made specifically for the purpose of financing a specific project-in-progress, in which case the actual borrowing costs incurred on that borrowings less any investment income on temporary investment of that borrowings will be capitalised.

All other borrowing costs are recognised in profit or loss as expenses in the period in which they are incurred.

5.19 FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

Notes to the Financial Statements

30 June 2021 (Cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.19 FAIR VALUE MEASUREMENT (CONT'D)

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;

Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

5.20 NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Non-current assets (or disposal group comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the non-current assets (or the disposal group) are remeasured in accordance with the Group's accounting policies. Upon classification as held for sale, the non-current assets (or non-current assets of the disposal group) are not depreciated and are measured at the lower of their previous carrying amount and fair value less cost to sell. Any differences are recognised in profit or loss. In addition, equity accounting of equity-accounted associates and joint ventures ceases once classified as held for sale or distribution.

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of profit or loss and other comprehensive income is restated as if the operation had been discontinued from the start of the comparative period.

5.21 CONTINGENT LIABILITIES

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements, unless the probability of outflow of economic benefits is remote. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

Notes to the Financial Statements

30 June 2021 (Cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.22 OPERATING SEGMENTS

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

5.23 EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the reporting period, adjusted for own shares held.

Diluted earnings per ordinary share is determined by adjusting the consolidated profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible preference shares and share options granted to employees.

5.24 REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of sales and service tax, returns, rebates and discounts.

The Group recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of that asset.

Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time. The Group transfers control of a good or service at a point in time unless one of the following overtime criteria is met:-

- The customer simultaneously receives and consumes the benefits provided as the Group performs.
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
- The Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

Notes to the Financial Statements

30 June 2021 (Cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.24 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONT'D)

(a) Construction Contracts Revenue

Construction contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of construction contract can be estimated reliably, contract revenue and contract cost are recognised in profit or loss in proportion to the stage of completion of the contract. Contract expenses are recognised as incurred unless they create an asset related to future contract activity.

The stage of completion is determined by reference to the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable and the contract costs are recognised as an expense in the period in which they are incurred. An expected loss on a contract is recognised immediately in profit or loss.

(b) Revenue from freight and lighterage services – sea transports

Freight services for sea transports are considered as one performance obligations satisfied over time. The customer is able to benefit from the Group's performance as it occurs and the other entity would not need to substantially reperform the Group's performance (e.g. distance travelled) to date. The Group has selected the output measure (days travelled) which can most appropriately depicts the transfer of control of the service to the customer.

(c) Revenue from freight forwarding services

These revenues comprise mainly agency commission, custom clearance, import and export documentation, port related services and etc. These services are considered to represent one single performance obligation satisfied at a point in time.

(d) Ship building, repairs works and metal fabrication

Revenue from ship building, repair works and metal fabrication is accounted for using the input measure.

(e) Sales of goods and services

Revenue from sale of goods and services is recognised at the point in time when control of the assets is transferred to the customers, generally on delivery of the goods and services.

Notes to the Financial Statements

30 June 2021 (Cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.25 REVENUE FROM OTHER SOURCES AND OTHER OPERATING INCOME

(a) Dividend Income

Dividend income from investment is recognised when the right to receive dividend payment is established.

(b) Rental Income

Rental income from investment properties is accounted for on a straight-line method over the lease term.

(c) Hire of equipment and vessel charter fee

The Group enters as a lessor into lease agreements that fall within the scope of MFRS 16. Rental income arising from operating leases is accounted for on a straight-line basis over the lease term and is included in revenue in the statement of profit or loss due to its operating nature.

Notes to the Financial Statements

30 June 2021 (Cont'd)

6. INVESTMENT IN SUBSIDIARIES

	2021 RM	2020 RM
Unquoted share, at cost	1,079,451,176	1,036,451,176
Less: Impairment loss	(15,077,596)	(15,077,596)
	<u>1,064,373,580</u>	<u>1,021,373,580</u>

The details of the subsidiaries are as follows:-

Name Of Subsidiaries	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held by Parent		Principal Activities
		2021 %	2020 %	
Danum Shipping Sdn. Bhd.	Malaysia	100%	100%	International shipping operations for liquid chemical products
Piasau Slipways Sdn. Bhd.	Malaysia	100%	100%	Shipbuilding and ship repairing, and fabrication of metal structures
Shinline Sdn. Bhd	Malaysia	100%	100%	International shipping operations
Shin Yang Shipping Sdn. Bhd.	Malaysia	100%	100%	Domestic and regional shipping operations
Shin Yang Shipyard Sdn. Bhd.	Malaysia	100%	100%	Shipbuilding and ship repairing, and fabrication of metal structures and technology services
Thailine Sdn. Bhd.	Malaysia	100%	100%	International shipping operations
Hock Leong Shipping Sdn. Bhd.	Malaysia	70%	70%	Shipping agency

Notes to the Financial Statements

30 June 2021 (Cont'd)

6. INVESTMENT IN SUBSIDIARIES (CONT'D)

Name Of Subsidiaries	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held by Parent		Principal Activities
		2021 %	2020 %	
Dynasys Technology & Engineering Sdn. Bhd.	Malaysia	100%	100%	Engineering consultation, trading
Melinau Transport Sdn. Bhd.	Malaysia	100%	-	Transportation and hiring services
Subsidiary of Danum Shipping Sdn. Bhd.				
Sinar Asiamas Sdn. Bhd.	Malaysia	100%	100%	International shipping operations
Subsidiary of Shin Yang Shipping Sdn. Bhd.				
Gemilang Raya Maritime Sdn. Bhd.*	Malaysia	60%	60%	Investment holding

* The subsidiary was audited by other firms of chartered accountants.

(a) During the current financial year, the Company has acquired 100% equity interests in Melinau Transport Sdn Bhd. The details of the acquisition are disclosed in Note 36 to the financial statements.

(b) Non-controlling interests

None of the subsidiaries with non-controlling interests are material to the Group. Accordingly, the disclosure requirements of MFRS 12. Disclosure of Interests in Other Entities, are not presented.

(c) During the financial year, the Company has carried out a review of the recoverable amounts of its investments in subsidiaries based on higher of fair value less costs to sell and the value in use. An impairment loss of RM NIL (2020 – RM15,077,596), representing the write-down of the investment to its recoverable amount, was recognised in "Other Expenses" line item of the statement of profit or loss and other comprehensive income.

(d) In the previous financial year, Shin Yang Shipping Sdn. Bhd. disposed of 49% equity interest in Shin Yang FZC for a cash consideration of AED1,640,000. Accordingly, Shin Yang FZC had ceased to be the subsidiary of Shin Yang Shipping Sdn. Bhd. and became an associate. The details of the disposal are disclosed in Note 36 to the financial statements.

Notes to the Financial Statements

30 June 2021 (Cont'd)

7. INVESTMENT IN ASSOCIATES

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Unquoted share, at cost	3,968,946	3,968,946	682,500	682,500
Share of post acquisition reserves	882,991	680,605	-	-
	<u>4,851,937</u>	<u>4,649,551</u>	<u>682,500</u>	<u>682,500</u>

(a) The details of the associates are as follows:-

Name of Associates	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held by Parent		Principal Activities
		2021 %	2020 %	
Melinau Shipping Sdn. Bhd.*	Malaysia	39%	39%	Shipping and forwarding agency
Associate of Shin Yang Shipping Sdn. Bhd.				
PT Shinline.*	Indonesia	49%	49%	Investment holding
Shin Yang FZC *	United Arab Emirates	49%	49%	Investment holding
Associate of PT Shinline				
PT. Baruna Adiprasetya*	Indonesia	24%	24%	International shipping and shipping agency
Associate of Shin Yang FZC				
Deena Shipping L.L.C.*	United Arab Emirates	49%	49%	Offshore and marine related shipping business, cargo services and chartering

* These associates were audited by other firms of chartered accountants.

Notes to the Financial Statements

30 June 2021 (Cont'd)

7. INVESTMENT IN ASSOCIATES (CONT'D)

The Group has not recognised losses relating to PT Shinline where its share of losses exceeds the Group's interest in these associates. The Group's cumulative share of unrecognised losses at the reporting date was RM1,155,833 (2020: RM1,140,665) of which RM15,168 (2020: RM53,861) was the share of the current year's loss. The Group has no obligation in respect of these losses.

- (b) Summarised financial information in respect of the Group's material associates is set out below. The summarised financial information represents the amount in the MFRS financial statements of the associates and not the Group's share of those amounts.

	Melinau Shipping Sdn Bhd	
	2021	2020
	RM	RM
Non-current assets	643,962	617,039
Current assets	15,203,945	15,114,848
Non-current liabilities	(176,331)	(177,069)
Current liabilities	(2,585,832)	(3,007,263)
	<hr/>	<hr/>
Net assets	13,085,744	12,547,555
	<hr/>	<hr/>
Revenue	4,432,122	4,420,798
Profit for the financial year	639,501	504,992
	<hr/>	<hr/>
Group's share of profit for the financial year	249,405	196,946
Dividend received	39,000	68,250
	<hr/>	<hr/>
<u>Reconciliation of Net Assets to Carrying Amount</u>		
Group's share of net assets	2,646,886	2,436,593
	<hr/>	<hr/>
Carrying amount of the Group's interests in this associate	2,646,886	2,436,593
	<hr/>	<hr/>

Notes to the Financial Statements

30 June 2021 (Cont'd)

8. PROPERTY AND EQUIPMENT

The Group	At 1.7.2020 RM	Additions RM	Acquisition of A Subsidiary RM	Transfer RM	Disposals/ De- recognition RM	Written off RM	Reassessment of lease liabilities RM	Depreciation Charges RM	At 30.6.2021 RM
2021									
<i>Carrying Amount</i>									
<u>Owned assets</u>									
Dry docking expenses	3,068,317	1,953,995	-	-	-	-	-	(1,233,254)	3,789,058
Land, buildings, jetty, wharfs and slipways	243,601,282	10,200	528,583	(35,551,839)	-	-	-	(6,974,128)	201,614,098
Motor vehicles	1,640,626	231,000	1,759,092	132,818	(173,026)	-	-	(499,366)	3,091,144
Office equipment, furniture and fittings	4,019,460	454,467	465,794	(48,746)	(28,737)	-	-	(1,063,558)	3,798,680
Plant and machinery	61,830,232	79,850	7,058,731	83,937	(67,500)	(1)	-	(5,467,830)	63,517,419
Shipping equipment and machinery	20,639,707	6,572,063	-	386,541	(908,999)	-	-	(7,740,565)	18,948,747
Vessels	658,404,944	2,449,698	-	23,189,531	(20,608,586)	-	-	(61,663,639)	601,771,948
Capital work-in-progress	4,732,546	26,308,162	32,579	(23,189,531)	-	-	-	-	7,883,756
	997,937,114	38,059,435	9,844,779	(34,997,289)	(21,786,848)	(1)	-	(84,642,340)	904,414,850
<u>Right-of-use assets</u>									
Land and buildings	21,996,676	251,428	22,986,323	35,551,839	-	-	94,541	(875,163)	80,005,644
Motor vehicles	1,717,538	165,000	-	(84,072)	(71,250)	-	-	(303,268)	1,423,948
Plant and machinery	83,937	-	2,633,779	(83,937)	-	-	-	(71,302)	2,562,477
Shipping equipment and machinery	13,832,654	-	-	(386,541)	-	-	-	(1,756,883)	11,689,230
Vessels	961,719	-	-	-	(329,776)	-	-	(631,943)	-
	38,592,524	416,428	25,620,102	34,997,289	(401,026)	-	94,541	(3,638,559)	95,681,299
	1,036,529,638	38,475,863	35,464,881	-	(22,187,874)	(1)	94,541	(88,280,899)	1,000,096,149

Notes to the Financial Statements

30 June 2021 (Cont'd)

8. PROPERTY AND EQUIPMENT (CONT'D)

The Group	At	Additions	Transfer	Re-classification (Note 18)	Disposals	Disposal of A Subsidiary	Written off	Impairment	Depreciation Charges	At
	1.7.2019									RM
2020										
<i>Carrying Amount</i>										
<u>Owned Assets</u>										
Dry docking expenses	4,069,441	2,525,796	-	(1,155,607)	(709,856)	-	-	-	(1,661,457)	3,068,317
Land, buildings, jetty, wharfs and slipways	274,918,577	46,231	(21,653,810)	-	(2,578,316)	-	-	-	(7,131,400)	243,601,282
Motor vehicles	3,229,077	158,861	(1,466,103)	-	(36,981)	-	-	-	(244,228)	1,640,626
Office equipment, furniture and fittings	4,316,479	1,104,122	(237,885)	-	(9,003)	(684)	(5,342)	-	(1,148,227)	4,019,460
Plant and machinery	67,228,955	459,460	(95,787)	-	-	-	-	-	(5,762,396)	61,830,232
Shipping equipment and machinery	44,793,682	411,950	(15,645,869)	(155,997)	(154,916)	-	(1,311)	-	(8,607,832)	20,639,707
Vessels	783,803,015	15,489,923	-	(11,563,181)	(25,961,431)	-	-	(30,783,375)	(72,580,007)	658,404,944
Capital work-in-progress	10,704,156	446,155	(659,200)	-	(5,758,565)	-	-	-	-	4,732,546
	1,193,063,382	20,642,498	(39,758,654)	(12,874,785)	(32,630,752)	(2,579,000)	(6,653)	(30,783,375)	(97,135,547)	997,937,114
<u>Right-of-use assets</u>										
Land and buildings	-	335,613	22,310,242	-	-	-	-	-	(649,179)	21,996,676
Motor vehicles	-	518,925	1,703,988	-	(187,833)	-	-	-	(317,542)	1,717,538
Plant and machinery	-	-	95,787	-	-	-	-	-	(11,850)	83,937
Shipping equipment and machinery	-	-	15,648,637	-	-	-	-	-	(1,815,983)	13,832,654
Vessels	-	1,707,470	-	-	-	-	-	-	(745,751)	961,719
	-	2,562,008	39,758,654	-	(187,833)	-	-	-	(3,540,305)	38,592,524
	1,193,063,382	23,204,506	-	(12,874,785)	(32,818,585)	(2,579,000)	(6,653)	(30,783,375)	(100,675,852)	1,036,529,638

Notes to the Financial Statements

30 June 2021 (Cont'd)

8. PROPERTY AND EQUIPMENT (CONT'D)

The Company

2021

Carrying Amount

Owned assets

Land and buildings
Office equipment, furniture and fittings
Capital work-in-progress

Right-of-use assets

Motor vehicles

	At 1.7.2020 RM	Additions RM	Disposals RM	Depreciation Charges RM	At 30.6.2021 RM
	49,049,257	10,200	-	(758,043)	48,301,414
	1,411,864	75,945	(2,294)	(494,215)	991,300
	-	160,000	-	-	160,000
	50,461,121	246,145	(2,294)	(1,252,258)	49,452,714
	155,106	-	-	(56,402)	98,704
	155,106	-	-	(56,402)	98,704
	50,616,227	246,145	(2,294)	(1,308,660)	49,551,418

Notes to the Financial Statements

30 June 2021 (Cont'd)

8. PROPERTY AND EQUIPMENT (CONT'D)

The Company	At 1.7.2019 RM	Additions RM	Transfer RM	Disposals RM	Depreciation Charges RM	At 30.6.2020 RM
2020						
<i>Carrying Amount</i>						
<u>Owned assets</u>						
Land and buildings	49,650,834	3,861	140,650	-	(746,088)	49,049,257
Office equipment, furniture and fittings	1,719,181	169,042	-	(182)	(476,177)	1,411,864
Capital work-in-progress	-	140,650	(140,650)	-	-	-
	51,370,015	313,553	-	(182)	(1,222,265)	50,461,121
<u>Right-of-use assets</u>						
Motor vehicles	211,508	-	-	-	(56,402)	155,106
	211,508	-	-	-	(56,402)	155,106
	51,581,523	313,553	-	(182)	(1,278,667)	50,616,227

Notes to the Financial Statements

30 June 2021 (Cont'd)

8. PROPERTY AND EQUIPMENT (CONT'D)

The Group	At Cost RM	Accumulated Depreciation RM	Carrying Amount RM
30.6.2021			
<u>Owned assets</u>			
Dry docking expenses	11,750,770	(7,961,712)	3,789,058
Land, buildings, jetty, wharfs and slipways	294,172,620	(92,558,522)	201,614,098
Motor vehicles	10,297,491	(7,206,347)	3,091,144
Office equipment, furniture and fittings	17,711,221	(13,912,541)	3,798,680
Plant and machinery	149,267,307	(85,749,888)	63,517,419
Shipping equipment and machinery	141,146,584	(122,197,837)	18,948,747
Vessels	1,277,085,241	(675,313,293)	601,771,948
Capital work-in-progress	7,883,756	-	7,883,756
	<u>1,909,314,990</u>	<u>(1,004,900,140)</u>	<u>904,414,850</u>
<u>Right-of-use assets</u>			
Land and buildings	90,164,643	(10,158,999)	80,005,644
Motor vehicles	2,238,359	(814,411)	1,423,948
Plant and machinery	2,633,779	(71,302)	2,562,477
Shipping equipment and machinery	17,568,827	(5,879,597)	11,689,230
	<u>112,605,608</u>	<u>(16,924,309)</u>	<u>95,681,299</u>
	<u>2,021,920,598</u>	<u>(1,021,824,449)</u>	<u>1,000,096,149</u>

Notes to the Financial Statements

30 June 2021 (Cont'd)

8. PROPERTY AND EQUIPMENT (CONT'D)

The Group	At Cost RM	Accumulated Depreciation RM	Carrying Amount RM
30.6.2020			
<u>Owned assets</u>			
Dry docking expenses	9,796,775	(6,728,458)	3,068,317
Land, buildings, jetty, wharfs and slipways	331,208,370	(87,607,088)	243,601,282
Motor vehicles	8,470,443	(6,829,817)	1,640,626
Office equipment, furniture and fittings	17,026,305	(13,006,845)	4,019,460
Plant and machinery	142,169,630	(80,339,398)	61,830,232
Shipping equipment and machinery	140,095,047	(119,455,340)	20,639,707
Vessels	1,303,352,482	(644,947,538)	658,404,944
Capital work-in-progress	4,732,546	-	4,732,546
	<u>1,956,851,598</u>	<u>(958,914,484)</u>	<u>997,937,114</u>
<u>Right-of-use assets</u>			
Land and buildings	29,257,817	(7,261,141)	21,996,676
Motor vehicles	2,312,484	(594,946)	1,717,538
Plant and machinery	118,500	(34,563)	83,937
Shipping equipment and machinery	18,159,827	(4,327,173)	13,832,654
Vessel	1,707,470	(745,751)	961,719
	<u>51,556,098</u>	<u>(12,963,574)</u>	<u>38,592,524</u>
	<u>2,008,407,696</u>	<u>(971,878,058)</u>	<u>1,036,529,638</u>

Notes to the Financial Statements

30 June 2021 (Cont'd)

8. PROPERTY AND EQUIPMENT (CONT'D)

The Company	At Cost RM	Accumulated Depreciation RM	Carrying Amount RM
30.6.2021			
<u>Owned assets</u>			
Land and buildings	53,552,594	(5,251,180)	48,301,414
Office Equipment, Furniture and Fittings	5,665,960	(4,674,660)	991,300
Capital work-in-progress	160,000	-	160,000
	<u>59,378,554</u>	<u>(9,925,840)</u>	<u>49,452,714</u>
<u>Right-of-use assets</u>			
Motor vehicle	282,011	(183,307)	98,704
	<u>59,660,565</u>	<u>(10,109,147)</u>	<u>49,551,418</u>
30.6.2020			
<u>Owned assets</u>			
Land and buildings	53,542,394	(4,493,137)	49,049,257
Office equipment, furniture and fittings	5,593,007	(4,181,143)	1,411,864
	<u>59,135,401</u>	<u>(8,674,280)</u>	<u>50,461,121</u>
<u>Right-of-use assets</u>			
Motor vehicle	282,011	(126,905)	155,106
	<u>59,417,412</u>	<u>(8,801,185)</u>	<u>50,616,227</u>

Titles of the certain leasehold land of the Group and of the Company with the carrying value of RM23,257,737 (2020 - RM59,198,623) and RM8,634,840 (2020 - RM8,841,227) respectively have yet to be issued by the authority.

Notes to the Financial Statements

30 June 2021 (Cont'd)

8. PROPERTY AND EQUIPMENT (CONT'D)

Asset pledged as security

In addition to assets held under finance leases, the net carrying amount of property and equipment pledged for borrowing as referred in Notes 24 to 27 are as follows:

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Land and buildings	89,053,927	91,293,087	35,920,312	36,425,463
Plant and machinery	43,566,000	48,833,333	-	-
Vessels	79,814,721	222,590,438	-	-
	<u>212,434,648</u>	<u>362,716,858</u>	<u>35,920,312</u>	<u>36,425,463</u>

Impairment on property and equipment

The Group groups their vessels by type of similar category/size vessels as separate cash generating unit ("CGU").

The estimate recoverable amount was determined based on the higher of an asset's value in use ("VIU") and fair value less costs to sell ("FV"). The recoverable amount was compared to the carrying value of each asset with identified impairment triggers. If the recoverable amount was lower, the carrying value of the asset was reduced to its estimated recoverable amount and the difference regarded as an impairment loss.

The recover amount under VIU was determined based on the expected cash flows estimated to generate by the identified CGU over its remaining useful life. The main input used were estimated chart rate, estimated operating cost and dry docking expenses considering historical performance of the CGU. The pre-tax discount of 7.2% was used in the computation.

The recoverable amount under FV was derived from the valuations performed by an internal expert. The FV represents an estimate of the amount to be received in the event that the vessel is sold, on a willing buyer and willing seller basis.

Notes to the Financial Statements

30 June 2021 (Cont'd)

8. PROPERTY AND EQUIPMENT (CONT'D)

Impairment on property and equipment (Cont'd)

During the financial year, the Group carried out an assessment of the recoverable amount of its vessels and non-current assets held for sale due to depressed market condition. As a result of the assessment, the Group recognised impairment loss of RM NIL (2020 - RM24,241,011) and RM1,126,604 (2020 - RM6,542,364) respectively for the financial year ended 30 June 2021.

Right-of-use assets

The Group has lease contracts for land, buildings, vessels, plant and machineries and motor vehicles used in its operations.

There are several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether these extensions and termination options are reasonably certain to be exercised.

The table below describes the nature of the Group's leasing activities by type of right-of-use assets recognised on the statements of financial position:

	The Group		The Company	
	2021	2020	2021	2020
	No. of right-of-use assets leased		No. of right-of-use assets leased	
Leasehold land and buildings	19	8	-	-
Motor vehicles	11	14	1	1
Plant and machinery	17	8	-	-
Vessels	-	1	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

9. AMOUNT OWING BY SUBSIDIARIES

The amount owing by subsidiaries represent non-trade transactions which is unsecured, interest-free and repayable on demand.

10. OTHER INVESTMENTS

	The Group	
	2021	2020
	RM	RM
Equity instruments (quoted in Malaysia), at fair value	68,400	93,600
	<hr/>	<hr/>
Market value of quoted shares in Malaysia	68,400	93,600
	<hr/>	<hr/>

The fair value of equity investments were directly measured using their unadjusted closing prices in active markets (i.e. Level 1).

Notes to the Financial Statements

30 June 2021 (Cont'd)

11. GOODWILL

	The Group	
	2021 RM	2020 RM
Cost:		
At 30 June 2021/2020	2,063,893	2,063,893

Carrying amount of goodwill on business acquisition is related to the acquisition of a shipping agency in prior years. The Group performed its annual impairment test in June 2021 and 2020.

The recoverable amounts of the CGUs have been determined based on value in use calculations using cash flow projections from financial budgets approved by management. The pre-tax discount rate applied to the cash flow projections is 10% (2020 - 10%-12%).

Management determined budgeted profit margin based on past performance and its expectations of the market conditions. The pre-tax discount rates used reflected specific risks relating to the shipping industry. The forecasted growth rates were based on management's estimate which did not exceed the long term average growth rate for the industry.

12. DEFERRED TAX ASSETS/(LIABILITIES)

	As 1.7.2020 RM	Acquisition of A Subsidiary RM	Recognised in Profit or Loss (Note 34) RM	At 30.6.2021 RM
The Group				
2021				
<i>Deferred Tax Liabilities</i>				
Property and equipment	(93,286,201)	(1,412,784)	3,091,978	(91,607,007)
	(93,286,201)	(1,412,784)	3,091,978	(91,607,007)
<i>Deferred Tax Assets</i>				
Unabsorbed capital allowances	41,118,275	-	(82,556)	41,035,719
Others	2,096,141	-	(350,017)	1,746,124
Unused tax losses	46,724	-	-	46,724
Unutilised reinvestment allowances	4,809,892	-	(870,748)	3,939,144
	48,071,032	-	(1,303,321)	46,767,711
	(45,215,169)	(1,412,784)	1,788,657	(44,839,296)

Notes to the Financial Statements

30 June 2021 (Cont'd)

12. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

The Group	As 1.7.2019 RM	Acquisition of A Subsidiary RM	Recognised in Profit or Loss (Note 34) RM	At 30.6.2020 RM
2020				
<i>Deferred Tax Liabilities</i>				
Property and equipment	(99,208,790)	-	5,922,589	(93,286,201)
	<u>(99,208,790)</u>	<u>-</u>	<u>5,922,589</u>	<u>(93,286,201)</u>
<i>Deferred Tax Assets</i>				
Unabsorbed capital allowances	36,312,010	-	4,806,265	41,118,275
Others	2,043,352	-	52,789	2,096,141
Unused tax losses	16,545	-	30,179	46,724
Unutilised reinvestment allowances	6,154,622	-	(1,344,730)	4,809,892
	<u>44,526,529</u>	<u>-</u>	<u>3,544,503</u>	<u>48,071,032</u>
	<u>(54,682,261)</u>	<u>-</u>	<u>9,467,092</u>	<u>(45,215,169)</u>

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Analysed as:-				
Deferred tax assets	50,908	50,903	-	-
Deferred tax liabilities	(44,890,204)	(45,266,072)	-	-
	<u>(44,839,296)</u>	<u>(45,215,169)</u>	<u>-</u>	<u>-</u>

Deferred tax assets have not been recognised in respect of the following items:-

Unabsorbed capital allowances	5,215,187	4,428,033	3,205,783	2,477,850
Unrecognised reinvestment allowances	18,606,540	14,978,421	-	-
Unutilised tax losses	81,207,730	84,387,745	1,035,413	1,035,413
Other deductible temporary differences	7,130,066	12,459,754	-	-
	<u>112,159,523</u>	<u>116,253,953</u>	<u>4,241,196</u>	<u>3,513,263</u>

Notes to the Financial Statements

30 June 2021 (Cont'd)

12. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

Pursuant to Section 44(5F) of the Income Tax Act, 1967, the unutilised tax losses can only be carried forward until the following years of assessment:

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Unutilised tax losses to be carried forward until:				
- Year of assessment 2025	31,595,227	69,147,267	1,035,413	1,035,413
- Year of assessment 2026	26,363,317	45,090,648	-	-
- Year of assessment 2027	23,443,869	-	-	-
	<u>81,402,413</u>	<u>114,237,915</u>	<u>1,035,413</u>	<u>1,035,413</u>

13. INVENTORIES

	The Group	
	2021 RM	2020 RM
Consumables	36,152,013	51,125,217
Petrol, oil and lubricants on board	3,653,032	3,153,398
Work-in-progress	1,080,684	327,567
	<u>40,885,729</u>	<u>54,606,182</u>

Notes to the Financial Statements

30 June 2021 (Cont'd)

14. TRADE RECEIVABLES

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Third parties	124,804,034	102,662,139	7,200	360
Related parties	26,603,113	46,348,169	-	-
Associates	13,790,452	1,205,263	550,979	-
	<u>165,197,599</u>	<u>150,215,571</u>	<u>558,179</u>	<u>360</u>
Allowance for impairment losses:-				
- third parties	(12,383,635)	(14,440,709)	-	-
- related parties	(715,058)	(4,863)	-	-
- associates	(813,822)	(412,002)	-	-
	<u>151,285,084</u>	<u>135,357,997</u>	<u>558,179</u>	<u>360</u>
Allowance for impairment losses:-				
At 1 July	14,857,574	19,401,230	-	-
Additions during the financial year	2,522,378	7,988,256	-	-
Reversal during the financial year	(3,250,108)	(3,246,122)	-	-
Written off during the financial year	(681,450)	(6,833,296)	-	-
Acquisition of a subsidiary during the financial year	464,121	-	-	-
Disposal of subsidiary	-	(2,452,494)	-	-
At 30 June	<u>13,912,515</u>	<u>14,857,574</u>	<u>-</u>	<u>-</u>

Related parties are companies within Shin Yang Holding Sendirian Berhad Group.

- The Group's and the Company's normal trade credit terms range from 7 to 90 (2020 - 7 to 90) days.
- Included in trade receivables of the Group is an amount of RM16,722,844 (2020 - RM4,685,824) owing by companies in which certain directors have substantial financial interests.
- The amounts owing by related parties and associates are unsecured, interest-free and repayable on demand.

Notes to the Financial Statements

30 June 2021 (Cont'd)

15. OTHER RECEIVABLES AND DEPOSITS

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Other receivables:-				
Other receivables	13,293,322	16,502,454	143,371	122,446
Related parties	23,267	1,259	-	-
Associates	8,021,799	14,910,832	925,711	505,360
	<u>21,338,388</u>	<u>31,414,545</u>	<u>1,069,082</u>	<u>627,806</u>
Allowance for impairment losses:-				
- third parties	(10,587,476)	(10,587,476)	-	-
- associates	(6,458,798)	(10,309,869)	-	-
	<u>4,292,114</u>	<u>10,517,200</u>	<u>1,069,082</u>	<u>627,806</u>
GST refundable	-	1,427,922	-	1,426,776
Deposits	3,635,317	1,837,589	94,530	94,530
Prepayment	11,007,888	10,700,283	-	-
	<u>18,935,319</u>	<u>24,482,994</u>	<u>1,163,612</u>	<u>2,149,112</u>
Allowance for impairment losses:-				
At 1 July	20,897,345	13,400,899	-	-
Additions during the financial year	1,764,519	15,497,988	-	-
Reversal during the financial year	-	(884,700)	-	-
Written off during the financial year	(5,615,590)	(7,116,842)	-	-
At 30 June	<u>17,046,274</u>	<u>20,897,345</u>	<u>-</u>	<u>-</u>

Related parties are companies within Shin Yang Holding Sendirian Berhad Group.

The amounts owing by related parties and associates are unsecured, interest-free and repayable on demand.

16. CONTRACT ASSETS/(LIABILITIES)

	The Group	
	2021 RM	2020 RM
Contract Assets		
Contract assets relating to service contracts	<u>3,506,459</u>	<u>16,685,975</u>
Contract Liabilities		
Contract liabilities relating to service contracts	<u>(11,634,725)</u>	<u>(1,518,904)</u>

Notes to the Financial Statements

30 June 2021 (Cont'd)

16. CONTRACT ASSETS/(LIABILITIES) (CONT'D)

- (a) The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date on construction contracts. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer.
- (b) The contract liabilities primarily relate to the advance consideration received from customers for construction contracts, for which revenue is recognised over time.
- (c) The changes to contract asset and contract liability balances during the financial year are summarised below:-

	The Group	
	2021 RM	2020 RM
At 1 July	15,167,071	(2,826,920)
Revenue recognised in profit or loss during the financial year	50,203,611	159,267,843
Billings to customers during the financial year	(73,498,948)	(141,273,852)
At 30 June	<u>(8,128,266)</u>	<u>15,167,071</u>
Analysed as follows:		
Contract assets	3,506,459	16,685,975
Contract liabilities	<u>(11,634,725)</u>	<u>(1,518,904)</u>

- (d) The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied or partially unsatisfied at the reporting date.

	The Group	
	2021 RM	2020 RM
Within one year		
- Freight and lighterage charges	1,560,650	1,057,332
- Shipbuilding	58,491,117	42,480,896
- Ship repairs	842,817	-
	<u>60,894,584</u>	<u>43,538,228</u>

Notes to the Financial Statements

30 June 2021 (Cont'd)

17. DERIVATIVE ASSETS/(LIABILITIES)

	Contract/Notional Amount		The Group	
	2021 USD	2020 USD	2021 RM	2020 RM
Derivative assets				
Forward currency contract	-	7,708,500	-	130,200
Derivative liabilities				
Forward currency contract	6,150,000	-	(101,925)	-

The Group does not apply hedge accounting.

- (a) Forward currency contracts are used to hedge the Group's sales denominated in United States Dollar (USD) for which firm commitments exists at the end of the reporting period. The settlement dates of the forward currency contracts range between 10 to 12 (2020 - 10 to 12) months after the end of reporting period.
- (b) The fair value of equity investments were directly measured using their unadjusted closing prices in active markets (i.e. Level 1).

18. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

Non-current assets held for sale comprise of vessels which the Group expects to sell within the next 12 months from the reporting date.

Notes to the Financial Statements

30 June 2021 (Cont'd)

19. SHARE CAPITAL

	The Group and The Company			
	2021	2020	2021	2020
Issued and Fully Paid-Up	Number Of Shares		RM	RM
Ordinary Shares				
At 1 July and 30 June	1,200,000,000	1,200,000,000	1,216,972,062	1,216,972,062

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company, and are entitled to one vote per ordinary share at meetings of the Company. The ordinary shares have no par value.

20. TREASURY SHARES

During the financial year, the Company has purchased 604,900 (2020 - 2,680,000) of its issued ordinary shares from Bursa Malaysia Securities Berhad at a price of RM0.22 (2020 - RM0.17) per share. The total consideration paid for the purchase was RM130,739 (2020 - RM448,045) including transaction costs. The ordinary shares purchased are held as treasury shares in accordance with Section 127(6) of the Companies Act 2016.

Of the total 1,200,000,000 (2020 - 1,200,000,000) issued and fully paid-up ordinary shares at the end of the reporting period, 32,026,300 (2020 - 31,421,400) ordinary shares are held as treasury shares by the Company. None (2020 - none) of the treasury shares were resold during the financial year.

21. OTHER RESERVES

	Merger Deficits RM	Foreign Currency Translation Reserve RM	Total RM
Group			
At 1 July 2019	(298,506,891)	10,123,559	(288,383,332)
Other comprehensive income:			
Less: Disposal of subsidiary	-	(9,477,737)	(9,477,737)
Reclassification	645,822	(645,822)	-
	645,822	(10,123,559)	(9,477,737)
At 30 June 2020, 1 July 2020 and 30 June 2021	(297,861,069)	-	(297,861,069)

Notes to the Financial Statements

30 June 2021 (Cont'd)

21. OTHER RESERVES (CONT'D)

Merger deficits

The merger deficits reserve represents the difference between the value of the considerations paid and the reserves of the two "acquired" entities, Shin Yang Shipping Sdn. Bhd. and Danum Shipping Sdn. Bhd. as a consequent of applying the pooling of interest method.

Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

22. LEASE LIABILITIES

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
At 1 July	10,856,643	13,313,608	80,583	164,908
Effect of adoption of MFRS 16	-	2,043,083	-	-
Acquisition of a subsidiary	2,239,598	-	-	-
Additions	446,329	634,100	-	-
Interest expense recognised in profit or loss	466,524	696,598	1,731	5,507
Changes due to reassessment of lease term	94,541	-	-	-
Derecognition due to lease modification	(360,173)	-	-	-
Repayment of principal	(5,101,024)	(5,134,148)	(80,583)	(84,325)
Repayment of interest expenses	(466,524)	(696,598)	(1,731)	(5,507)
At 30 June	<u>8,175,914</u>	<u>10,856,643</u>	<u>-</u>	<u>80,583</u>

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Analysed by:-				
Current liabilities	4,136,928	4,933,424	-	80,583
Non-current liabilities	4,038,986	5,923,219	-	-
	<u>8,175,914</u>	<u>10,856,643</u>	<u>-</u>	<u>80,583</u>

Notes to the Financial Statements

30 June 2021 (Cont'd)

23. BANK BORROWINGS

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
<u>Non-current</u>				
Secured:				
Term loans (Note 24)	49,455,167	65,925,499	7,104,145	8,654,149
<u>Current</u>				
Unsecured:				
Bank overdrafts (Note 25)	9,726,681	14,751,169	-	-
Bankers acceptances (Note 26)	71,414,000	97,299,000	-	-
Revolving credits (Note 27)	55,743,200	53,985,200	-	-
Flexi financing trade loan (Note 26)	895,891	-	-	-
	137,779,772	166,035,369	-	-
Secured:				
Bank overdrafts (Note 25)	10,041,999	10,978,837	-	-
Revolving credits (Note 27)	19,000,000	20,000,000	4,000,000	5,000,000
Bankers acceptances (Note 26)	7,936,000	13,222,000	-	-
Term loans (Note 24)	16,470,332	21,601,757	1,550,004	1,550,004
	53,448,331	65,802,594	5,550,004	6,550,004
	191,228,103	231,837,963	5,550,004	6,550,004
Total bank borrowings	240,683,270	297,763,462	12,654,149	15,204,153

The ranges of interest rates for bank borrowings are as follow:

	The Group		The Company	
	2021 %	2020 %	2021 %	2020 %
Bank overdrafts	6.24 - 7.14	6.20 - 7.35	-	-
Floating rates - loans	2.69 - 5.45	3.49 - 5.62	4.65 - 5.42	4.65 - 5.42
Revolving credits	2.58 - 3.94	3.83 - 4.99	3.58	4.07
Bankers acceptances/Flexi financing trade loan	2.75 - 3.51	3.37 - 5.19	-	-

Notes to the Financial Statements

30 June 2021 (Cont'd)

24. TERM LOANS (SECURED)

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Current liabilities	16,470,332	21,601,757	1,550,004	1,550,004
Non-current liabilities	49,455,167	65,925,499	7,104,145	8,654,149
	<u>65,925,499</u>	<u>87,527,256</u>	<u>8,654,149</u>	<u>10,204,153</u>

- (a) The term loans are secured by a first party legal charge over the Group's and the Company's property and equipment, and jointly and severally guaranteed by certain Directors of the Company.
- (b) The fair values of long-term loans were measured using present value technique by discounting the expected future cash flows using observable current market interest rates for similar liabilities (i.e. Level 2). The fair values measured were considered to be reasonably close to the carrying amounts reported as the observable current market interest rates also approximated to the effective interest rates of term loans.

25. BANK OVERDRAFTS

Bank overdrafts are secured by charges over leasehold land and buildings of the Group, and joint and several guaranteed by certain Directors of the Company.

26. BANKERS ACCEPTANCE/FLEXI FINANCING TRADE LOAN

Bankers' acceptances are secured by charges over leasehold land and buildings of the Group and guaranteed by certain directors of the Company.

The flexi financing trade loan is secured by joint and several guarantee by certain directors of the Group and a third party, and corporate guarantee provided by the Company.

27. REVOLVING CREDITS

Revolving credits are secured by charges over leasehold land and buildings of the Group and of the Company and guaranteed by certain Directors of the Company.

Notes to the Financial Statements

30 June 2021 (Cont'd)

28. TRADE PAYABLES

	The Group	
	2021 RM	2020 RM
Third parties	98,158,543	81,695,435
Related parties	9,935,778	15,796,774
Associates	10,828,392	10,553,263
	118,922,713	108,045,472

- (a) The normal trade credit terms granted to the Group ranges from 30 to 180 (2020 - 30 to 90) days.
- (b) Included in trade payables of the Group is an amount of RM9,908,743 (2020 - RM254,160) owing to the companies in which certain directors have substantial financial interest.
- (c) The amount owing to related parties is unsecured, interest-free and repayable on demand.
- (d) The amount owing to associates is unsecured, interest-free and repayable on demand.

29. OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Other payables: -				
Third parties	4,481,600	7,816,830	296,709	302,045
Related parties	529,960	1,539,616	10,579	86,829
Holding company	10,643	17,296	-	-
	5,022,203	9,373,742	307,288	388,874
Accruals	9,886,360	10,535,248	137,077	272,091
Deposits:				
- Third parties	6,376,614	4,216,038	136,440	137,680
- Related parties	395,306	-	462,500	431,500
- Associates	31,000	-	-	-
	21,711,483	24,125,028	1,043,305	1,230,145

Included in other payables of the Group is an amount of RM38,318 (2020: RM254,160) owing to companies in which certain Directors of the Company have substantial financial interests. These amounts are non-interest bearing and are repayable on demand.

The amounts owing to related companies, holding company and associates are unsecured, interest-free and repayable on demand.

Notes to the Financial Statements

30 June 2021 (Cont'd)

30. PROVISION FOR ONEROUS CONTRACTS

	The Group	
	2021 RM	2020 RM
At 1 July	7,615,684	-
Provision made during the year	-	7,615,684
Provision utilised during the year	(1,923,299)	-
Provision reversed during the year	(5,330,936)	-
	<hr/>	<hr/>
At 30 June	361,449	7,615,684
	<hr/>	<hr/>
Analysed by:-		
Current liabilities	361,449	7,615,684
	<hr/>	<hr/>

31. REVENUE

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Revenue from Contracts with Customers				
<u>Recognised over time</u>				
Freight and lighterage charge	483,462,640	405,463,343	-	-
Shipbuilding	27,465,120	83,310,833	-	-
Ship repairs and metal fabrication	29,284,314	47,408,771	-	-
Repair services	137,803	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	540,349,877	536,182,947	-	-
<u>Recognised at a point in time</u>				
Freight forwarding charges	5,931,104	5,415,358	-	-
Sales of goods and services	8,968,304	1,266,189	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	14,899,408	6,681,547	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	555,249,285	542,864,494	-	-

Notes to the Financial Statements

30 June 2021 (Cont'd)

31. REVENUE (CONT'D)

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Revenue from Other Sources				
Charterage and hiring charges	28,265,407	35,656,819	-	-
Dividend income from:				
- subsidiaries	-	-	540,000	680,000
- associates	-	-	39,000	68,250
Leasing income	16,603,125	16,603,125	-	-
Hiring income	552,623	567,883	-	-
Rental income	850,560	803,300	3,575,760	3,732,300
	<u>46,271,715</u>	<u>53,631,127</u>	<u>4,154,760</u>	<u>4,480,550</u>
	<u>601,521,000</u>	<u>596,495,621</u>	<u>4,154,760</u>	<u>4,480,550</u>

32. NET IMPAIRMENT LOSS ON FINANCIAL ASSETS

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Impairment losses:				
- trade receivables	2,522,378	7,988,256	-	-
- other receivables	1,764,519	15,497,988	-	-
Reversal of impairment losses:				
- trade receivables	(3,250,108)	(3,246,122)	-	-
- other receivables	-	(884,700)	-	-
	<u>1,036,789</u>	<u>19,355,422</u>	<u>-</u>	<u>-</u>

Notes to the Financial Statements

30 June 2021 (Cont'd)

33. PROFIT/(LOSS) BEFORE TAXATION

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Profit/(loss) before taxation is arrived at after charging/(crediting):-				
Auditors' remuneration:				
- current financial year	216,000	218,300	85,000	85,000
- under/(over) provision in previous financial year	17,815	33,000	(3,325)	(10,000)
Depreciation:				
- property and equipment (Note 8)	84,642,340	97,135,547	1,252,258	1,222,265
- right-of-use assets (Note 8)	3,638,559	3,540,305	56,402	56,402
Directors' fees (Note 39(a))	106,000	104,000	106,000	104,000
Directors' non-fee emoluments (Note 39(a))				
- salaries, bonus and allowances	2,577,075	2,623,610	937,741	1,015,629
- defined contribution benefits	283,301	281,880	37,440	40,560
Fair value loss on investment securities	25,200	87,600	-	-
Fair value changes on forward contract	232,125	(150,966)	-	-
Interest expenses on financial liabilities that are not fair value through profit or loss:				
- bank overdrafts	1,596,350	1,835,182	13,048	25,156
- bankers acceptances	3,396,502	6,229,867	-	-
- term loans	3,164,267	4,427,944	394,362	560,735
- revolving credits	2,706,936	3,475,511	181,235	299,075
Lease interest (Note 22)	466,524	696,598	1,731	5,507
Hiring charges	1,942,832	4,726,354	-	-
Impairment loss:				
- investment in subsidiary (Note 6)	-	-	-	15,077,596
- property and equipment (Note 8)	-	24,241,011	-	-
- non-current asset held for sale	1,126,604	6,542,364	-	-
- work-in-progress inventory	-	449,500	-	-
Loss on disposal of shares in a subsidiary	-	14,305,869	-	-
(Gain)/loss on foreign exchange:				
- realised	(676,673)	358,589	-	-
- unrealised	201,489	(239,591)	-	-
Property and equipment written off (Note 8)	1	6,653	-	-
Net change in provision for onerous contract	(7,254,235)	7,615,684	-	-

Notes to the Financial Statements

30 June 2021 (Cont'd)

33. PROFIT/(LOSS) BEFORE TAXATION (CONT'D)

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Profit/(loss) before taxation is arrived at after charging/(crediting):- (cont'd)				
Reversal of inventory written off	(276,970)	-	-	-
Staff costs (including other key management personnel): (Note 39(b))				
- short-term employee benefits	91,425,897	101,770,561	859,451	1,010,275
- defined contribution benefits	3,710,845	4,332,005	71,880	83,440
Rental expenses	396,268	1,186,051	300	497
Interest income on financial assets that are not fair value through profit or loss:				
- short term deposits	(1,918,171)	(1,996,743)	(932,706)	(1,222,465)
- current account	(404,331)	(90,460)	(23,519)	(13,182)
- others	(6,000)	(394)	(6,000)	-
Net (gain)/loss on disposal of property and equipment	(10,787,506)	(4,120,844)	4	-
Gain on disposal of non-current asset held for sale	(36,076)	-	-	-
Gain on lease modification	(30,397)	-	-	-
Gain on bargain purchase	(5,221,935)	-	-	-
Rental income	(73,424)	-	-	-
Dividend income:				
- associates	-	-	(39,000)	(68,250)
- subsidiaries	-	-	(540,000)	(680,000)
- investment securities	(3,000)	-	-	-

34. INCOME TAX EXPENSE

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Current tax expense:				
- for the financial year	5,456,836	1,121,153	214,988	207,647
- (over)/under provision in previous financial years	(93,656)	87,602	15,555	2,433
	<u>5,363,180</u>	<u>1,208,755</u>	<u>230,543</u>	<u>210,080</u>

Notes to the Financial Statements

30 June 2021 (Cont'd)

34. INCOME TAX EXPENSE (CONT'D)

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Deferred tax (Note 12)				
- origination and reversal of temporary differences	(1,248,642)	(8,851,001)	-	-
- overprovision in previous financial years	(540,015)	(616,091)	-	-
	<u>(1,788,657)</u>	<u>(9,467,092)</u>	<u>-</u>	<u>-</u>
	<u>3,574,523</u>	<u>(8,258,337)</u>	<u>230,543</u>	<u>210,080</u>

A reconciliation of income tax expense applicable to the profit/(loss) before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Group and of the Company is as follows:-

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Profit/(loss) before taxation	<u>21,324,110</u>	<u>(154,168,441)</u>	<u>105,641</u>	<u>(14,830,458)</u>
Tax at the statutory tax rate of 24% (2020 - 24%)	5,117,786	(37,000,426)	25,354	(3,559,310)
Tax effects of:				
Non-taxable income	(13,559,839)	(6,842,914)	(138,960)	(179,580)
Non-deductible expenses	12,326,852	26,760,999	263,448	3,885,693
Deferred tax assets not recognised during the financial year	864,646	9,399,760	65,146	60,844
Share of results in associates	(59,857)	(47,267)	-	-
(Over)/under provision in previous financial years:				
- current tax expense	(93,656)	87,602	15,555	2,433
- deferred taxation	(540,015)	(616,091)	-	-
Others	(26,522)	-	-	-
Utilisation of deferred tax assets previously not recognised	(454,872)	-	-	-
Income tax expense for the financial year	<u>3,574,523</u>	<u>(8,258,337)</u>	<u>230,543</u>	<u>210,080</u>

The corporate tax rate of the Group and of the Company is 24% (2020 - 24%).

Certain subsidiaries enjoy tax exempt profits arising from its operations of seagoing vessels, under Section 54A of the Income Tax Act, 1967.

Notes to the Financial Statements

30 June 2021 (Cont'd)

35. EARNINGS/(LOSS) PER SHARE

Basic earnings/(loss) per share amounts are calculated by dividing profit/(loss) for the year, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares in issue during the financial year, excluding treasury shares held by the Company.

The following reflect the profit/(loss) and share data used in the computation of basic earnings/(loss) per share for the years ended 30 June:

	The Group	
	2021	2020
	RM	RM
Profit/(loss) attributable to ordinary equity holders of the Company	17,052,020	(146,142,813)
Weighted average number of ordinary shares in issue	1,168,200,775	1,170,414,875
Basic earnings/(loss) per share (sen)	1.46	(12.49)

The Company has not issued any dilutive potential ordinary shares and hence, the diluted earnings per share is equal to the basic earnings per share.

36. ACQUISITION/(DISPOSAL) OF A SUBSIDIARIES

36.1 ACQUISITION OF A SUBSIDIARY

On 7 May 2021, the Company acquired 100% equity interests in Melinau Transport Sdn Bhd. from Shin Yang Holding Sendirian Berhad.

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the date of acquisition.

	The Group
	2021
	RM
Property and equipment	35,464,881
Trade and other receivables	21,466,110
Cash and cash equivalents	6,501,100
Current tax assets	691,866
Trade and other payables	(11,353,749)
Lease liabilities	(2,239,598)
Flexi financing trade loan	(895,891)
Deferred tax liabilities	(1,412,784)
Fair value of net identifiable assets acquired	48,221,935
Less: Gain on bargain purchase	(5,221,935)
Total purchase consideration	43,000,000
Less: Cash and bank balances of subsidiary acquired	(6,501,100)
Net cash outflow from the acquisition of a subsidiary	36,498,900

Notes to the Financial Statements

30 June 2021 (Cont'd)

36. ACQUISITION/(DISPOSAL) OF A SUBSIDIARIES

36.1 ACQUISITION OF A SUBSIDIARY (CONT'D)

Impact of Acquisition on the Group's Results

The acquired subsidiary has contributed the following results to the Group:-

	The Group 2021 RM
Revenue	9,622,615
Profit after taxation	<u>997,756</u>

If the acquisition had taken place at the beginning of the current financial year, the Group's revenue and profit after taxation from continuing operations would have been RM53,894,377 and RM5,176,878 respectively.

There were no acquisitions of new subsidiaries in the previous financial year.

36.2 DISPOSAL OF A SUBSIDIARY

The disposal of Shin Yang FZC had the following effects on the financial position of the Group as at the end of the year:

	Shin Yang FZC 2020 RM
Property and equipment	2,579,000
Trade and other receivables	34,743,298
Other current assets	32,278
Cash and bank balances	85,420
Trade and other payables	<u>(7,385,683)</u>
Net identifiable assets	30,054,313
Less: Foreign exchange reserve	(9,477,737)
Less: Non-controlling interest	(2,414,322)
Transfer to associate	<u>(2,205,643)</u>
Net assets disposed	15,956,611
Total disposal proceeds	<u>(1,650,742)</u>
Loss on disposal to the Group	<u>14,305,869</u>
Disposal proceeds settled by:	
Cash	<u>1,650,742</u>

Notes to the Financial Statements

30 June 2021 (Cont'd)

36. ACQUISITION AND DISPOSAL OF A SUBSIDIARY (CONT'D)

36.2 DISPOSAL OF A SUBSIDIARY (CONT'D)

The disposal of Shin Yang FZC had the following effects on the financial position of the Group as at the end of the year: (cont'd)

	Shin Yang FZC 2020 RM
Cash inflows arising on disposal:	
Cash consideration	1,650,742
Cash and cash equivalents of subsidiary disposed	(85,420)
Net cash inflows on disposal	<u>1,565,322</u>

37. DIVIDENDS

There were no dividend paid in respect of the financial year ended 30 June 2021 and 2020.

38. CASH FLOW INFORMATION

- (a) The cash disbursed for the purchase of property and equipment and the addition of right-of-use assets is as follows:-

	The Group	
	2021 RM	2020 RM
Property and equipment and right-of-use assets		
Cost of property and equipment purchased and right-of-use assets acquired (Note 8)	38,475,863	23,204,506
Less: Effect of adopting MFRS 16	-	(2,043,083)
	<u>38,475,863</u>	<u>21,161,423</u>
Less: Additions of new lease liabilities	(399,929)	(416,200)
	<u>38,075,934</u>	<u>20,745,223</u>

Notes to the Financial Statements

30 June 2021 (Cont'd)

38. CASH FLOW INFORMATION (CONT'D)

- (a) The cash disbursed for the purchase of property and equipment and the addition of right-of-use assets is as follows:- (cont'd)

	The Company	
	2021	2020
	RM	RM
Property and equipment		
Cost of property and equipment purchased	246,145	313,553

Notes to the Financial Statements

30 June 2021 (Cont'd)

38. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliations of liabilities arising from financing activities are as follows:-

The Group	Term Loans RM	Lease Liabilities RM	Revolving Credits RM	Bankers' Acceptance RM	Flexi Financing RM	Bank Overdrafts RM	Total RM
2021							
At 1 July	87,527,256	10,856,643	73,985,200	110,521,000	-	25,730,006	308,620,105
<u>Changes in Financial Cash Flows</u>							
New leases	-	46,400	-	-	-	-	46,400
Cash flows	(21,601,757)	(5,101,024)	893,000	(31,171,000)	-	(5,961,326)	(62,942,107)
	(21,601,757)	(5,054,624)	893,000	(31,171,000)	-	(5,961,326)	(62,895,707)
<u>Non-cash Changes</u>							
Acquisition of a subsidiary (Note 36)	-	2,239,598	-	-	895,891	-	3,135,489
Acquisition of new leases (Note 22)	-	399,929	-	-	-	-	399,929
Reassessment/modification of leases (Note 22)	-	(265,632)	-	-	-	-	(265,632)
Unrealised gain on foreign exchange	-	-	(135,000)	-	-	-	(135,000)
	-	2,373,895	(135,000)	-	895,891	-	3,134,786
At 30 June	65,925,499	8,175,914	74,743,200	79,350,000	895,891	19,768,680	248,859,184

Notes to the Financial Statements

30 June 2021 (Cont'd)

38. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliations of liabilities arising from financing activities are as follows:- (Cont'd)

The Group	Term Loans RM	Lease Liabilities RM	Revolving Credits RM	Bankers' Acceptance RM	Bank Overdrafts RM	Total RM
2020						
At 1 July	99,605,436	13,313,608	61,636,000	153,843,000	23,973,396	352,371,440
<u>Changes in Financial Cash Flows</u>						
New leases	-	2,677,183	-	-	-	2,677,183
Cash flows	(12,078,180)	(5,134,148)	12,349,200	(43,322,000)	1,756,610	(46,428,518)
	(12,078,180)	(2,456,965)	12,349,200	(43,322,000)	1,756,610	(43,751,335)
At 30 June	87,527,256	10,856,643	73,985,200	110,521,000	25,730,006	308,620,105

Notes to the Financial Statements

30 June 2021 (Cont'd)

38. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliations of liabilities arising from financing activities are as follows:- (Cont'd)

The Company	Term Loans RM	Lease Liabilities RM	Revolving Credits RM	Total RM
2021				
At 1 July	10,204,153	80,583	5,000,000	15,284,736
<u>Changes in Financial Cash Flows</u>				
New leases	-	-	-	-
Cash flows	(1,550,004)	(80,583)	(1,000,000)	(2,630,587)
	(1,550,004)	(80,583)	(1,000,000)	(2,630,587)
At 30 June	8,654,149	-	4,000,000	12,654,149
2020				
At 1 July	11,754,157	164,908	6,000,000	17,919,065
<u>Changes in Financial Cash Flows</u>				
New leases	-	-	-	-
Cash flows	(1,550,004)	(84,325)	(1,000,000)	(2,634,329)
	(1,550,004)	(84,325)	(1,000,000)	(2,634,329)
At 30 June	10,204,153	80,583	5,000,000	15,284,736

Notes to the Financial Statements

30 June 2021 (Cont'd)

38. CASH FLOW INFORMATION (CONT'D)

(c) For the purpose of the statement of cash flows, cash and cash equivalents comprise the followings:-

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Fixed and treasury deposits with licensed banks	108,500,000	80,400,000	40,500,000	41,200,000
Cash and bank balances	46,940,576	41,097,783	1,933,613	864,143
Bank overdrafts (Note 25)	(19,768,680)	(25,730,006)	-	-
	<u>135,671,896</u>	<u>95,767,777</u>	<u>42,433,613</u>	<u>42,064,143</u>
Less: Fixed and treasury deposits with maturity more than 3 months	(76,600,000)	(27,100,000)	(27,100,000)	-
Cash and cash equivalents	<u>59,071,896</u>	<u>68,667,777</u>	<u>15,333,613</u>	<u>42,064,143</u>

39. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel of the Group and of the Company include executive directors and non-executive directors of the Company and certain members of senior management of the Group and of the Company.

The key management personnel compensation during the financial year are as follows:-

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
(a) Directors				
<u>Directors of the Company</u>				
Short-term employee benefits:-				
- fees	106,000	104,000	106,000	104,000
- salaries, bonus and other benefits	1,474,286	1,582,031	937,741	1,015,629
	<u>1,580,286</u>	<u>1,686,031</u>	<u>1,043,741</u>	<u>1,119,629</u>
Defined contribution benefits	84,950	91,680	37,440	40,560
	<u>1,665,236</u>	<u>1,777,711</u>	<u>1,081,181</u>	<u>1,160,189</u>

Notes to the Financial Statements

30 June 2021 (Cont'd)

39. KEY MANAGEMENT PERSONNEL COMPENSATION (CONT'D)

The key management personnel compensation during the financial year are as follows:- (Cont'd)

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
(a) Directors (cont'd)				
<u>Directors of the Subsidiaries</u>				
Short-term employee benefits:-				
- salaries, bonus and other benefits	1,102,789	1,041,579	-	-
	1,102,789	1,041,579	-	-
Defined contribution benefits	198,351	190,200	-	-
	<u>1,301,140</u>	<u>1,231,779</u>	-	-
Total directors' remuneration (Note 33)	<u>2,966,376</u>	<u>3,009,490</u>	<u>1,081,181</u>	<u>1,160,189</u>
(b) Other Key Management Personnel				
Short-term employee benefits	648,000	712,792	648,000	439,200
Defined contribution benefits	47,040	50,873	47,040	44,113
	<u>695,040</u>	<u>763,665</u>	<u>695,040</u>	<u>483,313</u>

40. RELATED PARTY DISCLOSURES

(a) Identities of Related Parties

Parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control.

In addition to the information detailed elsewhere in the financial statements, the Company has related party relationships with holding company, entities within the same group of companies and companies in which Directors of the Company have substantial financial interests.

Notes to the Financial Statements

30 June 2021 (Cont'd)

40. RELATED PARTY DISCLOSURES (CONT'D)

(b) Significant Related Party Transactions and Balances

Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following significant transactions with the related parties during the financial year:-

	The Group	
	2021 RM	2020 RM
Sales of goods and services to		
- Related companies	(87,143,263)	(72,707,425)
- Associates	(552,051)	(181,451)
Purchase of goods and services from		
- Related companies	12,640,563	18,653,329
- Holding company	3,200	-
- Associates	1,101,442	-
Sale of property and equipment		
- Related companies	(158,700)	(22,900)
- Associates	(1,244)	-
Purchase of property and equipment		
- Related companies	512,381	4,641,729
- Associates	2,620,000	-
Rental income from		
- Related companies	(188,376)	(325,286)
- Associates	(324,000)	(312,000)
Rental expenses charged by		
- Related companies	136,024	350,789
- Associates	603,830	-
- Holding company	35,000	-

	The Company	
	2021 RM	2020 RM
Sales of goods and services to		
- Subsidiaries	(2,290)	-
Purchase of goods and services from		
- Subsidiaries	18,533	-
- Related companies	77,875	305,386
Sale of property and equipment		
- Related companies	-	(182)
Purchase of property and equipment		
- Subsidiaries	176,452	-
- Related companies	-	141,492

Notes to the Financial Statements

30 June 2021 (Cont'd)

40. RELATED PARTY DISCLOSURES (CONT'D)

(b) Significant Related Party Transactions and Balances (Cont'd)

Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following significant transactions with the related parties during the financial year:- (cont'd)

	The Company	
	2021	2020
	RM	RM
Rental income from		
- Related companies	-	(8,000)
- Associates	(324,000)	(312,000)
- Subsidiaries	(2,725,200)	(2,929,000)
	<hr/>	<hr/>
	The Group	
	2021	2020
	RM	RM
Transactions with companies in which certain Directors have substantial financial interests:		
Sales of goods and services	(9,785,329)	(9,097,383)
Purchase of goods and services	3,829,160	10,896,005
Sales of property and equipment	(129,200)	(117,960)
Purchase of property and equipment	228,528	309,993
Rental income	(19,350)	(16,620)
Rental expenses	42,300	48,000
	<hr/>	<hr/>

Related companies

Related companies are companies within Shin Yang Holding Sendirian Berhad Group.

The significant outstanding balances of the related parties (including the allowance for impairment loss made) together with their terms and conditions are disclosed in the respective notes to the financial statements.

Notes to the Financial Statements

30 June 2021 (Cont'd)

41. OPERATING SEGMENTS

Operating segments are prepared in a manner consistent with the internal reporting provided to the Group Managing Director as its chief operating decision maker in order to allocate resources to segments and to assess their performance. For management purposes, the Group is organised into business units based on their products and services provided.

The Group is organised into 3 main reportable segments as follows:-

- (i) Shipbuilding, ship repair and fabrication of metal structures.
- (ii) Domestic and regional shipping segment which carries out shipping business in coastal and regional routes within Malaysia and ASEAN region.
- (iii) International shipping segment which carries out shipping in United Arab Emirates and international routes to Japan, Korea, China, Philippines and ASEAN region.
- (iv) Others consist of the business of shipping agency.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

- (a) The Group Managing Director assesses the performance of the reportable segments based on their profit before interest expense and taxation. The accounting policies of the reportable segments are the same as the Group's accounting policies.
- (b) Each reportable segment assets (including goodwill) is measured based on all assets of the segment other than investment in an associate and tax-related assets.
- (c) Segment liabilities information is not regularly provided to the Group Managing Directors. Hence, no disclosure is made on segment liabilities.
- (d) Assets and expenses which are common and cannot be meaningfully allocated to the reportable segments are presented under unallocated items. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters) and head office expenses.
- (e) Transactions between reportable segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation.

Notes to the Financial Statements

30 June 2021 (Cont'd)

41. OPERATING SEGMENTS (CONT'D)

	Shipbuilding Ship Repair and Fabrication of Metal Structures RM	Domestic and Regional Shipping RM	International Shipping RM	Others RM	Consolidation Adjustments and Eliminations RM	Notes	Per Consolidated Financial Statements RM
30 June 2021							
Revenue:							
External customers	67,045,058	419,310,745	108,371,668	6,793,529	-		601,521,000
Inter-segment	37,779,928	3,993,261	4,607,879	6,424,329	(52,805,397)	A	-
Total revenue	104,824,986	423,304,006	112,979,547	13,217,858	(52,805,397)		601,521,000
Results:							
Finance income	2,760	903,891	343,669	1,078,182	-		2,328,502
Dividend income	-	-	3,000	579,000	(579,000)		3,000
Depreciation and amortisation	9,982,743	56,152,955	19,757,582	1,660,959	726,660		88,280,899
Share of results of associates	-	-	-	-	241,386		241,386
Other non-cash expenses/(income)	596,011	(1,884,662)	2,916,324	2,508	(4,506,878)	B	(2,876,697)
Segment profit	4,592,745	7,216,321	4,008,088	3,418,916	2,088,040	C	21,324,110
Assets:							
Investment in associates	-	2,629,641	-	682,500	1,539,796		4,851,937
Additions to non-current assets	356,617	35,100,824	2,450,170	568,252	-	D	38,475,863
Segment assets	429,889,342	670,782,395	393,342,895	199,681,427	(308,879,673)	E	1,384,816,386
Liabilities:							
Segment liabilities	264,973,963	253,586,108	174,109,414	41,974,996	(284,417,233)	F	450,227,248

Notes to the Financial Statements

30 June 2021 (Cont'd)

41. OPERATING SEGMENTS (CONT'D)

	Shipbuilding Ship Repair and Fabrication of Metal Structures RM	Domestic and Regional Shipping RM	International Shipping RM	Others RM	Consolidation Adjustments and Eliminations RM	Notes	Per Consolidated Financial Statements RM
30 June 2020							
Revenue:							
External customers	132,175,889	338,671,006	119,019,996	6,628,730	-		596,495,621
Inter-segment	26,857,618	4,744,579	381,397	5,850,229	(37,833,823)	A	-
Total revenue	159,033,507	343,415,585	119,401,393	12,478,959	(37,833,823)		596,495,621
Results:							
Finance income	16,420	623,560	171,259	1,276,358	-		2,087,597
Dividend income	-	-	-	748,520	(748,520)		-
Depreciation and amortisation	10,609,130	58,810,772	26,645,446	1,527,903	3,082,601		100,675,852
Share of results of associates	-	-	-	-	204,374		204,374
Other non-cash expenses/(income)	(865,476)	45,970,672	10,577,949	202,688	8,624,429	B	64,510,262
Segment (loss)/profit	(38,917,905)	(93,979,092)	(20,627,621)	1,984,252	(2,628,075)	C	(154,168,441)
Assets:							
Investment in associates	-	2,629,641	-	682,500	1,337,410		4,649,551
Additions to non-current assets	1,037,442	16,503,805	2,551,541	1,068,635	-	D	21,161,423
Segment assets	485,007,172	664,514,850	435,061,299	234,497,081	(406,427,505)	E	1,412,652,897
Liabilities:							
Segment liabilities	322,080,221	338,340,420	190,704,324	35,437,492	(390,999,850)	F	495,562,607

Notes to the Financial Statements

30 June 2021 (Cont'd)

41. OPERATING SEGMENTS (CONT'D)

A Inter-segment revenues are eliminated on consolidated.

B Other material non-cash expenses/(income) consist of the following items as presented in the respective notes to the financial statements:

	2021	2020
	RM	RM
Fair value loss on investment securities	25,200	-
Fair value changes on forward contracts	232,125	(150,966)
Unrealised loss/(gain) on foreign exchange	201,489	(239,591)
Loss on disposal of shares in a subsidiary	-	14,305,869
Property and equipment written off	1	6,653
Impairment loss on trade and other receivables	4,286,897	23,486,244
Impairment on work-in-progress inventory	-	449,500
Impairment on non-current asset held for sale	1,126,604	6,542,364
Impairment on property and equipment	-	24,241,011
Gain on bargain purchase	(5,221,935)	-
Reversal of inventory	(276,970)	-
Reversal of impairment loss on trade and other receivables	(3,250,108)	(4,130,822)
	<u>(2,876,697)</u>	<u>64,510,262</u>

C The following items are added to/(deducted from) segment profit to arrive at "Profit before tax" presented in the consolidated statement of profit or loss and other comprehensive income:

	2021	2020
	RM	RM
Share of result of associates	241,386	204,374
Dividend from subsidiaries	(540,000)	(680,000)
Dividend from associates	(39,000)	(68,250)
(Loss)/Profit from inter-segment sales	(2,069,621)	998,402
Depreciation	(726,660)	(3,082,601)
Gain on bargain purchase	5,221,935	-
	<u>2,088,040</u>	<u>(2,628,075)</u>

D Additions to non-current assets consists of:

	2021	2020
	RM	RM
Property and equipment	<u>38,475,863</u>	<u>21,161,423</u>

Notes to the Financial Statements

30 June 2021 (Cont'd)

41. OPERATING SEGMENTS (CONT'D)

- E The following items are added to/(deducted from) segment assets to arrive at total assets reported in the consolidated statement of financial position:

	2021	2020
	RM	RM
Property and equipment	(4,740,219)	(36,157,150)
Investment in associates	1,539,796	1,337,410
Inter-segment assets	(307,743,143)	(373,671,658)
Intangible assets	2,063,893	2,063,893
	<u>(308,879,673)</u>	<u>(406,427,505)</u>

- F The following items are added to/(deducted from) segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	2021	2020
	RM	RM
Cumulative preference shares	(100,000)	(100,000)
Inter-segment liabilities	(284,317,233)	(390,899,850)
	<u>(284,417,233)</u>	<u>(390,999,850)</u>

Geographical information

Revenue is based on the country in which the customers are located.

Non-current assets are determined according to the country where these assets are located. The amounts of non-current assets do not include financial instruments (but including investment in an associate) and deferred tax assets.

	Revenue	
	2021	2020
	RM	RM
Malaysia	558,751,543	547,243,279
Singapore	41,998,010	44,283,888
Netherlands	236,456	3,178,709
Japan	534,991	32,797
Taiwan	-	1,756,948
	<u>601,521,000</u>	<u>596,495,621</u>

Non-current assets information presented above consist of the following items as presented in the consolidated statement of financial position:

	2021	2020
	RM	RM
Property and equipment	<u>1,000,096,149</u>	<u>1,036,529,638</u>

There is no single customer that contributed 10% or more to the Group's revenue.

Notes to the Financial Statements

30 June 2021 (Cont'd)

42. CAPITAL COMMITMENTS

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Approved and not contracted for:				
Purchase of property and equipment	6,448,501	177,510	148,501	-

43. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

43.1 FINANCIAL RISK MANAGEMENT POLICIES

Financial risk management policies are periodically reviewed and approved by the Board of Directors and executed by the management. The audit committee of Shin Yang Shipping Corporation Berhad provides independent oversight to the effectiveness of the risk management process.

The Group's policies in respect of the major areas of treasury activity are as follows:-

(a) Market Risk

(i) Foreign currency risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than the respective functional currencies of entities within the Group. The currencies giving rise to this risk are primarily United States Dollar ("USD"), United Arab Emirates Dirham (AED), Renminbi Yuan (RMB), Japanese Yen (JPY), Brunei Dollar (BND) and Singapore Dollar ("SGD"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level. On occasion, the Group enters into forward foreign currency contracts to hedge against its foreign currency risk. The Group also holds cash and cash equivalents denominated in foreign currencies for working capital purposes.

Notes to the Financial Statements

30 June 2021 (Cont'd)

43. FINANCIAL INSTRUMENTS (CONT'D)

43.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign currency risk (Cont'd)

Foreign Currency Risk Sensitivity Analysis

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies at the end of the reporting period, with all other variables held constant:-

	The Group	
	2021	2020
	RM	RM
Effects on Profit/(Loss) After Taxation		
USD/RM - strengthen by 5%	1,252,177	(177,602)
USD/RM - weaken by 5%	(1,252,177)	177,602
	<hr/>	<hr/>
SGD/RM - strengthen by 5%	(41,072)	-
SGD/RM - weaken by 5%	41,072	-
	<hr/>	<hr/>
AED/RM - strengthen by 5%	2,315	(498)
AED/RM - weaken by 5%	(2,315)	498
	<hr/>	<hr/>
JPY/RM - strengthen by 5%	(18,013)	-
JPY/RM - weaken by 5%	18,013	-
	<hr/>	<hr/>
RMB/RM - strengthen by 5%	(189,068)	-
RM/RM - weaken by 5%	189,068	-
	<hr/>	<hr/>
BND/RM - strengthen by 5%	281,022	-
BND/RM - weaken by 5%	(281,022)	-
	<hr/>	<hr/>

Notes to the Financial Statements

30 June 2021 (Cont'd)

43. FINANCIAL INSTRUMENTS (CONT'D)

43.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from long-term borrowings with variable rates. The Group's policy is to obtain the most favourable interest rates available and by maintaining a balanced portfolio mix of fixed and floating rate borrowings.

The Group's fixed rate receivables and borrowings are carried at amortised cost. Therefore, they are not subject to interest rate risk as in defined MFRS 7 since neither carrying amounts nor the future cash flows will fluctuate because of a change in market interest rates.

The Group's exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of the reporting period is disclosed in Notes to the financial statements

Interest Rate Risk Sensitivity Analysis

The following table details the sensitivity analysis to a reasonably possible change in the interest rates at the end of the reporting period, with all other variables held constant:-

	The Group	
	2021	2020
	RM	RM
Effects on Profit/(Loss) After Taxation		
Increase of 10 basis points	(120,506)	(127,207)
Decrease of 10 basis points	120,506	127,207
	<u> </u>	<u> </u>

Notes to the Financial Statements

30 June 2021 (Cont'd)

43. FINANCIAL INSTRUMENTS (CONT'D)

43.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Company's exposure to credit risk arises principally from loans and advances to subsidiaries, and corporate guarantee given to financial institutions for credit facilities granted to certain subsidiaries. The Company monitors the results of these subsidiaries regularly and repayments made by the subsidiaries.

(i) Credit Risk Concentration profile

The Group determines concentration of credit risk by monitoring the trade and other receivables on an ongoing basis.

(ii) Exposure to Credit Risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position of the Group and of the Company after deducting any allowance for impairment losses (where applicable).

In addition, the Company's maximum exposure to credit risk also includes corporate guarantees provided to its subsidiaries as disclosed under the 'Maturity Analysis' of item (c) below, representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

Notes to the Financial Statements

30 June 2021 (Cont'd)

43. FINANCIAL INSTRUMENTS (CONT'D)

43.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses

At each reporting date, the Group assesses whether any of the financial assets at amortised cost, contract assets are credit impaired.

The gross carrying amounts of financial assets are written off when there is no reasonable expectation of recovery (i.e. the debtor does not have assets or sources of income to generate sufficient cash flows to repay the debt) despite the fact that they are still subject to enforcement activities.

Trade Receivables and Contract Assets

The Group applies the simplified approach to measure expected credit losses using a lifetime expected credit loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables including related parties and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. Therefore, the Group concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

For certain large customers or customers with a high risk of default, the Group assesses the risk of loss of each customer individually based on their financial information, past trends of payments and external credit rating, where applicable.

Notes to the Financial Statements

30 June 2021 (Cont'd)

43. FINANCIAL INSTRUMENTS (CONT'D)

43.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for both trade receivables and contract assets are summarised below:-

	Gross carrying Amount RM	Individual Impairment RM	Collective Impairment RM	Carrying Amount RM
The Group				
2021				
Current (not past due)	52,383,813	-	(421,786)	51,962,027
Past due				
1-30 days	31,732,085	-	(364,047)	31,368,038
31-60 days	37,172,632	-	(457,097)	36,715,535
61-90 days	9,042,115	-	(268,800)	8,773,315
91-120 days	3,764,737	-	(268,466)	3,496,271
More than 121 days	18,531,871	-	(4,634,094)	13,897,777
Credit impaired	12,570,346	(7,498,225)	-	5,072,121
Trade receivables	<u>165,197,599</u>	<u>(7,498,225)</u>	<u>(6,414,290)</u>	<u>151,285,084</u>

Notes to the Financial Statements

30 June 2021 (Cont'd)

43. FINANCIAL INSTRUMENTS (CONT'D)

43.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

	Gross carrying Amount RM	Individual Impairment RM	Collective Impairment RM	Carrying Amount RM
The Group				
2020				
Current (not past due)	34,952,018	-	(248,835)	34,703,183
Past due				
1-30 days	19,679,469	-	(153,628)	19,525,841
31-60 days	14,589,183	-	(149,506)	14,439,677
61-90 days	10,480,244	-	(168,155)	10,312,089
91-120 days	5,153,803	-	(212,122)	4,941,681
More than 121 days	9,359,216	-	(3,824,894)	5,534,322
Credit impaired	56,001,638	(10,100,434)	-	45,901,204
Trade receivables	<u>150,215,571</u>	<u>(10,100,434)</u>	<u>(4,757,140)</u>	<u>135,357,997</u>

Other Receivables and Related Parties

The Group considers a receivable is credit impaired when the receivable is in significant financial difficulty, for instances, the receivable is in breach of financial covenants or insolvent. Receivables that are credit impaired are assessed individually while other receivables are assessed on a collective basis.

Notes to the Financial Statements

30 June 2021 (Cont'd)

43. FINANCIAL INSTRUMENTS (CONT'D)

43.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

The information about the exposure to credit risk and the loss allowances calculated for other receivables and related parties is summarised below:-

The Group	Gross Amount RM	Lifetime Loss Allowances RM	Carrying Amount RM
2021			
Low credit risk	4,292,114	-	4,292,114
Credit impaired	17,046,274	(17,046,274)	-
	<u>21,338,388</u>	<u>(17,046,274)</u>	<u>4,292,114</u>
2020			
Low credit risk	6,597,004	-	6,597,004
Credit impaired	24,817,541	(20,897,345)	3,920,196
	<u>31,414,545</u>	<u>(20,897,345)</u>	<u>10,517,200</u>

Fixed and Treasury Deposits with Licensed Banks, Cash and Bank Balances

The Group considers these banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by Government agencies. Therefore, the Group is of the view that the loss allowance is immaterial and hence, it is not provided for.

Financial Guarantee Contracts

All of the financial guarantee contracts are considered to be performing, have low risks of default and historically there were no instances where these financial guarantee contracts were called upon by the parties of which the financial guarantee contracts were issued to. Accordingly, no loss allowances were identified based on 12-month expected credit losses.

Notes to the Financial Statements

30 June 2021 (Cont'd)

43. FINANCIAL INSTRUMENTS (CONT'D)

43.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

Maturity Analysis

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	On Demand or within 1 Year RM	2-5 Years RM	Over 5 Years RM
The Group					
2021					
<u>Non-derivative</u>					
<u>Financial liabilities:</u>					
Trade and other payables	140,634,196	140,634,196	140,634,196	-	-
Lease liabilities	8,175,914	9,612,022	5,336,750	4,275,272	-
Loans and borrowings	240,683,270	253,435,235	191,108,331	51,786,676	10,540,228
	<u>389,493,380</u>	<u>403,681,453</u>	<u>337,079,277</u>	<u>56,061,948</u>	<u>10,540,228</u>
<u>Derivative</u>					
<u>Financial liabilities:</u>					
Forward currency contract	101,925	101,925	101,925	-	-
	<u>101,925</u>	<u>101,925</u>	<u>101,925</u>	<u>-</u>	<u>-</u>
2020					
<u>Non-derivative</u>					
<u>Financial liabilities:</u>					
Trade and other payables	132,170,500	132,170,500	132,170,500	-	-
Loans and borrowings and lease liabilities	308,620,105	325,891,792	243,646,034	65,522,417	16,723,341
	<u>440,790,605</u>	<u>458,062,292</u>	<u>375,816,534</u>	<u>65,522,417</u>	<u>16,723,341</u>

Notes to the Financial Statements

30 June 2021 (Cont'd)

43. FINANCIAL INSTRUMENTS (CONT'D)

43.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	On Demand or within 1 Year RM	2-5 Years RM
The Company				
2021				
<u>Non-derivative</u>				
<u>Financial liabilities:</u>				
Other payables	1,043,305	1,043,305	1,043,305	-
Loans and borrowings	12,654,149	14,733,226	5,922,376	8,810,850
Financial guarantee contracts in relation to corporate guarantee given to certain subsidiaries	189,294,270	189,294,270	189,294,270	-
	<u>202,991,724</u>	<u>205,070,801</u>	<u>196,259,951</u>	<u>8,810,850</u>
2020				
<u>Non-derivative</u>				
<u>Financial liabilities:</u>				
Other payables	1,230,145	1,230,145	1,230,145	-
Lease liabilities	80,583	80,583	80,583	-
Loans and borrowings	15,204,153	17,022,572	7,152,183	9,870,389
Financial guarantee contracts in relation to corporate guarantee given to certain subsidiaries	228,957,080	228,957,080	228,957,080	-
	<u>245,471,961</u>	<u>247,290,380</u>	<u>237,419,991</u>	<u>9,870,389</u>

Notes to the Financial Statements

30 June 2021 (Cont'd)

43. FINANCIAL INSTRUMENTS (CONT'D)

43.2 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support its businesses and maximise shareholder(s) value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

Management monitors capital based on the Group's and the Company's gearing ratio. The Group's and the Company's strategies are to maintain gearing ratio of not exceeding 100%.

The gearing ratio is calculated as net debt divided by equity capital plus net debt. Net debt is calculated as total borrowings, trade and other payables less cash and bank balances. Capital is equivalent to capital and reserves attributable to owners of the Company.

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Lease liabilities	8,175,914	10,856,643	-	80,583
Loans and borrowings	240,683,270	297,763,462	12,654,149	15,204,153
Trade and other payables	140,634,196	132,170,500	1,043,305	1,230,145
Less: Fixed and treasury deposits with licensed banks	(108,500,000)	(80,400,000)	(40,500,000)	(41,200,000)
Less: Cash and bank balances	(46,940,576)	(41,097,783)	(1,933,613)	(864,143)
Net debt/(Cash)	<u>234,052,804</u>	<u>319,292,822</u>	<u>(28,736,159)</u>	<u>(25,549,262)</u>
Equity attributable to the owners of the Company	<u>928,189,799</u>	<u>911,268,518</u>	<u>1,201,008,463</u>	<u>1,201,264,104</u>
Capital and net debt	<u>1,162,242,603</u>	<u>1,230,561,340</u>	<u>1,172,272,304</u>	<u>1,175,714,842</u>
Gearing ratio	<u>20.14%</u>	<u>25.95%</u>	<u>N/A</u>	<u>N/A</u>

Notes to the Financial Statements

30 June 2021 (Cont'd)

43. FINANCIAL INSTRUMENTS (CONT'D)

43.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	2021 RM	2020 RM
The Group		
Financial Assets		
<u>Fair Value Through Profit or Loss</u>		
Investment securities	68,400	93,600
Derivative assets	-	130,200
	<u>68,400</u>	<u>223,800</u>
<u>Amortised Cost</u>		
Trade receivables (Note 14)	151,285,084	135,357,997
Other receivables (Note 15)	7,927,431	12,354,789
Fixed and treasury deposits with licensed banks	108,500,000	80,400,000
Cash and bank balances	46,940,576	41,097,783
	<u>314,653,091</u>	<u>269,210,569</u>
Financial Liabilities		
<u>Fair Value Through Profit or Loss</u>		
Derivative liabilities	101,925	-
<u>Amortised Cost</u>		
Trade payables (Note 28)	118,922,713	108,045,472
Other payables and accruals (Note 29)	21,711,483	24,125,028
Lease liabilities (Note 22)	8,175,914	10,856,643
Bank borrowings (Note 23)	240,683,270	297,763,462
	<u>389,493,380</u>	<u>440,790,605</u>

Notes to the Financial Statements

30 June 2021 (Cont'd)

43. FINANCIAL INSTRUMENTS (CONT'D)

43.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS (CONT'D)

	2021 RM	2020 RM
The Company		
Financial Assets		
<u>Amortised Cost</u>		
Trade receivables (Note 14)	558,179	360
Other receivables (Note 15)	1,163,612	722,336
Amount owing by subsidiaries (Note 9)	56,018,423	101,053,675
Fixed and treasury deposits with licensed banks	40,500,000	41,200,000
Cash and bank balances	1,933,613	864,143
	<u>100,173,827</u>	<u>143,840,514</u>
Financial Liabilities		
<u>Amortised Cost</u>		
Other payables and accruals (Note 29)	1,043,305	1,230,145
Lease liabilities (Note 22)	-	80,583
Bank borrowings (Note 23)	12,654,149	15,204,153
	<u>13,697,454</u>	<u>16,514,881</u>

43.4 FAIR VALUE INFORMATION

The fair values of the financial assets and financial liabilities of the Company which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

The quantitative disclosures fair value measurement hierarchy for assets and liabilities are disclosed in Notes 10, 17 and 24 to the financial statements respectively.

Notes to the Financial Statements

30 June 2021 (Cont'd)

44. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

On 11 March 2020, the World Health Organisation declared the COVID-19 outbreak as global pandemic. Following the declaration, the Government of Malaysia has on 18 March 2020 imposed the Movement Control Order ("MCO") and subsequently entered into various phases of the MCO to curb the spread of the COVID-19 pandemic in Malaysia.

The management has assessed the impact on the Group and of the opinion that there were no material financial impacts arising from the pandemic. Nevertheless, the Group has taken and will continue to take necessary steps to safeguard and preserve their financial condition, emphasising on liquidity management to meet their continuing financial commitments and liquidity needs.

Given the dynamic nature of the COVID-19 pandemic, it is not practicable to provide a reasonable estimate of its impacts on the Group's financial position, operating results and cash flows at the date on which these financial statements are authorised for issue.

45. COMPARATIVE FIGURES

The comparative figures have been audited by a firm of Chartered Accountants other than Crowe Malaysia PLT.

46. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 30 June 2021 were authorised for issue in accordance with a resolution of the Directors on 29 October 2021.

Analysis of Shareholdings

As at 20 October 2021

Analysis by Size Shareholdings

As at 20 October 2021

Size of Shareholdings	No. of Holders	%	No. of Securities	%
Less than 100	7	0.16	292	0.00
100 - 1,000	354	8.03	235,800	0.02
1,001 - 10,000	2,085	47.27	13,442,908	1.15
10,001 - 100,000	1,686	38.22	59,413,000	5.09
100,001 - 59,999,999 (*)	278	6.30	434,468,904	37.20
60,000,000 and above (**)	1	0.02	660,412,796	56.54
Total	4,411	100.00	1,167,973,700	100.00

All information of shareholdings disclosed excludes 32,026,300 treasury shares held by the Company

Total Holders	4,411
Total Paid Up	1,167,973,700

Notes:

* - Less than 5% of issued holdings

** - 5% and above of issued holdings

Directors' Shareholdings

As at 20 October 2021

No	Name of Director	No. of Shares held through Nominees	No. of Shares held through own name	Total Shareholdings	%
1	TAN SRI DATUK LING CHIONG HO	-	34,802,669	34,802,669	2.98
2	LING CHIONG SING	-	34,802,669	34,802,669	2.98
3	LING CHIONG PIN	-	34,802,668	34,802,668	2.98
4	LAWRENCE LAI YEW SON	-	330,000	330,000	0.03
5	KOH EK CHONG 119,000 shares held through Kenanga Nominees (Tempatan) Sdn Bhd	119,000	-	119,000	0.01
6	LING SIU CHUO	-	36,000,009	36,000,009	3.08
7	VINCENT LING LU YEW	-	100,000	100,000	0.01
Total		119,000	140,838,015	140,957,015	12.07

1. Total Paid-Up Capital as at 20 October 2021 1,167,973,700

2. All information of shareholdings disclosed excludes 32,026,300 treasury shares held by the Company

Information on Substantial Shareholders

As at 20 October 2021

No.	Names	NRIC / Registration No.	Total Shareholdings	%
1	SHIN YANG HOLDING SENDIRIAN BERHAD	184468H	660,412,796	56.54
Total			660,412,796	56.54

1. Total Paid-Up Capital as at 20 October 2021 1,167,973,700

2. All information of shareholdings disclosed excludes 32,026,300 treasury shares held by the Company

Analysis of Shareholdings

as at 20 October 2021 (Cont'd)

List of Thirty (30) Largest Shareholders As at 20 October 2021

Names	Shareholding	%
1 SHIN YANG HOLDING SENDIRIAN BERHAD	660,412,796	56.54
2 CIMB GROUP NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR DBS BANK LTD (SFS-PB)	46,284,000	3.96
3 LING SIU CHUO	36,000,009	3.08
4 LING CHIONG HO	34,802,669	2.98
5 LING CHIONG SING	34,802,669	2.98
6 LING CHIONG PIN	34,802,668	2.98
7 AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR BUMIMAS WANGI SDN. BHD.	33,591,500	2.88
8 LING SIEW TING	24,000,006	2.05
9 AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CAHAYA SURIAMAJU SDN. BHD.	18,665,600	1.60
10 AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR S.K. UNIMAS SDN. BHD.	18,603,700	1.59
11 AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MAJU BUMIRAYA SDN. BHD.	16,841,100	1.44
12 KONG EIK MING	12,461,800	1.07
13 CAHAYA SURIAMAJU SDN. BHD.	7,500,000	0.64
14 ADINAMAJU SDN BHD	6,290,400	0.54
15 WONG TIING SONG	4,496,800	0.39
16 LING CHIONG SIENG	3,765,168	0.32
17 SHINLINE CORPORATION SDN. BHD.	3,290,515	0.28
18 UOBM NOMINEES (ASING) SDN BHD UNITED OVERSEAS BANK NOMINEES (PTE) LTD FOR PERRA GROUP LIMITED	2,800,000	0.24
19 LING CHING HUONG	2,780,000	0.24
20 CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR WONG TIING SONG (PB)	2,771,000	0.24
21 CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEH SHIOU CHERNG (J D B TUNGGAL BR-CL)	2,500,000	0.21
22 PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAY SOON HWA (E-TSA)	2,000,000	0.17
23 LIM PENG HOCK	1,827,000	0.16
24 TIE TEK TIONG @ TIE TECK TIONG	1,727,000	0.15
25 AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LAU NGUOK SING	1,711,700	0.15
26 PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHONG YIN CHIANG (E-PLT)	1,660,000	0.14
27 JULIAN JAMES ARMSTRONG	1,601,000	0.14
28 CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEH SWEE HENG (MM1118)	1,443,100	0.12
29 UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	1,326,000	0.11
30 HLIB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GARY TAN YOW HOO	1,306,000	0.11
Total	1,022,064,200	87.51

*Paid-up Capital as at 20 October 2021

1,167,973,700

Properties of the Group

A summary of the land and buildings owned by our Group is as follows:-

No.	Name of Registered Owner and Postal Address/Title Identification	Description and existing Use	Date of Expiry of Lease / Tenure / Approximate Age of Building/	Date of Valuation	Approximate land area	Adjusted NBV as at 30 June 2021 (RM'000)
1.	Piasau Slipways Sdn Bhd Lot 1528 -1530, Block 12, Buan Land District, Tanjung Manis, Sarawak	Vacant sand filled industrial land.	Leasehold of 60 years expiring 02.06.2081 / Aged 14 years	5 th October 2009	25.229 Ha	7,237
2.	Shin Yang Shipyard Sdn Bhd Lot 1531 -1536, and Plot 100 (1) under Lot 659, Block 12, Buan Land District, Tanjung Manis, Sarawak	Vacant sand filled industrial land.	Leasehold of 60 years expiring 02.06.2081 / Aged 5- 14 years	5 th October 2009	61.9774 Ha	28,156
3.	Piasau Slipways Sdn Bhd Lot No. 1098, Block 37, Kemena Land District, Sarawak	Industrial land erected with the warehouses, winch & slipways used as shipping fabrication yard and dockyard.	Leasehold of 60 years expiring 15.08.2070 / Aged 11-14 years	16 th November 2009	7.006 Ha	10,166
4.	Shin Yang Shipyard Sdn Bhd Lot 263, Block 1, Kuala Baram Land District, Miri, Sarawak <i>(formerly known as Lot 211, Block 1, Kuala Baram Land District, Miri, Sarawak)</i>	Industrial land erected with the workshops cum office buildings, winch house, warehouse & slipways, buildings used as shipping fabrication yard & dockyard.	Leasehold of 60 years expiring 14.07.2055 / Aged 8-21 years	2 nd November 2009	13.02 Ha	9,465
5.	Piasau Slipways Sdn Bhd Lot 208, Block 1 and Lot 523, Kuala Baram Land District, Miri, Sarawak	Two contiguous parcels of industrial lands erected with the double storey office cum stores, workshops, winch house, 4-rail slipways, shipyard buildings used as shipping fabrication yard, dockyard and office.	Lot 208 - leasehold of 60 years expiring 17.09.2055 / Aged 8-13 years Lot 523 - leasehold of 60 years expiring 07.01.2048 / Aged 14-18 years	11 th May 2019	Lot 208 2.273 Ha Lot 523 5.119 Ha	7,461
6.	Shin Yang Shipyard Sdn Bhd Plot 1 to Plot 13 all under Lot 70, Block 3, Kuala Baram Land District, Miri, Sarawak	A collective parcel of thirteen industrial land erected with the double storey offices, 4 shipyard buildings, workshops, & launching ways buildings used as shipping fabrication yard, dockyard and office.	Parent lot title under leasehold for 99 years expiring on 20.02.2102 (1) / Aged 8-14 years	21 st August 2009	78.217 Ha	42,542
7.	Shin Yang Shipyard Sdn Bhd Sublot 153 under Lot 70, Block 3, Kuala Baram Land District, Miri, Sarawak	Industrial land erected with the office building.	Parent lot title under leasehold for 99 years expiring on 20.02.2102 (1) / Aged 7-13 years	15 th September 2009 11 th May 2019 (Building only)	1.81 Ha	14,648
8.	Shin Yang Shipping Corporation Berhad Lot No.25, Kota Kinabalu Industrial Park, Off Jalan Sepangar Bay, Kota Kinabalu , Sabah	Industrial land erected with the office building & factory, warehouse and container yards.	Leasehold of 99 years expiring 31.12.2098 / Aged 5-8 years	N/A	1.648 Ha	8,635
9.	Shin Yang Shipping Corporation Berhad KM10.9, Jalan Batu Sapi-Lintas Sibuga Sandakan , Sabah	Residential Zoned land erected with the front office with open sided store.	Leasehold of 999 years expiring on 12.01.2901 / Aged 8 years	N/A	3.972 Ha	2,164
10.	Shin Yang Shipping Corporation Berhad Lot 31, Lebuhr Sultan Mohamed 1, Kawasan Perusahaan Bandar Sultan Suleiman, 42000 Port Klang, Selangor Darul Ehsan.	Industrial land erected with 2-storey office building & factory, warehouses and container yards.	Leasehold of 99 years expiring on 30.06.2105 / Aged 2-5 years	N/A	2.947 Ha	22,049
11.	Melinau Transport Sdn Bhd Lot 3354, Block 20, Kemena Land District, Sarawak.	Vacant sand filled industrial land	Leasehold of 60 years expiring on 09.01.2079 / Aged 1-7 years	N/A	25.69Ha	22,273
12.	Melinau Transport Sdn Bhd Lot 576, Block 1, Kuala Baram Land District, Miri, Sarawak.	Industrial land erected with workshop	Leasehold of 99 years expiring on 20.02.2102 / Aged 4-11 years	N/A	5.506Ha	693

Notes:- (1) Titles awaiting for subdivision and amalgamation.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 16th Annual General Meeting of the Company will be held at Conference Room, Level 5, Imperial Hotel, Jalan Pos, 98000 Miri, Sarawak, Malaysia on Wednesday, 8th December 2021 at 11:00 a.m. for the following purposes:-

AGENDA

Ordinary Business:

1. To table the Audited Financial Statements for the financial year ended 30 June 2021 together with the Reports of the Directors and Auditors thereon. **(Please refer to Note A)**
2. To approve the Directors' fees for the financial year ended 30 June 2021. **(Resolution 1)**
3. To re-elect the following Directors who are retiring in accordance with clause 90 of the Company's Constitution, and being eligible, have offered themselves for re-election:-
 - i) Tan Sri Datuk Ling Chiong Ho **(Resolution 2)**
 - ii) Mr. Vincent Ling Lu Yew **(Resolution 3)**
 - iii) Encik Arshad Bin Zainuddin **(Resolution 4)**
4. To re-appoint Messrs Crowe Malaysia PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 5)**

Special Business:

To consider and, if thought fit, to pass the following Ordinary Resolutions with or without modifications:-

As Ordinary Resolution

5. **Proposed Retention of Independent Directors**
 - (i) **"THAT** authority be and is hereby given to Mr. Koh Ek Chong who has served as an Independent Non- Executive Director of the Company for a cumulative term of more than twelve (12) years, to continue to serve as an Independent Non- Executive Director of the Company until the conclusion of the next Annual General Meeting" **(Resolution 6)**
 - (ii) **"THAT** authority be and is hereby given to Datuk Lawrence Lai Yew Son who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years, to continue to serve as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting" **(Resolution 7)**
6. **Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed RRPT Mandate")** **(Resolution 8)**

"THAT subject always to the Companies Act 2016 ("Act"), the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**"), other applicable laws, guidelines, rules and regulations, and the approval of the relevant governmental/regulator authorities (where applicable), approval be and is hereby given to the Company and/or its subsidiary companies ("**Group**") to enter into recurrent related party transactions of a revenue or trading nature with those related parties as stated in Section 2.2 of the Circular to Shareholders dated 29th October 2021 ("**Circular**"), which are necessary for the day-to-day operations of the Group ("**RRPT**") subject further to the following:

 - a. That the RRPT are in the ordinary course of business and are made on an arm's length basis and on normal commercial terms which are not more favourable to the related parties than those available to the public and not to the detriment of the minority shareholders;

Notice of Annual General Meeting

(Cont'd)

- b. That disclosure will be made in the annual report of the Company of the breakdown of the aggregate value of transactions conducted pursuant to the Proposed RRPT Mandate during the financial year based on information such as the types of the RRPT made and names of the related parties involved in each type of the RRPT made and their relationship with the Company; and
- c. That such approval shall continue to be in force until: -
 - o the conclusion of the next Annual General Meeting (“**AGM**”) of the Company, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
 - o the expiration of the period within which the next AGM of the Company after the date it is required to be held pursuant to Section 340 (2) of the Act but shall not extend to such extension as may be allowed pursuant to Section 340 (4) of the Act; or
 - o revoked or varied by resolution passed by the shareholders in a general meeting, whichever is the earlier;

AND THAT the Directors of the Company be hereby authorised to complete and do all such acts and things as they may consider expedient or necessary to give effect to the Proposed RRPT Mandate.

AND THAT the estimated value given on the RRPT as outlined in Section 2.2 of the Circular being provisional in nature, the Directors of the Company be hereby authorised to agree to the actual amount or amounts thereof provided always that such amount or amounts comply with the review methods or procedures outlined in Section 2.5 of the Circular.”

7. Proposed Renewal of Authority On Shares Buy Back.

(Resolution 9)

“**THAT** subject to the Company’s compliance with all the applicable rules, regulations, orders and guidelines made pursuant to the Companies Act, 2016 (“**the Act**”), the Company’s Constitution and Bursa Malaysia Securities Berhad’s (“**Bursa Securities**”) Main Market Listing Requirements (“**Listing Requirements**”), the Directors of the Company be and are hereby authorized to purchase shares at any time such amount of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors in their absolute discretion deem and expedient in the interest of the Company provided that:

- a. the aggregate number of ordinary shares which may be purchased and retained by the Company at any point of time pursuant to this resolution shall not exceed 4.58% of the total issued and paid up share capital of the Company;
- b. the amount of funds to be allocated by the Company pursuant to this resolution not exceed the retained earnings and/or share premium of the Company as at 30 June 2021; and
- c. the shares so purchased by the Company pursuant to this resolution may at the discretion of the Directors be: -
 - o retained as treasury shares; and/or cancelled; and/or
 - o resold on the market of Bursa Securities in accordance to the Listing Requirements; and/or
 - o distributed as dividends to the shareholders; and/or
 - o dealt in any other manners prescribed by the applicable rules, regulations and orders made pursuant to the Act, the Listing Requirements and any other relevant authority for the time being in force;

AND THAT such authority conferred by the shareholders of the Company upon passing of the resolution will continue to be in force until the conclusion of the next Annual General Meeting of the Company, unless by a resolution passed at that meeting, the authority is renewed; or the expiration of the period within which the next Annual General Meeting is required to be held pursuant to Section 340(2) of the Act but must not extended to such extensions as may be allowed pursuant to Section 340(4) of the Act; or until the authority is revoked or varied by a resolution passed by the shareholders in a general meeting, whichever occurs first;

Notice of Annual General Meeting

(Cont'd)

AND THAT the Directors of the Company be hereby authorised to complete and do all such acts and things as they may consider expedient or necessary to give effect to the resolution.

8. To transact any other business for which due notice shall have been given in accordance with the Company's Constitution and the Companies Act 2016.

By Order of the Board of Directors

RICHARD LING PENG LIING
SSM Practising Certificate No. 201908000676
Company Secretary
Miri, Sarawak

29th October 2021

Explanatory Notes on Ordinary Business

- (A) This Agenda is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act, 2016 does not require a formal approval of Shareholders of the Company and hence, is not put forward for voting.

Explanatory Notes on Special Business

- (1) Resolutions 6 and 7 – The Board, through the Joint Remuneration and Nomination Committee, has assessed the independence of Mr. Koh Ek Chong and Datuk Lawrence Lai Yew Son who have served as an Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years. The Board recommends that Mr. Koh Ek Chong and Datuk Lawrence Lai Yew Son continue to act as Independent Non-Executive Directors of the Company for the following reasons:
 - (a) They fulfill the criteria as Independent Director as defined in the Listing Requirements, and therefore are able to bring independent and objective judgment to the Board;
 - (b) Their immense experience in their respective fields/background enable them to provide the Board with a diverse set of experience, expertise, skills and competence;
 - (c) They understand the Company's business operations, which allow them to participate actively and contribute during deliberations or discussions at the Committee and Board meetings;
 - (d) They devote sufficient time and effort and attends all the Board and Committee meetings, for informed and balanced decision making; and
 - (e) They exercise due care as Independent Director of the Company and carry out their professional and fiduciary duties in the interest of the Company and shareholders

The proposed retention of Mr. Koh Ek Chong and Datuk Lawrence Lai Yew Son as an Independent Non-Executive Directors of the Company will be voted through a two-tier voting process.

- (2) The proposed Ordinary Resolution 8, if passed, will authorize the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature. This authority, unless revoked or varied by the Company at the general meeting, will expire at the conclusion of the next AGM of the Company.
Please refer to the Circular to Shareholders dated 29 October 2021 for further information.
- (3) The proposed Ordinary Resolution 9, if passed, will empower the Company to purchase the Company's shares up to 4.58% of the issued and paid up share capital of the Company.
Please refer to the Statement on Shares Buy-Back dated 29 October 2021 for further information.

Notice of Annual General Meeting

(Cont'd)

Notes:-

- (1) Pursuant to Section 334 of the Companies Act 2016, a member shall be entitled to appoint another person as his proxy to exercise all or any of his rights to attend, participate, speak and vote in his stead.
- (2) A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at a General Meeting of the Company shall have the same rights as the member to speak at the General Meeting.
- (3) Where a Member of the Company is an authorised nominee as defined under the Central Depositories Act, 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- (4) Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
- (5) If the appointor is a corporation, this form must be executed under its Common Seal or under the hand of an officer or attorney duly authorised.
- (6) To be valid, this form, duly completed must be deposited at the Registered Office of the Company not less than forty-eight (48) hours before the time for holding the meeting.
The Registered office of the Company is at Sublot 153 (Parent Lot 70), Jalan Kuala Baram, Kuala Baram, 98100 Miri, Sarawak, Malaysia.
- (7) In respect of deposited securities, only members whose names appear on the Record of Depositors on 30 November 2021, shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.

SAFETY MEASURES IN LIGHT OF CONONAVIRUS DISEASE 2019 (COVID-19) OUTBREAK

1. As a precautionary measure, Attendees are NOT ALLOWED to attend the meeting if:-
 - a) They are unwell with sore throat, flu, cough, fever, diarrhea and/or shortness of breath; or
 - b) They have travel history to high-risk countries affected by Covid-19 in the past 14 days; or
 - c) They have been in contact with a person who is confirmed with Covid-19 infection in the past 14 days.

The Company may at its discretion deny entry to any abovementioned persons. It seeks the understanding and cooperation of the Attendees with the Precautionary measures put in place.

As the Covid-19 situation continues to evolve, the Company will closely monitor the situation and reserve the right to take any precautionary measures as may be required or recommended by relevant authorities from time to time. The Company may be required to change its Annual General Meeting arrangements at a short notice. Members are advised to regularly check the Company's Website for any updates.

**SHIN YANG SHIPPING CORPORATION BERHAD**Registration No: 200401027554 (666062-A)
(Incorporated in Malaysia)

No. of ordinary shares held

CDS Account No

I/We _____, _____
FULL NAME NRIC NO/ PASSPORT NO/ COMPANY NO
of _____
FULL ADDRESS

being a member/members of Shin Yang Shipping Corporation Berhad, hereby appoint:

Name of Proxy	NRIC / Passport No.	Proportion of Shareholdings (%)
and/or failing him/her		

or **Chairman of the Meeting as *my/our proxy to vote for* me/us and on* my/our behalf at the Sixteenth (16th) Annual General Meeting of the Company to be held at the Conference Room, Level 5, Imperial Hotel, Jalan Pos, 98000 Miri, Sarawak, Malaysia on Wednesday, 8th December 2021 at 11.00 am and, at any adjournment thereof.

(Please indicate with an "X" in the space provided above on how you wish your proxy to vote. If no instruction is given this form will be taken to authorise the proxy to vote at his/her discretion)

A	To table the Audited Financial Statements for the financial year ended 30 June 2021 together with the Reports of the Directors and Auditors thereon.		
NO.	RESOLUTIONS	FOR	AGAINST
	Ordinary Business		
1	To approve the Directors' fees for the financial year ended 30 June 2021.		
2	To re-election of retiring director: Tan Sri Datuk Ling Chiong Ho pursuant to Clause 90 of the Company's Constitution.		
3	To re-election of retiring director: Mr. Vincent Ling Lu Yew pursuant to Clause 90 of the Company's Constitution.		
4	To re-election of retiring director: Encik Arshad Bin Zainuddin pursuant to Clause 90 of the Company's Constitution.		
5	To re-appoint Crowe Malaysia PLT as the auditor of the Company and to authorise the Directors to determine their remuneration.		
	SPECIAL BUSINESS		
6	Continuation of Mr. Koh Ek Chong as an Independent Non-Executive Director of the Company		
7	Continuation of Datuk Lawrence Lai Yew Son as an Independent Non-Executive Director of the Company		
8	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		
9	Proposed Renewal of Authority on Shares Buy-Back		

* Strike out whichever inapplicable.

** If you do not wish to appoint the Chairman of the Meeting as your proxy/one (1) of your proxies, please strike out the words "the Chairman of the Meeting" and insert the name(s) of the proxy/proxies you wish to appoint in the blank space(s) provided.

Dated this _____ day of _____ 2021

Signature and/or Common Seal of Shareholders**Notes:**

- Pursuant to Section 334 of the Companies Act 2016, a member shall be entitled to appoint another person as his proxy to exercise all or any of his rights to attend, participate, speak and vote in his stead.
- A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at a General Meeting of the Company shall have the same rights as the member to speak at the General Meeting.
- Where a Member of the Company is an Exempt authorised nominee as defined under the Securities Industry [Central Depositories] Act, 1991, which holds ordinary shares in the Company for multiple beneficial owners in one securities account ["omnibus account"], there shall be no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
- If the appointor is a corporation, this form must be executed under its Common Seal or under the hand of an officer or attorney duly authorised.
- To be valid, this form, duly completed must be deposited at the Registered Office of the Company not less than forty-eight (48) hours before the time for holding the meeting.
The Registered office of the Company at Sublot 153 (Parent Lot 70), Jalan Kuala Baram, Kuala Baram, 98100 Miri, Sarawak, Malaysia.
- Pursuant to Paragraph 8.29(a)(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in this Notice shall be put to by poll.
- In respect of deposited securities, only members whose names appear on the Record of Depositors on 30 November 2021, shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.

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SHIN YANG SHIPPING CORPORATION BERHAD

Registration No: 200401027554 (666062-A)

Sublot 153 (Parent Lot 70),
Jalan Kuala Baram, Kuala Baram,
98100 Miri, Sarawak,
Malaysia.

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Step by Step To Excellence



SHIN YANG SHIPPING CORPORATION BERHAD
Registration No: 200401027554 (666062-A)
Sub Lot 153 (Parent Lot 70),
Jalan Kuala Baram,
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Sarawak, Malaysia