

THIS CIRCULAR/STATEMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

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Bursa Malaysia has not perused Part B of this Circular/Statement on the Proposed Renewal of Authority for the Company to Purchase Its Own Shares prior to its issuance as it is an exempt document pursuant to the provisions of Practice Note No 18 of the Main Market Listing Requirement of Bursa Malaysia Securities Berhad



SHIN YANG SHIPPING CORPORATION BERHAD

(Company No. 666062-A)
(Incorporated in Malaysia)

PART A

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTION OF A REVENUE OR TRADING NATURE;

PART B

SHARES BUY-BACK STATEMENT IN RELATION TO THE PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES

(COLLECTIVELY KNOWN AS "THE PROPOSALS")

The above proposals will be tabled as Special Business at the 14th Annual General Meeting ("AGM") of Shin Yang Shipping Corporation Berhad ("SYSCORP" or "the Company") to be held at the Conference Room at Level 5 of Imperial Hotel, Jalan Pos, 98000 Miri, Sarawak on Wednesday, 4 December 2019 at 11.00 a.m. Notice of the AGM together with the Form of Proxy are enclosed together with the 2019 Annual Report of the Company.

A Proxy Form is enclosed which, if you are unable to attend the Annual General Meeting, you are urged to complete and return in accordance with the instruction therein as soon as possible so as to arrive at the Registered Office of the Company not later than 48 hours before the time set for holding the Meeting. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the Meeting if you are subsequently able to do so.

The last day and time for lodging the Form of Proxy is on **Monday, 2 December 2019 at 11.00 a.m.**

This Circular/Statement is dated 31 October 2019

DEFINITIONS

For the purpose of this Circular/Statement, except where the context otherwise requires, the following definitions shall apply throughout this Circular/Statement.

| | | |
|---------------------------------|---|--|
| “Act” | : | Companies Act 2016, as amended from time to time and any re-enactment thereof |
| “AED” | : | UAE Dirham |
| “AGM” | : | Annual General Meeting |
| “Aya Shin Yang FZC” | : | AYA Shin Yang FZC (RAKFTZA-FZC-4000199), a corporation incorporated in UAE |
| “Board” or “Board of Directors” | : | The Board of Directors of SYSCORP |
| “Bursa Malaysia” | : | Bursa Malaysia Securities Berhad (635998-W) |
| “CMSA” | : | Capital Markets and Services Act 2007, as amended from time to time |
| “Code” | : | Malaysian Code on Take-Overs and Mergers 2010, and any amendments made thereto from time to time |
| “Danum Shipping” | : | Danum Shipping Sdn Bhd (67043-X) |
| “Director(s)” | : | Has the meaning given in Section 2(1) of the CMSA and includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, (i) a director of the Company, its subsidiary or holding company; (ii) a chief executive of the Company, its subsidiary or holding company |
| “Dynasys Technology” | : | Dynasys Technology & Engineering Sdn Bhd (1252462-K) |
| “EPS” | : | Earnings per share |
| “Gemilang Raya Maritime” | : | Gemilang Raya Maritime Sdn. Bhd. (1198495-X) |
| “Hock Leong Shipping” | : | Hock Leong Shipping Sdn Bhd (60505-P) |
| “Ling Brothers” | : | Tan Sri Datuk Ling Chiong Ho, Ling Chiong Sing and Ling Chiong Pin collectively |
| “Ling Family Group” | : | Companies connected to the Ling Brothers and Ling Siu Chuo |
| “Listing Requirements” | : | The Main Market Listing Requirements of Bursa Malaysia, including any amendment thereto that may be made from time to time |
| “LPD” | : | 18 October 2019, being the latest practicable date prior to the printing of this Circular |
| “Major Shareholder(s)” | : | <p>A person who has an interest or interests in one (1) or more voting Shares in the Company and the nominal amount of that Share, or the aggregate of the nominal amounts of those Shares, is:-</p> <p>(a) 10% or more of the aggregate of the nominal amounts of all the voting Shares in the Company; or</p> <p>(b) 5% or more of the aggregate of the nominal amounts of all the voting Shares in the Company where such person is the largest shareholder of the Company</p> <p>and includes any person who is or was within the preceding six (6) months of the date on which the terms of the transactions were agreed upon, a Major Shareholder of the Company or any other corporation which is its subsidiary or holding company</p> <p>For the purpose of this definition, "interest in shares" shall have the meaning given in Section 6A of the Act</p> |
| “Melinau Shipping” | : | Melinau Shipping Sdn Bhd (335957-X) |

| | |
|--|---|
| “m ² ” | : Square metres |
| “NA” | : Net assets |
| “NTA” | : Net tangible asset |
| “Person Connected” | : This shall have the same meaning as in Paragraph 1.01 of the Listing Requirements |
| “Piasau Slipways” | : Piasau Slipways Sdn Bhd (36445-A) |
| “Proposals” | : Proposed Renewal of Shareholders’ Mandate and Proposed Renewal of Share Buy-Back |
| “Proposed Renewal of Shares Buy-Back” | : Proposed renewal of authority to enable the Company to purchase up to 3.33% of the Company’s issued and paid-up ordinary share units |
| “Proposed Renewal of Shareholders’ Mandate” | : Proposed renewal of shareholder mandate for RRPT to be entered into from the date of the forthcoming 14 th AGM until the date of the 15 th AGM |
| “PT. Shinline” | : PT. Shinline (AHU-0070989.AH.01.09), a corporation incorporated in Indonesia |
| “Purchased Shares” | : SYSCORP Shares to be purchased pursuant to the Proposed Renewal of Share Buy-Back |
| “RAK” | : Ras Al Khaimah, UAE |
| “Recurrent Related Party Transactions” or “RRPT” | : Related party transactions involving recurrent transactions of a revenue or trading nature, which are necessary, in the normal course of business for the Group’s day to day operations |
| “Related Party (ies)” | : Means a Director, Major Shareholder or person connected with such Director or Major Shareholder |
| “RM and sen” | : Ringgit Malaysia and sen respectively. |
| “Shinline” | : Shinline Sdn Bhd (312405-X) |
| “Shin Yang FZC” | : Shin Yang FZC (RAKFTZA-FZC-5001982), a corporation incorporated in UAE |
| “Shin Yang Holding” | : Shin Yang Holding Sdn Bhd (184468-H), the holding company of SYSCORP |
| “Shin Yang Holding Group” | : Shin Yang Holding, its subsidiaries and associate companies |
| “Shin Yang Shipbuilding & Engineering RMC FZC” | : Shin Yang Shipbuilding & Engineering RMC FZC (RMC-0610001), a corporation incorporated in UAE |
| “Shin Yang Shipping” | : Shin Yang Shipping Sdn Bhd (195874-H) |
| “SYSCORP” or “Company” | : Shin Yang Shipping Corporation Berhad (666062-A) |
| “SYSCORP Group” or “Group” | : Shin Yang Shipping Corporation Berhad and its subsidiaries |
| “Shin Yang Shipyard” | : Shin Yang Shipyard Sdn Bhd (55215-W) |
| “Sinar Asiamas” | : Sinar Asiamas Sdn Bhd (1194401-X) |
| “Thailine” | : Thailine Sdn Bhd (113191-T) |
| “UAE” | : United Arab Emirates |
| “WAP” | : Weighted Average Price |

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SHIN YANG SHIPPING CORPORATION BERHAD

(Company No. 666062-A)
(Incorporated in Malaysia)

Registered Office:

Sublot 153 (Parent Lot 70)
Jalan Kuala Baram
Kuala Baram
98100 Miri, Sarawak

31 October 2019

The Board of Directors

| | |
|------------------------------|--|
| Tan Sri Datuk Ling Chiong Ho | (Non-Independent Non-Executive Chairman) |
| Mr Ling Chiong Sing | (Group Managing Director) |
| Mr Ling Chiong Pin | (Executive Director) |
| Datuk Lawrence Lai Yew Son | (Independent Non-Executive Director) |
| Mr Koh Ek Chong | (Independent Non-Executive Director) |
| Mdm Ling Siu Chuo | (Non-Independent Non-Executive Director) |
| Mr. Vincent Ling Lu Yew | (Executive Director) |
| En. Arshad Bin Zainuddin | (Independent Non-Executive Director) |

To: The Shareholders of Shin Yang Shipping Corporation Berhad

Dear Sir/Madam

PART A: PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

PART B: PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES

1. INTRODUCTION

At the 13th AGM held on 5 December 2018, the Company had obtained a shareholders' mandate for the Company and its subsidiaries to enter into any of the category of Recurrent Related Party Transactions ("RRPT") as set out in the circular to shareholders dated 31 October 2018 with the Related Parties. The shareholders' mandate for Recurrent Related Party Transactions shall, in accordance with the Listing Requirements, expire at the conclusion of the forthcoming 14th AGM of the Company which will be held on 4 December 2019, unless it is renewed.

The Board of Directors of SYSCORP had on 10th October 2019 announced its intention to seek shareholders' approval on the following Proposals at the forthcoming 14th AGM of the Company:

- a) Proposed Renewal of Shareholders' Mandate and
- b) Proposed Renewal of Shares Buy-Back
(Collectively known as "the Proposals")

The purpose of this Circular/Statement is to provide you with information pertaining to the above and to seek your approval for the resolution pertaining to the Proposals to be tabled under agenda of Special Business at the forthcoming 14th AGM of the Company.

SHAREHOLDERS OF SYSCORP ARE ADVISED TO READ THE CONTENTS OF THIS CIRCULAR/STATEMENT AND APPENDIX A CAREFULLY BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSALS.

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PART A

**PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY
TRANSACTION OF A REVENUE OR TRADING NATURE**

2. DETAILS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE

The principal activities of the Group are provision of domestic and international shipping services, shipbuilding and provision of ship repair and fabrication of metal structures. The principal activities of its subsidiaries are set out in Section 2.3 of this Circular.

It is anticipated that the Group and the Related Parties would, in the ordinary course of business, enter into the related party transactions as mentioned in Section 2.2 below. It is likely that such transactions will occur with some degree of frequency and could arise at any time.

Under Part E, Paragraph 10.09 of the Listing Requirements, a listed issuer may seek a shareholders' mandate in respect of RRPT which are necessary for its day-to-day operations subject to the following:-

- (i) the transactions are in the ordinary course of business and are on terms that are not more favourable to the Related Parties than those generally available to the public;
- (ii) the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year where the aggregate value is equal to or more than the threshold prescribed under Paragraph 10.09(1) of the Listing Requirements;
- (iii) the Company's circular to shareholders for the shareholder mandate shall include the information as may be prescribed by Bursa Malaysia. The draft circular must be submitted to Bursa Malaysia together with a checklist showing compliance with such information;
- (iv) in a meeting to obtain shareholders' mandate, the interested director, interested major shareholder or interested person connected with a director or major shareholder; and where it involves the interest of an interested person connected with a director or major shareholder, such director or major shareholder, must not vote on the resolution approving the transactions. An interested director or interested major shareholder must ensure that persons connected with him abstain from voting on the resolution approving the transactions; and
- (v) the Company must immediately announces to Bursa Malaysia when the actual value of a RRPT entered into by the Company, exceeds the estimated value of the RRPT disclosed in the circular by 10% or more and must include the information as may be prescribed by Bursa Malaysia in its announcement.

The Board proposes to seek a renewal of the authorisation from the shareholders to allow the Group, in the normal course of business, to enter into RRPT provided such transactions are made at arms' length, on the Group's normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and are not detrimental to the interest of the minority shareholders.

The ensuing sections of this Circular sets out the relevant information pertaining to the above for the consideration and approval by the shareholders at the forthcoming 14th AGM.

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2.1 Class of Related Party

The Proposed Renewal of Shareholders' Mandate will apply to transactions entered/to be entered into by the Group with companies deemed connected with the following Related Parties:

- (i) **Major Shareholder** : Shin Yang Holding;
- (ii) **Directors and Major Shareholders** : Tan Sri Datuk Ling Chiong Ho (Non-Independent Non-Executive Chairman), Ling Chiong Sing (Group Managing Director) and Ling Chiong Pin (Executive Director)
- (iii) **Director and Person Connected** :

a) Ling Siu Chuo who is the sister of Tan Sri Datuk Ling Chiong Ho, Ling Chiong Sing and Ling Chiong Pin, who are Non Independent Non-Executive Chairman, Group Managing Director and Executive Director of the Company respectively. She is an appointed representative of Shin Yang Holding and a shareholder 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.

b) Vincent Ling Lu Yew who is the son of Ling Chiong Pin who is the Executive Director, nephew of Tan Sri Datuk Ling Chiong Ho who is the Non-Independent Non-Executive Chairman and Ling Chiong Sing who is the Group Managing Director of the Company respectively. He is an appointed representative of Shin Yang Holding and a shareholder 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.

The direct and indirect shareholdings of the above Related Parties in SYSCORP are set out in Section 5 of this Circular.

Saved as disclosed above, none of the other Directors, major shareholders, or persons connected to them have any interests (direct or indirect) in the Proposed Renewal of Shareholders' Mandate.

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2.2 Terms and Nature of RRPT

(a) The RRPT which will be covered in the Proposed Renewal of Shareholders' Mandate are set out as follows:-

| Name of Related Parties | Nature of transaction with the Related Parties | Interested Directors/ Major Shareholders and Person Connected | Business Activities of Related Parties | Manner of relationship in the Related Parties | | Value of Transactions (RM'000) | | | |
|---|--|---|--|---|-----|-------------------------------------|--|---|---------|
| | | | | | | Existing Mandate | | Proposed | |
| | | | | | | Actual# | Estimated | Estimated** | |
| | | | | | | From the previous AGM up to the LPD | Value disclosed in the preceding year's circular dated 31 Oct 2018 | From forthcoming AGM on 4 December 2019 to next AGM | |
| Director | Major Shareholder | | | | | | | | |
| Shin Yang Holding and Companies related to Shin Yang Holding | | | | | | | | | |
| 1. | Shin Yang Holding Group (1) | Provision of shipping services by the Group | Shin Yang Holding is the holding company of the Company. The Ling Brothers are the Directors and substantial shareholders of the Company and Shin Yang Holding. | Hypermarket and departmental store, hotel business, Logging and wood-based products manufacturing, reforestation and oil palm operations, quarry operation, construction and engineering, transportation services and logistics, parts & hardware supplies, agriculture, glue manufacturing, industrial gas manufacturing, sales of marine equipment and electrical engineering | Yes | Yes | 88,172 | 235,000 | 235,000 |
| 2. | Shin Yang Holding Group (2) | Provision of fabrication services by the Group | | Logging and wood-based products manufacturing, quarry operation, construction and engineering, transportation services and logistics, and parts & hardware supplies. | Yes | Yes | 2,142 | 35,000 | 35,000 |

| Name of Related Parties | Nature of transaction with the Related Parties | Interested Directors/ Major Shareholders and Person Connected | Business Activities of Related Parties | Manner of relationship in the Related Parties | | Value of Transactions (RM'000) | | | | |
|---|--|--|--|---|---|---|--------|----------|--------|--------|
| | | | | | | Existing Mandate | | Proposed | | |
| | | | | Actual# | Estimated | Estimated** | | | | |
| | | | | From the previous AGM up to the LPD | Value disclosed in the preceding year's circular dated 31 Oct 2018 | From forthcoming AGM on 4 December 2019 to next AGM | | | | |
| Director | Major Shareholder | | | | | | | | | |
| Shin Yang Holding and Companies related to Shin Yang Holding (Cont') | | | | | | | | | | |
| 3. | Shin Yang Holding Group ⁽³⁾ | Purchase of marine hardware supplies and spare parts by the Group | Shin Yang Holding is the holding company of the Company. | Trading house (centralised procurements to enjoy volume discount, priority in supply and reduce stock holding costs) and transportation and haulage service | Yes | Yes | 11,141 | 60,000 | 60,000 | |
| 4. | Shin Yang Holding Group ⁽⁴⁾ | Rental of properties ⁽¹¹⁾ by the Group | | Investment and properties holding and construction & engineering | Yes | Yes | 283 | 700 | 700 | |
| 5. | Shin Yang Holding Group ⁽⁵⁾ | Purchase of transportation services and hotel accommodation by the Group | | The Ling Brothers are the Directors and substantial shareholders of the Company and Shin Yang Holding | 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 | 9,258 | 20,000 | 20,000 |
| 6 | Shin Yang Holding Group ⁽⁶⁾ | Purchase of industrial gas, diesel and bunker by the Group | | Industrial gas manufacturing and trading house (centralised procurements) | Yes | Yes | 9,948 | 85,000 | 85,000 | |

| Name of Related Parties | Nature of transaction with the Related Parties | Interested Directors/ Major Shareholders and Person Connected | Business Activities of Related Parties | Manner of relationship in the Related Parties | | Value of Transactions (RM'000) | | | |
|--|--|---|---|---|--|---|-------|----------|--------|
| | | | | | | Existing Mandate | | Proposed | |
| | | | | Actual# | Estimated | Estimated** | | | |
| | | | | From the previous AGM up to the LPD | Value disclosed in the preceding year's circular dated 31 Oct 2018 | From forthcoming AGM on 4 December 2019 to next AGM | | | |
| Director | Major Shareholder | | | | | | | | |
| Companies connected to the Directors or Person Connected to the Directors | | | | | | | | | |
| 7. | Ling Family Group ⁽⁷⁾ | Provision of shipping services by the Group | These are companies in which the Ling Brothers, Ling Siu Chuo and Vincent Ling Lu Yew have substantial interests and/or directorships | Equipment and machinery supplies, tyre retreading, oil palm planting, marketing of logs, wet market supply in hypermarket, hydraulic hose supplies and barrage management | Yes | Yes | 2,521 | 28,000 | 28,000 |
| 8. | Ling Family Group ⁽⁸⁾ | Provision of fabrication services by the Group | | Equipment and machinery supplies, scrap metal dealer and barrage management | Yes | Yes | 1,022 | 6,000 | 6,000 |
| 9 | Ling Family Group ⁽⁹⁾ | Purchase of marine hardware supplies and spare parts by the Group | | Ration supplier, Trading house (centralised procurements to enjoy volume discount, priority in supply and reduce stock holding costs) | Yes | Yes | 3,209 | 15,000 | 15,000 |
| 10 | Forward Wood Products Sdn Bhd ⁽¹⁰⁾ | Rental of property by the Group | | Provision of berthing facilities and letting of properties | Yes | Yes | 35 | 42 | 42 |
| 11 | Bumi Uni-Plus Sdn Bhd | Purchase of transportation services and accommodation services by the Group | | Public transportation and provision of hotel accommodation. | Yes | Yes | 9 | 50 | 50 |

Notes:-

- (1) *Comprises Shin Yang Holding, its subsidiaries (namely Boulevard Enterprise (Miri) Sdn Bhd, Boulevard Jaya Sdn Bhd, Dataran Linau Sdn Bhd, Forescom Plywood Sdn Bhd, Hollystone Quarry Sdn Bhd, Kian Hang Plastic Sdn Bhd, Menawan Wood Sdn Bhd, Melinau Container Sdn Bhd, Melinau Machinery Sdn Bhd, Melinau Transport Sdn Bhd, Pekerjaan Piasau Konkerit Sdn Bhd, Piasau Gas Sdn Bhd, Piasau Industries Sdn Bhd, Shin Yang Agriculture Sdn Bhd, Shin Yang Chemical Sdn Bhd, Shin Yang Construction Sdn Bhd, Shin Yang Forestry Sdn Bhd, Shin Yang Oil Palm (Sarawak) Sdn Bhd, Shin Yang Plywood Sdn Bhd, Shin Yang Plywood (Bintulu) Sdn Bhd, Shin Yang Sdn Bhd, Shin Yang Trading Sdn Bhd and Shin Yang Wood System Sdn Bhd) and its associated companies (namely Boulevard Hypermarket & Departmental Store Sdn Bhd, Melinau Shipping Sdn Bhd, Zedtee Sdn Bhd and Zedtee Plywood Sdn Bhd)*
- (2) *Comprises Shin Yang Holding, its subsidiaries (namely Hollystone Quarry Sdn Bhd, Melinau Transport Sdn Bhd, Pekerjaan Piasau Konkerit Sdn Bhd, Shin Yang Plywood Sdn Bhd, Shin Yang Sdn Bhd, Shin Yang Trading Sdn Bhd and Woodville Development Sdn Bhd)*
- (3) *Comprises Shin Yang Holding, its subsidiaries (namely Boulevard Enterprise (Miri) Sdn Bhd, Executive Travel Agencies Sdn Bhd, Forescom Plywood Sdn Bhd, Forward Wood Products Sdn Bhd, Hollystone Quarry Sdn Bhd, Kian Hang Hardware Sdn Bhd, Kian Hang Plastic Sdn Bhd, Melinau Container Services Sdn Bhd, Melinau Electrical Engineering Sdn Bhd, Melinau Machinery Sdn bhd, Melinau Transport Sdn Bhd, Menawan Wood Sdn Bhd, Pekerjaan Piasau Konkerit Sdn Bhd, Piasau Gas Sdn Bhd, Piasau Industries Sdn Bhd, Shin Yang Construction Sdn Bhd, Shin Yang Engineering Sdn Bhd., Shin Yang IT Services Sdn Bhd, Shin Yang Laminated Board Sdn Bhd, Shin Yang Plywood Sdn Bhd, Shin Yang Plywood (Bintulu) Sdn Bhd, Shin Yang Sawmill Sdn Bhd, Shin Yang Sdn Bhd, Shin Yang Trading Sdn Bhd, Triowork Enterprise Sdn Bhd and Woodville Development Sdn Bhd) and its associated companies (namely Boulevard Hypermarket Departmental Store Sdn Bhd, Shin Yang Services Sdn Bhd and Melinau Shipping Sdn Bhd)*
- (4) *Comprises Shin Yang Holding, its subsidiaries (namely Forescom Plywood Sdn Bhd, Shin Yang Engineering Sdn Bhd and Shin Yang Sdn Bhd)*
- (5) *Comprises subsidiaries of Shin Yang Holding (namely Executive Travel Agencies Sdn Bhd, Melinau Container Services Sdn Bhd, Melinau Transport Sdn Bhd and Miri Belait Transport Company Sdn Bhd and its associated companies (namely Melinau Shipping Sdn Bhd)*
- (6) *Comprises subsidiaries of Shin Yang Holding (namely Melinau Machinery Sdn Bhd, Piasau Gas Sdn Bhd and Shin Yang Trading Sdn Bhd and its associated companies (namely Shin Yang Services Sdn Bhd)*
- (7) *Comprises Boulevard Trading Sdn Bhd, Dai Lieng Machinery Sdn Bhd, Dai Lieng Trading Sdn Bhd, Kuching Barrage Management Sdn Bhd, Melinau Tyre Retreading Sdn Bhd, PPK Pilling Sdn Bhd, Piasau Aluminium Works Sdn Bhd, Piasau Construction Sdn Bhd, Piasau Hydraulic Hose Sdn Bhd, Sarawak Oil Palms Berhad, Shin Yang R&D Sdn Bhd, SOP Edible Oils Sdn Bhd, SOP Green Energy Sdn Bhd and Sultech Engineering Sdn. Bhd.*
- (8) *Comprises Boulevard Trading Sdn Bhd, Kuching Barrage Management Sdn Bhd and Melinau Metal Sdn Bhd.*
- (9) *Comprises Boulevard Motor Sdn Bhd, Boulevard Trading Sdn Bhd, Dai Lieng Machinery Sdn Bhd, Dai Lieng Trading Sdn Bhd, Forward Wood Products Sdn Bhd, Hikmal Chemical Products Sdn Bhd, Kesuma Transport Sdn Bhd, Kuching Barrage Management Sdn Bhd, Linau Mewah Sdn Bhd, Melinau Metal Sdn Bhd, Melinau Tyre Retreading Sdn Bhd, Piasau Aluminium Works Sdn Bhd, Piasau Fuel Pump Sdn Bhd, Piasau Hydraulic Hose Sdn Bhd and PPK Pilling Sdn Bhd.*
- (10) *In respect of rental of RM3,500 per month paid to Forward Wood Products Sdn Bhd for rental of a 2-storey detached building at Lot 133, Section 64, Lorong Simen Raya 2, Jalan Simen Raya, Kuching, Sarawak with size of 44.6m² of office and 6m² of utility room*
- (11) *In respect of the rental of the following properties:-*

- *RM12,000 per month paid to Shin Yang Engineering Sdn Bhd for rental of 2 blocks double storey foreman quarter at Lot 1998, Block 1-2, Kuala Baram Land District, Sarawak with size of 264points x 12m/point for staff accommodation.*
- *RM14,000 per month paid to Forescom Sdn Bhd for rental of 1 unit of double storey quarter & 1 unit of three storey quarter at Lot 1103, Block A & B, Kemena Land District, Bintulu with size of length 173ft, width 45ft and 185ft, width 36ft respectively for staff accommodation.*

Actual value transacted since the last AGM up to LPD. There is no deviation exceeding more than 10% between the estimated existing mandate value and the actual value transacted.

** *For the period from 4 December 2019 (being the date of the forthcoming 14thAGM) to the date of the 15thAGM to be held in year 2019. The estimated values are based on the expected values of the transactions over the course of this period as determined by the Group's management. The estimated value may vary and are subject to changes*

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2.3 Principal Activities of the Group

The principal activities of the Group are as follows:-

| Corporation | Date/ Place of Incorporation | Issued and Paid-up Share Capital | Equity Interest (%) | Principal Activities |
|--|------------------------------|----------------------------------|---------------------|--|
| Danum Shipping | 28 October 2004 / Malaysia | RM1,000,000 | 100.00 | International shipping operations for liquid chemical products |
| Dynasys Technology | 23 October 2017 / Malaysia | RM 20,000 | 100.00 | Engineering service and other information technologies service activities |
| Hock Leong Shipping | 21 July 1980 / Malaysia | RM1,000,000 | 70.00 | Forwarding and shipping agency |
| Piasau Slipways | 17 October 1977 / Malaysia | RM4,000,000 | 100.00 | Shipbuilding and ship repairing, and fabrication of metal structures |
| Shinline | 19 August 1994 / Malaysia | RM15,900,000 | 100.00 | International shipping operations |
| Shin Yang Shipping | 31 March 1990 / Malaysia | RM10,000,000 | 100.00 | Domestic and regional shipping operations |
| Shin Yang Shipyard | 14 February 1980 / Malaysia | RM20,100,000 | 100.00 | Shipbuilding and ship repairing, and fabrication of metal structures |
| Thailine | 17 January 1984 / Malaysia | RM4,000,000 | 100.00 | International shipping operations |
| <u>Subsidiary of Danum Shipping</u> | | | | |
| Sinar Asiamas | 13 July 2016 / Malaysia | RM100,000 | 100.00 | Commercial, Technical and Shipping Manager. |
| <u>Subsidiary of Shin Yang Shipping</u> | | | | |
| Shin Yang FZC | 19 September 2006 / UAE | AED4,000,000 | 90.00 | Investment holding |
| Gemilang Raya Maritime | 16 August 2016 / Malaysia | RM1,000,000 | 60.00 | Investment holding commercial and technical ship managers for international fleets operation |

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2.4 Rationale

The RRPT to be entered into by the Group are all in the ordinary course of business. There are recurring transactions of revenue or trading nature, which are likely to occur with some degree of frequency and at any time.

In view of the time-sensitive nature and frequency of these transactions, it is impractical to seek shareholders' approval on a case-by-case basis before entering into such RRPT.

As such, the Board seeks shareholders' mandate pursuant and subject to Paragraph 10.09 of the Listing Requirements to allow the Group to enter into such RRPT made on an arms' length basis and on normal commercial terms and are on terms not more favourable to the Related Parties than those generally available to the public, which are not prejudicial to the interests of the shareholders whatsoever.

It is in the interest of the Group to enter into the RRPT. The close working relationship with the Related Parties ensure and will continue to ensure timely delivery of products and provision of services, commitment to and reliability of quality products and services for the Group, to enable the smooth operation of the day-to-day business of the Group.

By reviewing the Proposed Renewal of Shareholders' Mandate on an annual basis, the necessity to convene separate general meetings from time to time to seek shareholders' approval as and when RRPT recurs will not arise. As such, this will inevitably reduce substantial administrative time, inconvenience and expenses associated with the convening of such meeting, without compromising the corporate objectives of the Group or adversely affecting the business opportunities available to the Group.

2.5 Review Methods and Procedures

To ensure that the RRPT are conducted at arm's length on transaction prices and terms not more favourable to the Related Parties than those generally available to the public, and are not to the detriment of the minority shareholders, the Board and management will ensure that transactions with the Related Party will only be entered into after due consideration on the quotation of price, level and quality of products or services and the corporate objectives of the Group. These include transacting at the prevailing market rates/prices of the service or product provider's usual commercial terms, business practices and policies (including, where applicable, preferential rates and discounts accorded to a class or classes of customers or for bulk purchases) or otherwise in accordance with applicable industry norms.

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 Renewal of Shareholders' Mandate during the financial year based on information such as the type of the RRPT made and the names of the Related Parties involved in each type of the RRPT made and their relationship with the Company. Disclosure will also be made in the annual reports for subsequent financial years during which the shareholders' mandate remain in force.

In addition, the Company will also immediately announce to Bursa Malaysia when the actual value of a RRPT entered into by the Group exceeds the estimated value of the RRPT set out in Section 2.2 of this Circular by ten percent (10%) or more.

The following will be implemented and observed in order to achieve the above:-

- (a) To notify the Group's Head of Marketing/Chartering/Purchasing/Procurement Department and to ensure that all RRPT are undertaken on an arm's length basis and on normal commercial terms and on transaction price and on terms not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders;
- (b) All RRPT will be reviewed by one (1) person from senior management (i.e. Head of Marketing/Chartering/Purchasing/Procurement Departments) and one (1) person from the Chief Executive Officer/Executive Director/General Managers/Senior Managers of the different business units of the Group, namely Shipbuilding and Ship Repair unit, Container Shipping, Coastal and Domestic Shipping unit, International Shipping unit and Middle East Shipping unit;

- (c) A register will be maintained by the Group to record all RRPT;
- (d) The annual internal audit plan shall incorporate a review of all RRPT to ensure that the relevant approvals have been obtained and the review procedures in respect of such RRPT are adhered to;
- (e) The Board and the Audit Committee shall renew the terms of the RRPT and shall continue to review the procedures as and when required, with the authority to sub-delegate to individuals or committees within the Company as they deem appropriate.

If a member of the Board or Audit Committee has an interest, as the case may be, in the RRPT, he will abstain from any decision making by the Board or Audit Committee in respect of the said RRPT;

- (f) For the transaction value of RM3,000,000.00 and below, it will be approved by the level of authority as per Section 2.5(b) above and where the transaction value exceeded RM3,000,000.00 (individually or on a cumulative basis with the same party), the transaction will need to be approved by any one (1) of the Executive Director and/or the Group Managing Director;
- (g) At least two (2) other contemporaneous transactions with unrelated third parties for similar products/services and/or quantities will be used as comparison, whenever possible, to determine whether the price and terms offered to/by the Related Parties are fair and reasonable and comparable to those offered to/by other unrelated third parties for the same or substantially similar type of products/ services and/or quantities.

In the event that quotation or comparative pricing from unrelated third parties cannot be obtained, the transaction price will be determined based on the usual business practices of the Group to ensure the RRPT is not detrimental to the Group;

2.6 Amount Due and Owing by Related Parties

Save as disclose below, there is no amount due and owing to the Group which has exceeded the one (1) year credit term as at 30 June 2019, by its related parties pursuant to Recurrent Related Party Transactions.

| Related Party | Late Payment Interest # (RM'000) | > 1 year to 3 Years (RM'000) |
|-----------------------------------|----------------------------------|------------------------------|
| Hollystone Quarry Sdn Bhd | - | 4,531 |
| Pekerjaan Piasau Konkerit Sdn Bhd | - | 746 |
| Shin Yang Construction Sdn Bhd | - | 5,770 |

The Group normally does not impose interest and late payment charges on trade debts in the course of its business operations as it is an industrial practice and based on projects by projects payment.

The Group will continuously meet and discuss with the related parties on early settlement of the outstanding amounts and subsequently follow up with reminder letters and email correspondences on the progress of collection. There were ongoing collections from the Related Parties subsequent to the financial year.

The Board is of the opinion that there is no recoverability issue in respect of the overdue amounts from the related parties as the Related Parties have a long- standing business relationship with the Group

2.7 Statement from Audit Committee

The Audit Committee comprises of the following members:-

| Members | Designation |
|---------------------------------|---|
| Koh Ek Chong, CA(M), FCCA, ATII | Chairman (Independent Non-Executive Director) |
| Datuk Lawrence Lai Yew Son | Member (Independent Non-Executive Director) |
| Ling Siu Chuo | Member (Non-Independent Non-Executive Director) |
| Arsahd Bin Zainuddin | Member (Independent Non-Executive Director) |

The Audit Committee has reviewed the methods and procedures mentioned in Section 2.5 above and are of the view that the procedures are sufficient to ensure that the RRPTs are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders. Members of the Audit Committee who have interest in the RRPT will abstain from participating in reviewing the transactions.

The Audit Committee is also of the view that the Group has in place adequate procedures and processes to monitor, track and identify RRPTs in a timely and orderly manner. The Audit Committee reviews these procedures and processes every quarter as well as when the needs arise.

2.8 Validity period of the Proposed Renewal of Shareholders' Mandate

The Proposed Renewal of Shareholders' Mandate, if approved at the 14th AGM is subject to annual renewal. In this respect, any authority conferred by the Proposed Renewal of Shareholders' Mandate shall only continue to be in force until:-

- (a) the conclusion of the next AGM (i.e.15th AGM) of the Company, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
- (b) the expiration of the period within which the next AGM (i.e. 15th AGM) of the Company subsequent to 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
- (c) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier.

3. EFFECT OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE

The Proposed Renewal of Shareholders' Mandate will not have any material effect on the net assets per share, earnings per share, gearing of the Group and share capital and substantial shareholders shareholding of the Company.

4. APPROVAL

The Proposed Renewal of Shareholders' Mandate is conditional upon approval being obtained from the shareholders of the Company at the forthcoming 14th AGM to be held on 4 December 2019.

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5. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

As set out in Section 2,1, Shin Yang Holding, a Major Shareholder ("**Interested Major Shareholder**") and the Ling Brothers, Ling Siu Chuo and Vincent Ling Lu Yew being Directors of the Company (collectively the "**Interested Directors**"), are deemed interested in the Proposed Renewal of Shareholders' Mandate.

The direct and indirect interests of the Interested Major Shareholder and Interested Directors, as at LPD, are as follows:-

| | No. of Shares | | | |
|--|---------------|-------|----------------------------|-------|
| | Direct | (%) | Indirect | (%) |
| <u>Interested Major Shareholder</u> | | | | |
| Shin Yang Holding | 660,412,796 | 56.39 | - | - |
| <u>Interested Directors</u> | | | | |
| Tan Sri Datuk Ling Chiong Ho | 34,802,669 | 2.97 | ⁽¹⁾ 660,412,796 | 56.39 |
| Ling Chiong Sing | 34,802,669 | 2.97 | ⁽¹⁾ 660,412,796 | 56.39 |
| Ling Chiong Pin | 34,802,668 | 2.97 | ⁽¹⁾ 660,412,796 | 56.39 |
| Ling Siu Chuo | 36,000,009 | 3.07 | - | - |
| Vincent Ling Lu Yew | 100,000 | # | - | - |

Note:-

(1) Deemed interested by virtue of their substantial interest in Shin Yang Holding

Negligible percentage

Save as disclosed above, none of the other Directors or Major Shareholders of SYSCORP or Persons Connected with them have any interests (direct or indirect) in the Proposed Renewal of Shareholders' Mandate.

The Interested Directors have abstained and will continue to abstain from Board deliberations and voting in respect of the Proposal.

The Interested Directors and the Interested Major Shareholder will abstain from voting in respect of their direct and indirect shareholdings on the resolution pertaining to the Proposal at the forthcoming 14th AGM. In addition, the Interested Directors and Interested Major Shareholder also undertake to ensure that Persons Connected to them will abstain from voting in respect of their direct and indirect shareholdings on the resolution pertaining to the Proposed Renewal of Shareholders' Mandate at the forthcoming 14th AGM.

6. DIRECTORS' RECOMMENDATION

After due consideration of all aspects of the Proposed Renewal of Shareholders' Mandate, the Board (except for the Interested Directors) is of the opinion that the Proposed Renewal of Shareholders' Mandate is in the best interests of SYSCORP Group.

Accordingly, the Board (except for the Interested Directors) recommends that the shareholders vote in favour of the resolution to be tabled at the Company's forthcoming 14th AGM to give effect to the Proposed Renewal of Shareholders' Mandate.

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7. ANNUAL GENERAL MEETING

The forthcoming 14th AGM of the Company, the notice of which is enclosed in the Annual Report of SYSCORP for the financial year ended 30 June 2019, will be held at the Conference Room at Level 5 of Imperial Hotel, Jalan Pos, 98000 Miri, Sarawak on Wednesday, 4 December 2019 at 11.00 a.m. for the purpose of considering and, if thought fit, passing, inter alia, the resolution on the Proposed Renewal of Shareholders' Mandate under the agenda of Special Business as set out in the said Annual Report.

If you are unable to attend the forthcoming 14th AGM in person, please complete and return the "Form of Proxy" to the registered office of SYSCORP not less than 48 hours before the time fixed for the AGM. The "Form of Proxy" should be duly completed strictly in accordance with the instruction printed therein. The lodging of the "Form of Proxy" does not preclude you from attending and voting in person at the AGM should you subsequently wish to do.

8. FURTHER INFORMATION

Shareholders are requested to refer to the attached Appendix A contained in this Circular for further information.

Yours faithfully,
For and on behalf of the Board of Directors
SHIN YANG SHIPPING CORPORATION BERHAD

Koh Ek Chong
Independent Non-Executive Director

PART B

**SHARES BUY-BACK STATEMENT IN RELATION TO THE PROPOSED RENEWAL OF
AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES**

2. DETAILS OF THE PROPOSED RENEWAL OF SHARES BUY-BACK

The Board had, during the Company 13th AGM held on 5 December 2018 obtained the approval of its shareholders to purchase up to 40 million shares or approximately 3.33% of the issued and paid up ordinary share capital of the Company. In accordance with the Main Market Listing Requirements governing the purchase of own shares by a listed company, the aforesaid approval will continue in force until the conclusion of the Company's forthcoming 14th AGM unless a new mandate is obtained from its shareholders.

In connection thereto, the Company had on 10 October 2019 announced its intention to seek approval of its shareholders on the Proposed Renewal of Shares Buy-Back at the forthcoming 14th AGM of the Company which will be held on Wednesday, 4 December 2019.

As at LPD, the total issued and paid up ordinary shares of SYSCORP is RM1,200,000,000.00 comprising 1,200,000,000 ordinary shares of RM1.00 each.

The approval for the Proposed Renewal of Shares Buy-Back, if given, shall be effective immediately after passing of the ordinary resolution for the Proposed Renewal of Shares Buy-Back at the forthcoming AGM and will continue to be in force until:-

- (a) the conclusion of the next AGM (i.e.15th AGM) of the Company, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
- (b) the expiration of the period within which the next AGM (i.e. 15th AGM) of the Company subsequent to 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
- (c) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier.

2.1 Funding for the Proposed Renewal of Shares Buy-Back

The Listing Requirements stipulate that the proposed purchase by a listed company of its own shares must be made wholly out of retained profits of the listed company. The availability of audited accumulated retained earning of SYSCORP as at 30 June 2019 for the Proposed Renewal of Shares Buy-Back is RM 8,185 million.

The amount of funds allocated for the purchase of SYSCORP's shares pursuant to the Proposed Renewal of Shares Buy-Back will be financed through internally generated funds and/or bank borrowings, the proportion of which will depend on the quantum of the purchase consideration as well as the availability of internally generated funds and bank borrowings at the time of the purchase(s). In the event the purchase of SYSCORP's shares pursuant to the Proposed Renewal of Shares Buy-Back is to be partly financed by bank borrowings, the Company expects that it will be capable of repaying the bank borrowings and that the bank borrowings will not have any material impact on the cash flow of the Company.

2.2 Treatment of the Purchased Shares

The Company will deal with the Purchased Shares subject to compliance with Section 127 of the Act, the Listing Requirements and other relevant statutory and regulatory requirements, in the following manner:

- (i) Retain the Purchased Shares as treasury shares (where there is good potential for the share price to increase) for future resale to realize gains and/or cancellation subsequently and/or for distribution as dividends to the shareholders of the Company; or
- (ii) Retain part of the Purchased Shares as treasury shares and cancel the remainder; or
- (iii) Cancel the Purchased Shares; or
- (iv) Such other manner Bursa Malaysia and other relevant authorities may allow from time to time.

At this juncture, we expect the Purchased Shares to be held as treasury shares.

2.3 Purchase/Resale Price

In purchasing the shares under the Proposed Renewal of Shares Buy-Back, we may purchase shares at a price which is not more than 15% above the WAP of the Company's shares on Bursa Malaysia for the past 5 market days preceding the date of the purchase.

In any subsequent re-sale of the Purchased Shares that are held as treasury shares, we are allowed to sell treasury shares on Bursa Malaysia provided that:

- (a) The selling price is not less than the 5-day WAP immediately preceding the date of the re-sale; or
- (b) The selling price can be at a discount of not more than 5% to the 5-day WAP immediately preceding the date of the resale where:
 - i) The selling takes place at least 30 days after the date of the purchase; and
 - ii) The selling price, whilst at a discount to the 5-day WAP, is not less than the cost of the purchase of the shares being re-sold.

2.4 Public shareholding spread

As at LPD, the public shareholding spread of the Company was approximately 26.05%. Assuming that the Proposed Renewal of Shares Buy-Back is carried out in full and the Company's shares so purchased are from the public shareholders, the proforma public shareholding spread of the Company is expected to reduce to approximately 25.33%.

The Board will take cognizance of the requirement of Bursa Malaysia that any purchase of shares by the Company must not result in the public shareholding spread of the Company falling below 25% of its issued and paid-up share capital.

2.5 Purchase, resale and cancellation of shares in past twelve (12) months

As at LPD, the Company carried out its Share Buy-Back activities as below:-

| Date of Purchase | No. of shares purchased / (re-sale) | Share Price RM per Share Lowest | Share Price RM per Share Highest | Net Consideration Purchased / (Re-sale) |
|------------------|-------------------------------------|---------------------------------|----------------------------------|---|
| Balance b/f | 24,498,600 | | | |
| 26.10.2018 | 30,000 | 0.250 | 0.250 | 7,500.00 |
| 31.10.2018 | 1,000 | 0.260 | 0.260 | 260.00 |
| 01.11.2018 | 1,000 | 0.260 | 0.260 | 260.00 |
| 05.11.2018 | 31,000 | 0.270 | 0.280 | 8,380.00 |

| | | | | |
|------------|---------|-------|-------|-----------|
| 07.11.2018 | 30,000 | 0.280 | 0.285 | 8,544.90 |
| 08.11.2018 | 4,000 | 0.280 | 0.285 | 1,125.00 |
| 09.11.2018 | 80,000 | 0.280 | 0.295 | 23,010.40 |
| 12.11.2018 | 51,000 | 0.275 | 0.285 | 14,256.03 |
| 13.11.2018 | 1,000 | 0.280 | 0.280 | 280.00 |
| 14.11.2018 | 15,000 | 0.280 | 0.285 | 4,203.00 |
| 15.11.2018 | 95,000 | 0.285 | 0.290 | 27,428.40 |
| 16.11.2018 | 30,000 | 0.280 | 0.285 | 8,404.00 |
| 19.11.2018 | 25,000 | 0.280 | 0.280 | 7,000.00 |
| 22.11.2018 | 45,000 | 0.280 | 0.285 | 12,789.90 |
| 23.11.2018 | 10,000 | 0.280 | 0.285 | 2,805.00 |
| 26.11.2018 | 50,000 | 0.275 | 0.280 | 13,770.00 |
| 30.11.2018 | 30,000 | 0.265 | 0.270 | 8,085.00 |
| 04.12.2018 | 21,000 | 0.270 | 0.275 | 5,675.04 |
| 05.12.2018 | 27,000 | 0.270 | 0.275 | 7,290.54 |
| 07.12.2018 | 30,000 | 0.265 | 0.270 | 7,955.10 |
| 11.12.2018 | 30,000 | 0.260 | 0.265 | 7,875.00 |
| 14.12.2018 | 41,000 | 0.255 | 0.260 | 10,626.15 |
| 19.12.2018 | 53,000 | 0.245 | 0.250 | 13,142.50 |
| 20.12.2018 | 78,000 | 0.245 | 0.250 | 19,314.00 |
| 21.12.2018 | 1,000 | 0.250 | 0.250 | 250.00 |
| 24.12.2018 | 52,000 | 0.255 | 0.255 | 13,260.00 |
| 26.12.2018 | 22,000 | 0.250 | 0.250 | 5,500.00 |
| 27.12.2018 | 8,000 | 0.250 | 0.255 | 2,005.00 |
| 28.12.2018 | 14,000 | 0.260 | 0.260 | 3,640.00 |
| 31.12.2018 | 201,000 | 0.270 | 0.270 | 54,270.00 |
| 02.01.2019 | 25,000 | 0.265 | 0.270 | 6,627.50 |
| 04.01.2019 | 32,000 | 0.265 | 0.265 | 8,480.00 |
| 07.01.2019 | 30,000 | 0.265 | 0.265 | 7,950.00 |
| 09.01.2019 | 50,000 | 0.265 | 0.265 | 13,250.00 |
| 11.01.2019 | 11,000 | 0.260 | 0.260 | 2,860.00 |
| 15.01.2019 | 31,000 | 0.260 | 0.260 | 8,060.00 |
| 16.01.2019 | 30,000 | 0.260 | 0.260 | 7,800.00 |
| 17.01.2019 | 35,000 | 0.265 | 0.265 | 9,275.00 |
| 18.01.2019 | 30,000 | 0.275 | 0.275 | 8,250.00 |
| 23.01.2019 | 50,000 | 0.280 | 0.280 | 14,000.00 |
| 24.01.2019 | 15,000 | 0.280 | 0.280 | 4,200.00 |
| 25.01.2019 | 51,000 | 0.285 | 0.285 | 14,535.00 |
| 29.01.2019 | 48,000 | 0.270 | 0.270 | 12,960.00 |
| 31.01.2019 | 180,000 | 0.280 | 0.280 | 50,400.00 |
| 08.02.2019 | 1,000 | 0.275 | 0.275 | 275.00 |
| 11.02.2019 | 15,000 | 0.280 | 0.280 | 4,200.00 |
| 12.02.2019 | 65,000 | 0.285 | 0.285 | 18,525.00 |
| 14.02.2019 | 100,000 | 0.285 | 0.285 | 28,500.00 |
| 15.02.2019 | 70,000 | 0.290 | 0.290 | 20,300.00 |
| 18.02.2019 | 20,000 | 0.290 | 0.290 | 5,800.00 |
| 19.02.2019 | 20,000 | 0.290 | 0.290 | 5,800.00 |
| 20.02.2019 | 80,000 | 0.285 | 0.290 | 23,195.20 |
| 21.02.2019 | 76,000 | 0.290 | 0.295 | 22,414.68 |
| 22.02.2019 | 20,000 | 0.295 | 0.295 | 5,900.00 |
| 26.02.2019 | 1,000 | 0.315 | 0.315 | 315.00 |
| 27.02.2019 | 1,000 | 0.315 | 0.315 | 315.00 |
| 01.03.2019 | 51,000 | 0.295 | 0.295 | 15,045.00 |
| 04.03.2019 | 80,000 | 0.300 | 0.300 | 24,000.00 |
| 05.03.2019 | 1,000 | 0.295 | 0.295 | 295.00 |
| 06.03.2019 | 5,000 | 0.315 | 0.315 | 1,575.00 |
| 07.03.2019 | 30,000 | 0.315 | 0.315 | 9,450.00 |
| 11.03.2019 | 21,000 | 0.305 | 0.305 | 6,405.00 |
| 12.03.2019 | 17,000 | 0.315 | 0.315 | 5,355.00 |
| 13.03.2019 | 25,000 | 0.320 | 0.320 | 8,000.00 |
| 14.03.2019 | 12,800 | 0.335 | 0.340 | 4,293.00 |

| | | | | |
|------------|---------|-------|-------|-----------|
| 15.03.2019 | 30,000 | 0.340 | 0.340 | 10,200.00 |
| 18.03.2019 | 20,000 | 0.330 | 0.330 | 6,600.00 |
| 21.03.2019 | 55,000 | 0.320 | 0.320 | 17,600.00 |
| 22.03.2019 | 45,000 | 0.320 | 0.320 | 14,400.00 |
| 26.03.2019 | 45,000 | 0.320 | 0.320 | 14,400.00 |
| 28.03.2019 | 76,000 | 0.310 | 0.310 | 23,560.00 |
| 29.03.2019 | 90,000 | 0.315 | 0.315 | 28,350.00 |
| 01.04.2019 | 5,000 | 0.315 | 0.315 | 1,575.00 |
| 02.04.2019 | 20,000 | 0.310 | 0.310 | 6,200.00 |
| 03.04.2019 | 15,000 | 0.315 | 0.315 | 4,725.00 |
| 09.04.2019 | 35,000 | 0.305 | 0.305 | 10,675.00 |
| 12.04.2019 | 60,000 | 0.300 | 0.300 | 18,000.00 |
| 16.04.2019 | 50,000 | 0.300 | 0.300 | 15,000.00 |
| 17.04.2019 | 70,000 | 0.305 | 0.305 | 21,350.00 |
| 19.04.2019 | 20,000 | 0.295 | 0.295 | 5,900.00 |
| 22.04.2019 | 40,000 | 0.295 | 0.295 | 11,800.00 |
| 23.04.2019 | 20,000 | 0.295 | 0.295 | 5,900.00 |
| 24.04.2019 | 1,000 | 0.295 | 0.295 | 295.00 |
| 25.04.2019 | 35,000 | 0.285 | 0.285 | 9,975.00 |
| 26.04.2019 | 50,000 | 0.285 | 0.285 | 14,250.00 |
| 06.05.2019 | 60,000 | 0.315 | 0.315 | 18,900.00 |
| 07.05.2019 | 5,000 | 0.325 | 0.325 | 1,625.00 |
| 09.05.2019 | 80,000 | 0.320 | 0.320 | 25,600.00 |
| 10.05.2019 | 15,000 | 0.315 | 0.315 | 4,725.00 |
| 13.05.2019 | 30,000 | 0.310 | 0.310 | 9,300.00 |
| 14.05.2019 | 40,000 | 0.310 | 0.310 | 12,400.00 |
| 15.05.2019 | 55,000 | 0.315 | 0.315 | 17,325.00 |
| 24.05.2019 | 60,000 | 0.300 | 0.300 | 18,000.00 |
| 27.05.2019 | 50,000 | 0.305 | 0.305 | 15,250.00 |
| 29.05.2019 | 30,000 | 0.290 | 0.290 | 8,700.00 |
| 30.05.2019 | 65,000 | 0.295 | 0.295 | 19,175.00 |
| 31.05.2019 | 48,000 | 0.300 | 0.300 | 14,400.00 |
| 04.06.2019 | 35,000 | 0.305 | 0.305 | 10,675.00 |
| 10.06.2019 | 15,000 | 0.300 | 0.300 | 4,500.00 |
| 11.06.2019 | 55,000 | 0.300 | 0.300 | 16,500.00 |
| 12.06.2019 | 45,000 | 0.295 | 0.295 | 13,275.00 |
| 14.06.2019 | 60,000 | 0.290 | 0.290 | 17,400.00 |
| 17.06.2019 | 50,000 | 0.300 | 0.300 | 15,000.00 |
| 20.06.2019 | 35,000 | 0.295 | 0.295 | 10,325.00 |
| 25.06.2019 | 1,000 | 0.285 | 0.285 | 285.00 |
| 26.06.2019 | 40,000 | 0.290 | 0.290 | 11,600.00 |
| 28.06.2019 | 150,000 | 0.300 | 0.300 | 45,000.00 |
| 01.07.2019 | 3,000 | 0.305 | 0.305 | 915.00 |
| 03.07.2019 | 25,000 | 0.300 | 0.300 | 7,500.00 |
| 08.07.2019 | 1,000 | 0.300 | 0.300 | 300.00 |
| 09.07.2019 | 1,000 | 0.295 | 0.295 | 295.00 |
| 11.07.2019 | 1,000 | 0.295 | 0.295 | 295.00 |
| 16.07.2019 | 1,000 | 0.300 | 0.300 | 300.00 |
| 24.07.2019 | 11,000 | 0.290 | 0.300 | 3,200.01 |
| 31.07.2019 | 20,000 | 0.275 | 0.280 | 5,513.00 |
| 02.08.2019 | 25,000 | 0.280 | 0.285 | 7,025.00 |

As at LPD, there was no resale or cancellation of treasury shares made by the Company in the past twelve (12) months. The total number of Shares retained as treasury shares was 28,829,400 shares as at LPD.

3. RATIONALE FOR THE PROPOSED RENEWAL OF SHARES BUY-BACK

The Proposed Renewal of Shares Buy-Back, if exercised, will provide the Company with another option to utilize its surplus financial resources more efficiently and is expected to benefit the Company and its shareholders in the following manner:-

- (i) The Company may be able to stabilize the supply and demand of the ordinary shares in SYSCORP, traded on the Bursa Malaysia and thereby support its fundamental value;
- (ii) If the Purchased shares are cancelled, either immediately or subsequently after being held as treasury shares, the EPS of the SYSCORP Group is likely to be increased, thereby enhancing the value of shareholders' investment in the Company;
- (iii) If the Purchased shares are kept as treasury shares and/or resold on Bursa Malaysia at a higher price, thereby making a gain for the Company; and
- (iv) In the event the treasury shares are distributed as share dividends to the shareholders, it serves as a reward to the shareholders of the Company.

4. POTENTIAL ADVANTAGES AND DISADVANTAGES OF THE PROPOSED RENEWAL OF SHARES BUY-BACK

The potential advantages of the Proposed Renewal of Shares Buy-Back to the Company and its shareholders are outlined in Section 3 above.

The potential disadvantages of the Proposed Renewal of Shares Buy-Back to the Company and its shareholders are as follows:

- (i) The Proposed Renewal of Shares Buy-Back could reduce the Company's financial resources and may result in the Company foregoing better investment opportunities that may emerge in the future; and
- (ii) As the Proposed Renewal of Shares Buy-Back can only be made out of retained profits and/or share premium of the Company, it may result in the reduction of financial resources available for distribution to its shareholders in the immediate future.

However, these disadvantages are mitigated by the prospect that the financial resources of the Group may increase, if the Purchased Shares held as treasury shares are resold at prices higher than their purchase price. Therefore, the Proposed Renewal of Shares Buy-Back will be undertaken only after due consideration of the Group resources. The Board will be mindful of the interest of the Company and the shareholders in undertaking the Proposed Renewal of Shares Buy-Back.

5. EFFECT OF THE PROPOSED RENEWAL OF SHARES BUY-BACK

Based on the assumption that the Proposed Renewal of Shares Buy-Back was carried out in full on the LPD, the financial effects are as follows:

5.1 Share Capital

Assuming the Proposed Renewal of Shares Buy-Back is carried out in full and all the Purchased Shares are cancelled. The pro forma effect of the Proposed Renewal of Shares Buy-Back based on the issued and paid-up share capital is illustrated below:

| Pro forma effect | No. of Stock (Units) | Amount (RM) |
|---|----------------------|---------------|
| Existing issued and paid-up capital as at LPD | 1,200,000,000 | 1,200,000,000 |
| Less: Number of shares assumed to be cancelled | (40,000,000) | (40,000,000) |
| Issued and paid-up capital upon completion of the purchase and cancellation | 1,160,000,000 | 1,160,000,000 |

However, there will be no effect on the issued and paid-up capital of the Company if the Company Shares Purchased are retained as treasury shares.

5.2 NA and Working Capital

The effects of the Proposed Renewal of Shares Buy-Back on the net assets per share of the Company are dependent on the purchase price and the number of Purchased Shares.

The Proposed Renewal of Shares Buy-Back will increase the net assets per share when the purchase price is less than the net assets per share at the relevant point in time. On the contrary, the net assets per share will reduce when the purchase price exceeds the net assets per share at the relevant point in time.

If the Purchased Shares are held as treasury shares and subsequently resold on Bursa Malaysia, the Company's net assets per share could increase if our Company realizes a substantial enough gain from the resale and vice-versa.

The Proposed Renewal of Shares Buy-Back, as and when implemented, will reduce the working capital of the Group to the extent of the amount of fund utilized for the purchase of the Company's shares. However, it is not expected to have material effect on the working capital requirements of the Company.

5.3 EPS

The effect of the Proposed Shares Buy-Back on the EPS of the SYSCORP Group is dependent on the number of shares purchased and the purchase price(s) of the shares and the effective funding cost for the Proposed Renewal of Shares Buy-Back or any loss in interest income to the SYSCORP Group.

6. HISTORICAL SHARE PRICES

The monthly high and low market price of the Company's shares as traded on Bursa Malaysia for the past 12 months from October 2018 to September 2019 are as follows:

| | High RM | Low RM |
|-------------|------------|-----------|
| 2018 | | |
| October | 0.335 | 0.240 |
| November | 0.295 | 0.250 |
| December | 0.275 | 0.240 |
| | | |
| 2019 | | |
| January | 0.285 | 0.245 |
| February | 0.315 | 0.265 |
| March | 0.345 | 0.280 |
| April | 0.325 | 0.280 |
| May | 0.330 | 0.280 |
| June | 0.305 | 0.270 |
| July | 0.305 | 0.275 |
| August | 0.285 | 0.250 |
| September | 0.280 | 0.250 |

The last transacted market price of SYSCORP shares on the LPD was RM 0.235

Source: Bloomberg

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7. IMPLICATION OF THE CODE

In the event that the Proposed Renewal of Shares Buy-Back results in the equity interest of any one of the substantial shareholders and their respective parties acting in concert obtaining control in SYSCORP, i.e. a stake in the Company is increased beyond 33%, or if his/their existing shareholding is between 33% to 50% and increases by more than 2% in any six (6) months period, the affected substantial shareholder and parties acting in concert will be obliged to undertake a mandatory offer for the remainder shares not ready owned by them pursuant to the Code.

It is not the intention of the Company to cause any shareholders to trigger an obligation to undertake a mandatory general offer under the Code and the Company will be mindful of the above implications of the Code when making any purchase of the Company's shares pursuant to the Proposed Renewal of Shares Buy-Back.

Nevertheless, the affected substantial shareholders and/or persons acting in concert with him/her may apply for an exemption from the Securities Commission under paragraph 15 and 24 of the Practice Note 9 of the Code from a mandatory offer obligation arising from the purchase of the Company's shares.

8. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTEREST

Based on the Company's Register of Directors' and Substantial Shareholders' shareholdings as at LPD, and assuming the Company acquires the maximum number of the Shares authorised under the Proposed Share Buy-back, the effect of the Proposed Share Buy-back on the shareholdings of the Directors and Substantial Shareholders' of the Company are as follows:-

| | As at LPD | | | | After Maximum purchase pursuant to the Proposed Renewal of Shares Buy-Back | | | |
|----------------------------------|---------------|-------|-----------------|-------|--|-------|-----------------|-------|
| | Direct | | Indirect | | Direct | | Indirect | |
| <u>Directors</u> | No. of shares | % | No. of shares | % | No. of shares | % | No. of shares | % |
| Tan Sri Datuk Ling Chiong Ho | 34,802,669 | 2.97 | (i) 660,412,796 | 56.39 | 34,802,669 | 3.00 | (i) 660,412,796 | 56.93 |
| Ling Chiong Sing | 34,802,669 | 2.97 | (i) 660,412,796 | 56.39 | 34,802,669 | 3.00 | (i) 660,412,796 | 56.93 |
| Ling Chiong Pin | 34,802,668 | 2.97 | (i) 660,412,796 | 56.39 | 34,802,668 | 3.00 | (i) 660,412,796 | 56.93 |
| Lawrence Lai Yew Son | 330,000 | # | - | - | 330,000 | # | - | - |
| Koh Ek Chong | 119,000 | # | - | - | 119,000 | # | - | - |
| Ling Siu Chuo | 36,000,009 | 3.07 | - | - | 36,000,009 | 3.10 | - | - |
| Vincent Ling Lu Yew | 100,000 | # | - | - | 100,000 | # | - | - |
| Arshad Bin Zainuddin | - | - | - | - | - | - | - | - |
| <u>Major Shareholders</u> | | | | | | | | |
| Shin Yang Holding Sdn Bhd | 660,412,796 | 56.39 | - | - | 660,412,796 | 56.93 | - | - |
| Tan Sri Datuk Ling Chiong Ho | 34,802,669 | 2.97 | (i) 660,412,796 | 56.39 | 34,802,669 | 3.00 | (i) 660,412,796 | 56.93 |
| Ling Chiong Sing | 34,802,669 | 2.97 | (i) 660,412,796 | 56.39 | 34,802,669 | 3.00 | (i) 660,412,796 | 56.93 |
| Ling Chiong Pin | 34,802,668 | 2.97 | (i) 660,412,796 | 56.39 | 34,802,668 | 3.00 | (i) 660,412,796 | 56.93 |
| <u>Connected Persons</u> | | | | | | | | |
| Ling Siu Chuo | 36,000,009 | 3.07 | - | - | 36,000,009 | 3.10 | - | - |
| Ling Siew Ting | 24,000,006 | 2.05 | - | - | 24,000,006 | 2.07 | - | - |

- (i) Deemed interested by virtue of their substantial interest in Shin Yang Holding Sdn Bhd
 # Negligible percentage

9. APPROVAL REQUIRED

The Proposed Renewal of Shares Buy-Back is conditional upon the approval being obtained from the shareholders of the Company at the forthcoming AGM and is subjected to annual review.

10. DIRECTORS' RECOMMENDATION

The Board of SYSCORP, having considered all aspects of the Proposed Renewal of Shares Buy-Back, is of the opinion that the Proposed Renewal of Shares Buy-Back is in the best interest of the Company and its shareholders. Therefore, the Board of SYSCORP recommends that you vote in favour of the ordinary resolution pertaining to the Proposed Renewal of Shares Buy-Back to be tabled at the forthcoming AGM.

11. AGM

The Fourteen AGM of the Company, the notice of which is enclosed in the Annual Report 2019, will be held at Conference Room at Level 5 of Imperial Hotel, Jalan Pos, 98000 Miri, Sarawak on Wednesday, 4th December 2019 at 11.00 a.m.

If you are unable to attend, speak and vote in person at the Fourteen AGM, you are requested to complete, sign and return the Proxy Form enclosed in the Annual Report 2019 in accordance with the instructions therein, so as to arrive at the Registered Office of the Company not later than forty-eight (48) hours before the time set for the Fourteen AGM or any adjournment thereof. The lodging of the Proxy Form will not preclude you from attending, speaking and voting in person at the meeting should you subsequently wish to do so. The last day and time for lodging the Proxy Form is on Monday, 2nd December, 2019 at 11.00 a.m.

12. FURTHER INFORMATION

Shareholders are requested to refer to the attached Appendix A for further information.

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APPENDIX A - FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY

This Circular/Statement has been seen and approved by the Board and they collectively and individually accept full responsibility for the accuracy of the information given herein and confirm that, after having made all reasonable inquiries and to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement herein misleading.

2. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As at LPD, Shin Yang Shipping Sdn. Bhd. ("SYS" or "the Plaintiff"), a wholly owned subsidiary of the Company, had on 18th April 2019, via its solicitors, Messrs. Izan Lau & Tiong, Advocates, commenced the service of writ with amended Statement of Claims in the High Court of Sabah & Sarawak at Miri against MK Bumimas Sdn Bhd (Company No. 635837-X) ("the Defendant") for the following.

The Plaintiff had chartered to the Defendant two (2) units of 47.5 metres Landing Craft vessel with Official No. 335048 and 335049 respectively ("the said Vessels") by way of two (2) separate BIMCO Standard Bareboat Charter Agreements "Barecon 2001" dated 15 July 2014. The Defendant, as the Charterer of the said Vessels inter alia failed/refused and/or neglected to make remaining outstanding payments for the charter of the said Vessels in accordance with the Bareboat Charter Agreements dated 15 July 2014.

The particulars of the Plaintiff's Claim are as follows:

- (a) The outstanding monthly hire balance of the said Vessels amounting to a sum of RM4,266,632.07 as at 30th September 2018;
- (b) Further and/or alternatively damages to be assessed by this Honourable Court;

3. MATERIAL CONTRACTS

Save as disclosed below, there are no other material contracts (not being contracts entered into the ordinary course of business) which have been entered into by SYSCORP Group within the two (2) years preceding the date of this Circular/Statement:-

- i) The Company had on 23 October 2017, incorporated a wholly owned subsidiary company in Malaysia under the Companies Act, 2016 ("Act"), namely Dynasys Technology & Engineering Sdn Bhd ("DTESEB"). The current issued share capital of DTESEB is RM 20,000.00 comprising 20,000 ordinary shares.

The intended principal activity of DTESEB is engaging in business of engineering consultants, technical engineering services.

- ii) Danum Shipping, a 100%-owned subsidiary of SYSCORP, had on 16th July 2018, acquired additional 45,000 ordinary shares, representing 45.0% of the paid-up share capital of Sinar Asiamas Sdn Bhd ("Sinar") from Sarawak Oil Palm Berhad, for a total cash consideration of RM1.00

Upon completion of the Acquisition, Sinar become a wholly-owned subsidiary of SYSCORP

The principal activity of Sinar Asiamas is engaging in Commercial, Technical and Shipping Manager.

- iii) Shin Yang FZC ("SYFZC"), a 90% owned indirect subsidiary of Shin Yang Shipping Corporation Berhad ("SYSCorp") had on 13th March 2019 disposed of its entire 45% equity interest comprising 450 shares in the capital of Shin Yang Shipbuilding & Engineering RMC FZC ("SYSBE") as follow:-
 - a) 35% equity interest comprising 350 shares in capital of SYSBE to Solaris Petra Sdn. Bhd. ("SPSB") for a cash consideration of AED 10.00 (equivalent to RM11.10); and

b) 10% equity interest comprising 100 shares in capital of SYSBE to Juma Khalifa Obaid Abushibs (“**JUMA**”) for a cash consideration of AED 1.00 (equivalent to RM 1.11)
 (“**Disposal** ”)

Pursuant to the Disposal, Shin Yang Shipbuilding & Engineering RMC FZC has ceased to be an associated company of SYSCorp.

iv) Shin Yang Shipping Corporation Berhad (“**SYSCorp**”) has on 24 May 2019 received a stamped Certificate of De-registration from our Ras Al Khaimah office, that Aya Shin Yang FZC, an associate company of SYSCorp had, on 11 May 2019 been dissolved under member’s voluntary de-registration pursuant to the Ras Al Khaimah Economic Zone Authority’s Regulations in United Arab Emirates.

v) Shin Yang Shipping Sdn Bhd, a wholly owned subsidiary of SYSCorp had on 27th June 2019 disposed of its 50.50% equity interest comprising 252,500 shares in the capital of PT Shinline (“**PTSL**”) to CT Nusantara (Malaysia) Sdn. Bhd. for a cash consideration of USD 126,250 (equivalent to RM 523,306.25) (“**Disposal**”).

Pursuant to the Disposal, PTSL has ceased to be a subsidiary, and becomes an associate company of the SYSCorp.

4. SERVICE CONTRACTS AND MANAGEMENT AGREEMENTS

At the date of this Circular/Statement, there are no existing or proposed management agreements or service contract entered/to be entered into between SYSCORP and its subsidiary companies with its directors.

5. DOCUMENTS FOR INSPECTION

The following documents will be available for inspection at the registered address of SYSCORP at Sublot 153 (Parent 70) Jalan Kuala Baram, Kuala Baram 98100 Miri from Mondays to Fridays (except public holidays) from the date of this Circular/Statement to the time set for convening the AGM:

- (a) The constitution of SYSCORP;
- (b) Audited Accounts of the Group for the past two (2) financial years ended 30 June 2018 and 2019;
- (c) Unaudited results of SYSCORP Group for the three (3) months period ended 30 September 2019; and
- (d) The material contracts referred to in Section 3 above.