

**SHIN YANG GROUP BERHAD (“SYGROUP” OR THE “COMPANY”)**

- (I) PROPOSED ACQUISITION OF BOULEVARD JAYA SDN BHD, BOULEVARD MOTOR SDN BHD, BOULEVARD MOTOR (SABAH) SDN BHD AND BOULEVARD MOTOR (LABUAN) SDN BHD (“PROPOSED ACQUISITION”); AND**
- (II) PROPOSED DIVERSIFICATION OF THE EXISTING BUSINESS OF SYGROUP TO INCLUDE AUTOMOTIVE DEALERSHIP BUSINESS (“PROPOSED DIVERSIFICATION”)**

**(COLLECTIVELY, THE “PROPOSALS”)**

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*(Unless otherwise stated, defined terms in this announcement shall carry the same meanings as defined in Company’s announcement dated 11 July 2024 in relation to the Proposed Acquisition (“**Announcement**”).*

This announcement is dated 9 August 2024.

**1. INTRODUCTION**

Reference is made to the Company’s Announcement.

According to Paragraph 10.13(1) of the Listing Requirements, a listed issuer must obtain its shareholders’ approval in a general meeting for any transaction or business arrangement which might reasonably be expected to result in either:

- (i) the diversion of 25% or more of NA of the listed issue to an operation which differs widely from those operations previously carried on by the listed issuer; or
- (ii) the contribution from such an operation of 25% or more of the net profits of the listed issuer.

Barring any unforeseen circumstances and subject to the Proposed Acquisition being approved by the non-interested shareholders of the Company, the Board anticipates that the new automotive dealership business from acquiring the Target Companies may contribute 25% or more of the net profit of the Group going forward.

Accordingly, on behalf of the Board, AmInvestment Bank wishes to announce that the Company proposes to undertake a diversification of the existing business of the Company and its subsidiaries to include automotive dealership business pursuant to the Proposed Acquisition. The Board proposes to seek approval from the shareholders of the Company for the Proposed Diversification at the forthcoming EGM to be convened.

The Proposed Acquisition and Proposed Diversification are collectively referred to as the “**Proposals**”.

**2. DETAILS OF THE PROPOSED DIVERSIFICATION**

The Group is principally involved in the following business:

- (i) domestic, regional and international shipping (“**Shipping Business**”);
- (ii) shipbuilding, ship repair, ship repowering, and refitting and fabrication of metal structures (“**Shipbuilding and Ship Repair Business**”); and
- (iii) other businesses comprising forwarding and shipping agency, door to door, port to port and third-party logistic transport providers, maintenance and management of barrages and shiplocks and manufacturing and distribution of industrial gases (“**Other Businesses**”)

The segmental financial information of the Group for the past 3 years are as follows:

FYE 30 June	Audited		
	2021 (RM)	2022 (RM)	2023 (RM)
Revenue			
Shipping Business	527,682,413	703,155,836	809,171,116
Shipbuilding and Ship Repair Business	67,045,058	135,026,722	55,967,622
Other Business	6,793,529	55,275,025	74,465,630
PBT	21,324,110	151,107,676	180,259,946
PAT attributable to owners of the Company	17,052,020	141,922,475	180,922,574

Based on the table above, the Group is highly dependent on the Shipping Business, and Shipbuilding and Ship Repair Business with the business segments being the main contributor to the Group's revenue, accounting more than 90% of the Group's total revenue for the past 3 years. The Proposals provide the Group with the opportunity to expand and diversify its product offering and reduce reliance on its existing business.

Although the Group is currently not involved in automotive dealership business, the Board believes that the Group has the capability and resources to diversify into the automotive dealership business by leveraging on the experience of its Directors namely Ling Chiong Sing and Dennis Ling Lu Jing who are also Directors of the Target Companies and have experience in the automotive dealership business. The background of the abovementioned Directors are set out below:

(i) Ling Chiong Sing

Ling Chiong Sing, the Group Managing Director and indirect substantial shareholder of the Company is a Director of the Target Companies. He has around 20 years of experience in the automotive dealership business since the inception of Boulevard Jaya in 2004. Under his leadership, Boulevard Jaya grew from a 1S centre (i.e. sales centre) to a 3S centre (i.e. sales, service and repair centre) in 2014. Boulevard Jaya also managed to obtain Lexus dealership and started its Lexus sales operations in 2014. Boulevard Jaya eventually added a body and paint facility for Toyota and Lexus vehicles in 2017. He then joined the Boulevard Motor Group as a Director upon the companies' incorporation in 2017 to provide his strategic leadership, guidance and experience to the Boulevard Motor Group as its automotive dealership business expanded beyond Kuching to cover other locations within East Malaysia and Labuan. He also served as a member of the Toyota Dealer Council Malaysia for 7 consecutive terms from 2017 to 2023.

(ii) Dennis Ling Lu Jing

Dennis Ling Lu Jing, a director of the Company's subsidiary, Shin Yang Shipyard Sdn Bhd, is a Director of the Target Companies. He has over 6 years of experience within the automotive dealership business. After joining in 2017 upon the Boulevard Motor Group's incorporation, he has guided the Boulevard Motor Group from its infancy to an established dealer of Toyota vehicles in Malaysia today. He is actively involved in the day-to-day management of all areas of the Boulevard Motor Group's business covering operational, retail sales and aftersales planning, customer experience enhancement, and business development strategy.

Under his guidance, the Boulevard Motor Group managed to move into a new 3S centre in Sandakan in 2021. Mr. Ling is also currently a member of the Toyota Dealer Council Malaysia for the 2024 term. Prior to his involvement in the automotive industry, Mr. Ling holds over 12 years of experience in areas of procurement, manufacturing and sales.

In addition, the Group is also expected to be able to leverage on the capability, competency and experience of the key management personnel of the Target Companies who will oversee the management and operation of the automotive dealership business.

Notwithstanding the Proposed Diversification, the Board remains committed with the Group's existing business. The Board will also continuously monitor and review the Group's business operations from time to time with the intention to improve the Group's financial performance.

### **3. RATIONALE OF AND BENEFITS FOR THE PROPOSED DIVERSIFICATION**

The automotive dealership business may in the future contribute more than 25% of the net profits of the Group pursuant to the Proposed Acquisition. The Proposed Diversification fundamentally serves to facilitate the implementation of the Proposed Acquisition with the aim of enabling the Group to venture into the new business. This is consistent with the Company's continuous efforts to diversify and bolster the Group's revenue and income streams.

The Board is of view that the Proposed Diversification will be beneficial to the Group's financial performance and reduce reliance on the Group's existing businesses.

### **4. INDUSTRY OVERVIEW AND PROSPECTS**

#### **4.1 Overview and outlook of the Malaysian economy**

The Malaysian economy expanded by 3% in the fourth quarter ("Q4") of 2023, mainly supported by continued expansion in household spending from continued improvements in employment and wages, stronger growth of inbound tourism and higher investment growth.

On the demand side, higher domestic demand continued to support the growth of the economy for the Q4 2023. Private consumption increased by 4.2% from continued household spending. Private investment increased by 4% supported by capacity expansion by firms and further progress in ongoing projects. Public consumption increased by 7.3% supported by higher supplies and services spending by the Government. Public investment increased by 11.3% from higher capital expenditure by Government and public corporations. On the external front, net exports decreased by 35.6% as higher imports outpaced exports.

On the supply side, the services, construction, mining and agriculture sectors remained supportive of growth. The services sector grew by 4.2% underpinned by the ongoing recovery of tourism activities albeit weighted by contraction in finance and insurance subsector. The construction sector grew by 3.6% mainly attributable to further expansion in civil engineering subsector albeit weighed by weak non-residential activities. The mining sector grew by 3.8% mainly driven by improvement in natural gas and oil production. The agriculture sector grew by 1.9% mainly due to expansion in oil palm production amid improved labour supply. Meanwhile, the manufacturing sector recorded a contraction of 0.3% given the continued weakness in demand for electrical and electronic products amid technology downcycle, offsetting resilient growth in domestic-oriented cluster.

Overall, the Malaysian economic growth normalised to 3.7% in 2023, following a stronger growth registered in the previous year of 8.7%.

For 2024, growth of the Malaysian economy is expected to trend higher, lifted by the recovery in exports and resilient domestic expenditure. Household spending will be supported by continued growth in employment and wages. Tourist arrivals and spending are expected to improve further. Moreover, investment activity would be supported by continued progress of multi-year projects in both the private and public sectors, and the implementation of catalytic initiatives under national master plans.

Budget 2024 measures will also provide additional support to economic activity. The growth outlook remains subject to downside risks from weaker-than-expected external demand and declines in commodity production. Meanwhile, upside risks to domestic growth emanate from greater spillover from the tech upcycle, stronger-than-expected tourism activity and faster implementation of both existing and new projects.

*(Source: Bank Negara Malaysia Quarterly Bulletin Fourth Quarter 2023)*

## **4.2 Overview and outlook of the automotive industry in Malaysia**

### Market review of the Malaysian automotive industry

#### 2023

Sales of new motor vehicles in 2023 rose 11% to a new all-time high, propelled mainly by passenger cars sub-segment, amid a resilient domestic economy and a very much stable socio-political environment.

Total Industry Volume (“**TIV**”) or vehicle registrations increased to 799,731 units during the year under review, surpassing the previous highest sales result of 721,177 units achieved in 2022, the Malaysian Automotive Association (“**MAA**”).

The industry’s sales growth last year marked the second annual gain since the downturn in 2020-2021 caused by the Covid-19 pandemic crisis. It was also the second consecutive year the TIV exceeded the 700,000 units mark.

The stellar performance in 2023 can be attributed to a number of factors, namely:

- (i) Fulfilment of tax-free cars booking received, a majority of which were registered before 31 March 2023, plus a fair number of these bookings were also carried over and registered after 31 March 2023;
- (ii) A much more stable socio-political environment following the formation of a Unity Government post GE-15;
- (iii) Resilient domestic economy;
- (iv) Many new model launches including electric vehicles with very competitive prices helped to spur sales; and
- (v) Much improved industry supply chain environment.

## First half (“1H”) of 2024

Sales of new motor vehicles by MAA members continued its upward momentum in the first six months of 2024.

The Total Industry Volume registered in the first six months of 2024 was 390,296 units against 366,176 units registered in the corresponding period of 2023, an increase of 24,120 units or 6.6%.

This increase in Total Industry Volume can be attributed mainly to the strong showing by the Passenger cars subsegment which contributed the biggest volume increase.

On a year-on-year basis, except for March and June, the monthly total vehicles sales were consistently higher in 1H2024 compared to similar corresponding month in 1H2023.

Factors contributing to a higher Total Industry Volume in 1H2024 were:

- (i) Resilient domestic economy. The country gross domestic product grew at a higher rate of 4.2% in the first quarter of 2024 (4Q 2023: 2.9%);
- (ii) The Overnight Policy Rate has remained stable at 3% since May 2023, thus providing a favourable economic environment;
- (iii) Stable socio-political environment;
- (iv) Stable employment market;
- (v) There were many backlog orders;
- (vi) Successful New Model Launches: Many new models with exciting features and affordability were launched and well received by the market; and
- (vii) Increased BEV Sales: Battery Electric Vehicles (“BEV”) sales surged due to the introduction of many new models in the first half of 2024.

## Outlook for 2024 Malaysian automotive industry

MAA has taken the following factors into account in revising its forecast from 740,000 vehicles to 765,6000 vehicles for the Total Industry Volume in 2024:

- (i) Resilient domestic economy. The Government is optimistic that Malaysia’s gross domestic product is well placed to expand within the official forecast range of 4% to 5%;
- (ii) Bank Negara’s decision to maintain the Overnight Policy Rate at 3% at its recent Monetary Policy Committee meeting may help to stimulate domestic spending including for big ticket items like new cars;
- (iii) Healthy backlog orders especially in A segment passenger cars market;

- (iv) New players and more new model launches including exciting newer and affordable models with newer features (for both internal combustion engine vehicles and electrified vehicles or xEV); and
- (v) MAA members' continuation of aggressive promotional strategies and providing value-added services and more options to consumers will lead to improve demand.

*(Source: MAA Market Review for 2023 dated 16 January 2024 and MAA Market Review for 1st Half 2024 dated 16 July 2024)*

### **4.3 Prospects of the Target Companies**

The Target Companies are principally involved in automotive dealership, sales of spare parts, after-sales services, servicing and repairing of Toyota vehicles. According to the Malaysian Automotive Association, Toyota cars have been among the best-selling cars in Malaysia. For each of the calendar years from 2020 to 2022, Toyota cars sales commanded more than 10.00% market share in Malaysia. Toyota cars were also the number one best-selling non-national cars in Malaysia for years 2020 to 2022 respectively.

The new Toyota models launched in late 2023 (such as Toyota Alphard, Toyota Vellfire and Toyota Corolla) and Toyota focus on introducing more models in 2024, particularly with an emphasis on XEV technologies, coupled with its strong brand reputation and broad appeal to the mass market, would bode well in attracting sales for Toyota. Being a Toyota dealership and agent, these positive traits support the positive outlook that the Target Companies could offer to SYGROUP such as improving its financial performance.

In addition to the recent reports by reputable international financial news agency regarding the support from the Japanese government to Toyota of up to 117.8 billion yen (approximately USD841 million) in subsidies for its investment in EV battery production, Toyota also aims to introduce 10 additional EV models by 2026, with a target to achieve annual sales of 1.5 million units in 2026 and 3.5 million units in 2030.

Moreover, according to BNM, demand for household loans remained forthcoming, especially loans for the purchase of housing and cars. This is evidenced by the higher growth in outstanding loans to households which increase by 6.2% compared to 5.7% in quarter four of 2023. This resilient household spending is supported by continued employment and wage growth. On 1 May 2024, the Malaysian Prime Minister announced that civil servants' remuneration will be increased by more than 13 per cent effectively 1<sup>st</sup> December 2024.

In view of the above as well as the rationale for and benefits of the Proposals as set out in Section 3 of this Supplemental Announcement, the Board (save for the Interested Directors) is of the opinion that the Proposals should contribute positively to the future financial performance of SYGROUP.

*(Source: Toyota Malaysia's website, MAA Market Review for 2022 dated 19 January 2023 and Market Review for 2021 dated 20 January 2022, NST article dated 1 May 2024, Reuters article dated 7 April 2023 and 16 June 2023, Toyota Europe Newsroom website, Bank Negara Malaysia Quarterly Bulletin Fourth Quarter 2023)*

## 5. RISK FACTORS IN RELATION TO THE PROPOSED DIVERSIFICATION

Pursuant to the Proposed Acquisition and Proposed Diversification, the Group will be exposed to the challenges and risks inherent in the automotive industry of which the Group has no prior experience in.

The risks relating to the Proposed Acquisition and Proposed Diversification include, but is not limited to the following:-

### 5.1 Completion risk

The completion of the Proposed Acquisition is conditional upon the conditions precedent of the SSAs (“**Conditions Precedent**”) as set out in Appendices I(A) and I(B) of the Announcement being fulfilled and/or waived. There can be no assurance that all the Conditions Precedent can be fulfilled on or before the Stop Date (as defined in Appendices I(A) and I(B) of the Announcement) to the satisfaction of SYGROU and/or the Vendors. In the event that any or all the Conditions Precedent are not fulfilled and/or waived and extension of time to fulfil the Conditions Precedent cannot be mutually agreed upon between SYGROU and the Vendors and/or the parties are unable to perform their obligations in accordance with the terms and conditions of the SSA, the Proposed Acquisition will not be able to be completed.

The Company will monitor the status and progress of the Proposed Acquisition and endeavours, to the extent possible, to fulfil all the terms and conditions of the SSAs which is within its control.

### 5.2 Acquisition risk

There can be no assurance that the anticipated benefits of the Proposed Acquisition will be realised or that the Company will be able to generate sufficient returns from the Proposed Acquisition to offset the associated acquisition costs incurred. These include changes in the cash flow profile arising from the potential capital or operational expenditure to be committed to the Target Companies’ business in the future.

### 5.3 Renewal of dealership agreements risk

The business of the Target Companies is dependent on their dealership agreements with UMW Toyota. Based on the Target Companies’ current and past dealership agreements, the duration of the dealership agreements are typically short term in nature, being one (1) year save for their most recent dealerships agreements which are for two (2) years and are typically renewed by UMW Toyota only after the expiry of the dealership agreements. Nonetheless, the Target Companies continued to operate as usual pending the renewal of the dealership agreements by UMW Toyota.

As at the date of this announcement, the Target Companies’ dealership agreements are expiring on 31 December 2024. The Target Companies will renew the dealership agreements with UMW Toyota of which UMW Toyota may only renew after the completion of the Proposed Acquisition based on past experiences of the Target Companies.

Upon signing of the SSAs, the Company will pay 10.00% of the Purchase Consideration in the form of cash, being approximately RM14.5 million to the Vendors. If the dealership agreements are renewed prior to the completion of the Proposed Acquisition, the balance of the Purchase Consideration will be satisfied upon the completion of the Proposed Acquisition in accordance with the terms of the SSAs.

If the dealership agreements are renewed after completion of the Proposed Acquisition, the balance of the cash consideration of approximately RM83.2 million based on the Illustrative Transfer Price will be paid to the Vendors upon completion of the Proposed Acquisition in accordance with the terms of the SSAs whilst the Treasury Shares will only be transferred after the renewal of the dealership agreements in accordance with the terms of the SSAs.

In the event the dealership agreements are not renewed by 30 June 2025 or such other time as may be agreed between the Company and the Vendors, the Company has the right to sell the Target Companies back to the Vendors at the Purchase Consideration and the net assets of the Target Companies upon the sale to the Vendors shall be at least equivalent to the audited net assets of Boulevard Motor Group as at 31 December 2023 and Boulevard Jaya as at 30 June 2024 (subject to adjustments for any dividends declared prior to completion of the Proposed Acquisition or or addition or impairment of net assets upon completion, if applicable) ("**Put Option**"). In addition, Shin Yang Holding, being one of the vendors of Boulevard Jaya and a company with consolidated net assets in excess of RM5.0 billion based on its audited consolidated financial statements for the financial year ended 30 June 2023, and Tan Sri Datuk Ling Chiong Ho, Ling Chiong Sing and Ling Chiong Pin ("**Undertaking Individuals**"), being directors and shareholders of Shin Yang Holding have jointly and severally, undertake and guarantee that they will pay the Company any amount which are owing or remaining unpaid in the event the vendor of Boulevard Motor Group (i.e. Dwi Bumijaya) does not fulfill its obligation to repay the purchase consideration under the Boulevard Motor Group SSA. The Undertaking Individuals have also jointly and severally, undertake and guarantee that they will pay the Company any amount which are owing or remaining unpaid in the event the vendors of Boulevard Jaya (i.e. Shin Yang Holding, KTE Motors and Ling Chiong Sing) do not fulfill their obligation to repay the purchase consideration under the Boulevard Jaya SSA.

There can be no guarantee on the renewal of the Target Companies' dealership agreements in the future. Further, if there are any changes within the automotive industry including the selling models of car manufacturers, the dealership model may be affected. In the event the Target Companies' dealership agreements are not renewed in the future or not renewed in its equivalent form, there can be no assurance that the business and financial performance of the Group will not be materially affected.

#### **5.4 Integration risk**

The SYGROUP's business operations and financial position could be materially affected if the existing businesses of the Company and Target Companies are not integrated effectively or in a timely manner. This may result in the lower realisation of benefits arising from the Proposals where failure to achieve the expected benefits may impact the SYGROUP's future financial performance.

Potential factors that may adversely affect a successful integration exercise include:

- (i) disruption to business continuity and ongoing operations which could affect the Group's ability to deliver its products and services to its customers, timeliness in responding to competition and ability to maintain its market position;
- (ii) higher than anticipated integration complexities and costs, for example related to integration of information technology platforms and systems;
- (iii) unintended loss of key personnel or skilled or technical personnel or reduced employee effectiveness and productivity due to uncertainties during the integration phase; and
- (iv) unexpected challenges or issues that may lead to integration execution taking longer time or costing more than anticipated.



## 5.5 Business risk

The Proposals will expose SYGROUP to new business risks inherent in the automotive industry that could have a material adverse effect on its financial performance, including but not limited to the following:

- (i) highly competitive market from other dealers, car brands and online sales platform which may affect the sales and margins of the Target Companies;
- (ii) inability to fulfil customer demand due to shortage of car supplies from the dealer;
- (iii) reputational and brand damage from non-satisfactory customer services, product recalls or negative publicity;
- (iv) failure to renew the dealership and agency agreements of the Target Companies;
- (v) failure to renew leases for business premises;
- (vi) failure to obtain the necessary operating permits, licences, certificates and/or regulatory approvals;
- (vii) changes in the regulatory framework in the automotive industry; and
- (viii) changes in general economic and business conditions

Nevertheless, SYGROUP will seek to mitigate these risks through, amongst others, leveraging on the experience, network and expertise of the key management personnel of the Target Companies. In addition, the Company will constantly monitor the performance of the automotive dealership business and implement strategies to increase sales, reduce cost, enhance operational efficiency and strengthen the performance of the automotive dealership business.

However, there can be no assurance the aforementioned risks will be adequately addressed and any changes to the operating conditions of the Company may have an adverse effect on the Company's financial performance.

## 5.6 Dependency on key management personnel risk

The business growth and success in the automotive dealership business is largely attributable to the skill, experience, competency and continued efforts of Target Companies' key management personnel as well as the SYGROUP's ability to attract more qualified personnel who have the relevant experience in the automotive dealership. The loss of any key management personnel without timely replacement or SYGROUP's inability to attract and/or retain qualified personnel may adversely affect the automotive dealership business which would in turn negatively impact the financial performance of the Group.

As such, SYGROUP will strive to adopt appropriate measures to retain the Target Companies' key management personnel and attract qualified personnel, including providing attractive remuneration, requisite training, career advancement opportunities and other employment benefits. SYGROUP may also reduce its reliance on any key management personnel by regularly reviewing its staff strength and policies (including succession planning) to ensure that it will be able to effectively address human resource risks.

Notwithstanding, there can be no assurance that these measures will enable SYGROUP to retain its key management personnel or address the loss of its key management personnel effectively or that a smooth transition will occur during any staff replacement exercise.

## **5.7 Goodwill and impairment risk**

According to the Malaysian Financial Reporting Standards 3 Business Combinations issued by the Malaysian Accounting Standards Board, the Group is expected to recognise goodwill arising from the Proposed Acquisition. Goodwill represents the excess of the consideration over the Group's share of the fair value of the identifiable net assets acquired.

Goodwill is tested for impairment annually or if events or changes in circumstances indicate that it might be impaired. For the purpose of impairment testing, goodwill is allocated to each of the cash generating units, or groups of cash generating units, that are expected to benefit from the Proposed Acquisition. The goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Whilst the management expects the goodwill to be supported by the post-acquisition performance of the Target Companies, any material changes or events arising that will adversely affect the business prospects and/or assets of the Target Companies, may result in an impairment of the goodwill. In the event the goodwill is impaired, the profitability of the Group will be adversely affected and that will have a corresponding effect on shareholders' funds.

## **6. EFFECTS OF THE PROPOSED DIVERSIFICATION**

The Proposed Diversification will not have any effect on our Company's share capital, earnings and earnings per share, NA and gearing as well as substantial shareholders' shareholdings.

As at 2 August 2024, being the latest practicable date prior to this Announcement ("LPD"), the Company does not have any convertible securities in issue.

## **7. APPROVALS REQUIRED**

The Proposed Diversification is subject to approvals from the following:-

- (i) the shareholders of SYGROUP at the forthcoming EGM to be convened for the Proposals;
- (ii) any other relevant regulatory authorities and/or parties, if required.

## **8. CONDITIONALITY OF THE PROPOSALS**

The Proposed Diversification is not conditional upon any other corporate proposals undertaken or to be undertaken by SYGROUP. The Proposed Acquisition is conditional upon the Proposed Diversification.

## 9. INTEREST OF DIRECTORS, MAJOR SHAREHOLDER AND PERSONS CONNECTED

None of the Directors, major shareholder and/or persons connected to them have any interest, direct and/or indirect, in the Proposed Diversification.

The Proposed Acquisition is a related party transaction under Paragraph 10.08 of the Listing Requirements in view of the interests of the Interested Directors and Interested Major Shareholder of SYGROUP as set out below:

### Interested Directors

- (i) Tan Sri Datuk Ling Chiong Ho, the Group Executive Chairman and indirect substantial shareholder of the Company, is a director and a major shareholder of Shin Yang Holding and director of Dwi Bumijaya and the Target Companies. He is also a brother to Ling Chiong Sing, Ling Chiong Pin, Ling Siu Chuo and Ling Chiong Sieng;
- (ii) Ling Chiong Sing, the Group Managing Director and indirect substantial shareholder of the Company, is a Director and a major shareholder of Shin Yang Holding, a shareholder of KTE Motors and director of Dwi Bumijaya and the Target Companies. He is also a brother to Tan Sri Datuk Ling Chiong Ho, Ling Chiong Pin, Ling Siu Chuo and Ling Chiong Sieng;
- (iii) Ling Chiong Pin, an Executive Director and indirect substantial shareholder of the Company, is a director and a major shareholder in Shin Yang Holding and brother to Tan Sri Datuk Ling Chiong Ho, Ling Chiong Sing, Ling Siu Chuo and Ling Chiong Sieng. He is also a director of Boulevard Jaya;
- (iv) Ling Siu Chuo, a Non-Independent Non-Executive Director of the Company, is the sister to Tan Sri Datuk Ling Chiong Ho, Ling Chiong Sing, Ling Chiong Pin and Ling Chiong Sieng. She is also a director and shareholder of KTE Motors;
- (v) Datuk Ling Lu Kiong, the Group Executive Vice Chairman of the Company is a director of Dwi Bumijaya and a director and major shareholder of Best Megalink Sdn Bhd. Best Megalink Sdn Bhd owns 33.00% equity interest in Dwi Bumijaya which in turns wholly owns the Boulevard Motor Group. He is also the son of Tan Sri Datuk Ling Chiong Ho and nephew of Ling Chiong Sing, Ling Chiong Pin, Ling Siu Chuo and Ling Chiong Sieng;
- (vi) Dennis Ling Lu Jing, a director of Shin Yang Shipyard Sdn Bhd, a subsidiary of the Company is also a director and major shareholder of Kemena Sinar Sdn Bhd. Kemena Sinar Sdn Bhd owns 33.00% equity interest in Dwi Bumijaya which in turns wholly the Boulevard Motor Group. He is also the son of Ling Chiong Sing and nephew of Tan Sri Datuk Ling Chiong Ho, Ling Chiong Pin, Ling Siu Chuo and Ling Chiong Sieng. He is also a director of the Target Companies;
- (vii) Ling Lu Kuang, a director of Shin Yang Shipping Sdn Bhd, a subsidiary of the Company is also a director and major shareholder of Best Megalink Sdn Bhd. Best Megalink Sdn Bhd owns 33.00% equity interest in Dwi Bumijaya which in turns wholly owns the Boulevard Motor Group. He is also the son of Tan Sri Datuk Ling Chiong Ho and nephew of Ling Chiong Sing, Ling Chiong Pin, Ling Siu Chuo and Ling Chiong Sieng;
- (viii) Vincent Ling Lu Yew, a director of Shin Yang Shipyard Sdn Bhd and the General Manager of the Shipbuilding Division of the Company is also a director of Dwi Bumijaya and a director and major shareholder of Melana Sinar Sdn Bhd. Melana Sinar Sdn Bhd owns 33.00% equity interest in Dwi Bumijaya which in turns wholly owns the Boulevard Motor Group. He is also the son of Ling Chiong Pin and nephew of Tan Sri Datuk Ling Chiong Ho, Ling Chiong Sing, Ling Siu Chuo and Ling Chiong Sieng;

### **Interested Major Shareholder**

- (ix) Shin Yang Holding, a major shareholder of the Company, is also a major shareholder of Boulevard Jaya;

### **Persons connected**

- (x) Ling Chiong Sieng, a major shareholder of Shin Yang Holding and brother to Tan Sri Datuk Ling Chiong Ho, Ling Chiong Sing, Ling Chiong Pin and Ling Siu Chuo;
- (xi) Ling Pau Pau, daughter of Tan Sri Datuk Ling Chiong Ho and major shareholder of Best Megalink Sdn Bhd. Best Megalink Sdn Bhd owns 33.00% equity interest in Dwi Bumijaya which in turns wholly owns the Boulevard Motor Group;
- (xii) Donald Ling Lu Wee, Derek Ling Lu Yung and Dana Ling Foon, children of Ling Chiong Sing and major shareholders and directors of Kemena Sinar Sdn Bhd. Kemena Sinar Sdn Bhd owns 33.00% equity interest in Dwi Bumijaya which in turns wholly owns the Boulevard Motor Group;
- (xiii) Alfred Ling Lu Khiing, Ling Lu Siong, Ling Mee Mee and Ling Lee Lee are children of Ling Chiong Pin. Alfred Ling Lu Khiing as well as Ling Lu Siong are major shareholders of Melana Sinar Sdn Bhd and Ling Mee Mee as well as Ling Lee Lee are shareholders of Melana Sinar Sdn Bhd. Alfred Ling Lu Khiing, Ling Mee Mee and Ling Lee Lee are also directors of Melana Sinar Sdn Bhd. Melana Sinar Sdn Bhd owns 33.00% equity interest in Dwi Bumijaya which in turns wholly owns the Boulevard Motor Group;
- (xiv) Kong Lee Luang, a brother-in-law of Tan Sri Datuk Ling Chiong Ho, Ling Chiong Sing, Ling Chiong Pin and Ling Chiong Sieng, is a director of Mewah Enterprise Sdn Bhd, which is a shareholder of KTE Motors, which in turn is a shareholder of Boulevard Jaya
- (xv) Best Megalink Sdn Bhd, Kemena Sinar Sdn Bhd and Melana Sinar Sdn Bhd, companies owned by some of the interested directors and persons connected as mentioned above and these companies each hold 33.00% in Dwi Bumijaya which in turns wholly owns the Boulevard Motor Group;
- (xvi) Dwi Bumijaya, a company owned indirectly by some of the interested directors and persons connected through Best Megalink Sdn Bhd, Kemena Sinar Sdn Bhd and Melana Sinar Sdn Bhd as mentioned above. Dwi Bumijaya wholly owns the Boulevard Motor Group;
- (xvii) KTE Motors, a company owned by Ling Chiong Sing, Mewah Enterprise Sdn Bhd and Ling Siu Chuo. KTE Motors is a shareholder of Boulevard Jaya; and
- (xviii) Mewah Enterprise Sdn Bhd, a company owned by Tan Sri Datuk Ling Chiong Ho, Ling Chiong Sing, Ling Chiong Pin and Ling Chiong Sieng and a major shareholder of KTE Motors

As at the LPD, the direct and/or indirect shareholdings of the Interested Directors, Person Connected and Interested Major Shareholder in SYGROUP are as follows:-

	Direct		Indirect	
	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>
<u>Interested Directors</u>				
Tan Sri Datuk Ling Chiong Ho	34,802,669	3.08	660,412,796	58.46 <sup>(2)</sup>
Ling Chiong Sing	34,802,669	3.08	660,412,796	58.46 <sup>(2)</sup>
Ling Chiong Pin	34,802,668	3.08	660,412,796	58.46 <sup>(2)</sup>
Ling Siu Chuo	36,000,009	3.19	-	-
Datuk Ling Lu Kiong	100,000	0.01	-	-
Vincent Ling Lu Yew	100,000	0.01	-	-
Dennis Ling Lu Jing	100,000	0.01	-	-
Ling Lu Kuang	100,000	0.01	-	-
<u>Person Connected</u>				
Ling Chiong Sieng	2,936,968	0.26	660,412,796	58.46 <sup>(2)</sup>
Ling Pau Pau	100,000	0.01	-	-
Donald Ling Lu Wee	100,000	0.01	-	-
Derek Ling Lu Yung	100,000	0.01	-	-
Dana Ling Foon	100,000	0.01	-	-
Alfred Ling Lu Khiing	100,000	0.01	-	-
Ling Mee Mee	100,000	0.01	-	-
Ling Lee Lee	100,000	0.01	-	-
Ling Lu Siong	100,000	0.01	-	-
Kong Lee Luang	100,000	0.01	-	-
Best Megalink Sdn Bhd	-	-	-	-
Kemena Sinar Sdn Bhd	-	-	-	-
Melana Sinar Sdn Bhd	-	-	-	-
Dwi Bumijaya	-	-	-	-
KTE Motors	-	-	-	-
Mewah Enterprise Sdn Bhd	-	-	-	-
<u>Interested Major Shareholder</u>				
Shin Yang Holding	660,412,796	58.46	-	-

**Notes:-**

- (1) *Calculated based on 1,129,645,300 ordinary shares of SYGROUP in issue (excluding 70,354,700 treasury shares) as at the LPD.*
- (2) *Deemed interest by virtue of his shareholdings in Shin Yang Holding pursuant to Section 8 of the Act.*

Accordingly, the Interested Directors have abstained and will continue to abstain from all deliberations and voting in respect of the Proposed Acquisition at the relevant Board meetings of the Company. The Interested Directors and Interested Major Shareholder will also abstain from voting and have undertaken to ensure that any persons connected to them will abstain from voting in respect of their direct and/or indirect shareholdings (if any) in SYGROUP on the resolution pertaining to the Proposed Acquisition at an EGM of the Company to be convened.

The Interested Directors have also voluntarily abstained and will continue to voluntarily abstain from all deliberations and voting in respect of the Proposed Diversification at the relevant Board meetings of our Company. The Interested Directors and Interested Major Shareholder will also voluntarily abstain from voting and have undertaken to ensure that any persons connected to them will also abstain from voting in respect of their direct and/or indirect shareholdings (if any) in our Company on the resolution pertaining to the Proposed Diversification at an EGM of our Company to be convened.

**10. ADVISER**

AmInvestment Bank has been appointed as the Principal Adviser for the Proposed Diversification.

**11. DIRECTORS' STATEMENT**

The Board (save for the Interested Directors) after having considered all relevant aspects of the Proposed Diversification (rationale, risk factors and financial effects), is of the opinion that the Proposed Diversification is in the best interest of the Company.

**12. ESTIMATED TIMEFRAME FOR THE COMPLETION OF THE PROPOSED DIVERSIFICATION**

Barring any unforeseen circumstances and subject to all requisite approvals being obtained, the Proposed Diversification is expected to be implemented by the third quarter of 2024.