

CHAIRMAN'S STATEMENT

DEAR VALUED SHAREHOLDERS,

On behalf of the Board of Directors, it is my honour and privilege to present the Annual Report for Dayang Enterprise Holdings Bhd (“the Group”) for the financial year ended 31 December 2023.

During the financial year 2023, the activities within the oil and gas industry has increased significantly and hence closed the gap of imbalance between supply and demand for oil and gas and related products with a stable price for crude oil.

As a result, for the financial year ended 2023 (FY2023), the Group recorded a higher revenue of RM1.11 billion compared to RM984.18 million in 2022. The overall profitability of the Group had significantly improved with profit after tax increasing to RM235.18 million compared to RM125.34 million in 2022, representing a growth of 87.64%. This was supported by both higher contract

value and daily charter rate, despite lower utilisation rate of 58% compared to 60% recorded in 2022.

The Group remain fundamentally strong both financially and operationally, with operating profit of RM343.80 million and is in net cash position.

The Group will continuously strive to improve its profitability and remain as a cost-efficient service provider to the industry, without compromising on health and safety standards. We will continue to monitor the current operating environment, with greater emphasis on capital preservation, cashflow management and cost containment.



CHAIRMAN'S STATEMENT (CONT'D)



As a result of better performance, I am happy to report that the Board of Directors approved its 1st interim dividend of 1.5 sen a share or RM17.37 million which was distributed on 20 December 2023 and final dividend of 3 sen a share or RM34.73 million to be distributed on 22 March 2024.

Finally, I would like to take this opportunity to express my upmost appreciation and gratitude to all members of the Board, management team and employees for their undivided commitment and dedication.

Moving forward, we are confident that the Group shall continue to perform and generate better results.

Yours sincerely,

Datuk Hasmi Bin Hasnan
Executive Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

Dear Valued Shareholders,

During financial year 2023, the Group delivered a strong performance on the back of the recovery in the oil and gas industry especially with crude oil price stabilising and the demand for oil related products increased. With the continuity of the strong demand and stable crude oil price, we expect the financial year 2024 would be an even better year for the Group and industry.

For financial year 2023, the Group recorded a total revenue of RM1.11 billion representing an increase of 13.09% against a revenue of RM984.18 million recorded in 2022. The Topside Maintenance division contributed a revenue of RM599.7 million compared to RM634.85 million reported in 2022, representing a 53.88% of Group revenue compared to 64.51% recorded in 2022. While Integrated Hook-Up and Commissioning (“IHUC”) division has reported a revenue of RM130.67 million representing a 11.74% of Group revenue compared to 20.75% recorded in 2022. The Maintenance division contributed 65.62% of the total revenue of the Group while the balance coming from Marine division. The Marine division have performed significant well during the period despite a marginal drop in utilization rate. The utilization rate for the year was 58% compared to 60% recorded in 2022. The stronger performance was well supported by improved daily chartered rate (“DCR”) for all types of vessels.

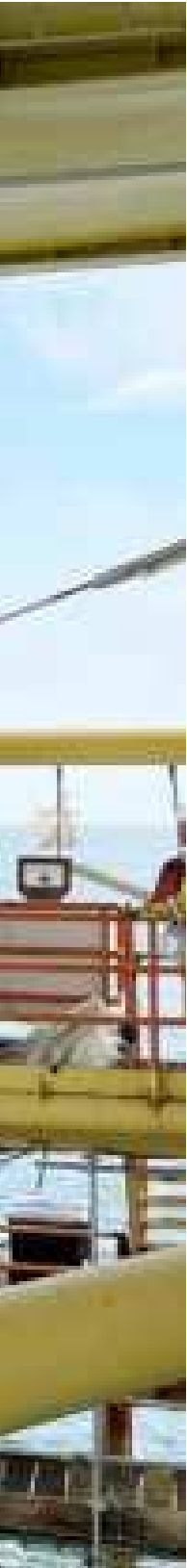
At the same time, the exclusion of the marine spread cost in the contract value has contributed significantly toward margin expansion to the Group while eliminating major risk of Non-Productive Time (“NPT”). Currently, most of our marine vessels are contracted out to Petronas unit called Upstream Logistic (“UPL”) and Production Operation Vessel (“POV”).

During the year, the Group has been awarded extensions for the existing contracts with revised unit rates. Only three contracts were not extended out of 18 contracts secured. In December 2023, the Group was awarded the Asset Integrity Facilities (“AIF”) project from Petronas Carigali Sdn. Bhd. for a period of three (3) years. During the period under review, the Group has participated in various tender submission and currently waiting for the results.

The Group will remain committed and continue to uphold our motto of Focus Towards Excellence and deploying resources efficiently. With valuable assets and strong competitive advantages, particularly its untainted track record, the Group will continue to strive to secure more contracts in the future.



MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)



Financial Review

For the financial year 2023, the Group has recorded a profit after tax of RM235.18 million compared to profit after tax of RM125.34 million recorded in 2022. The higher profit was mainly driven by higher work orders, improved productivities as well as higher DCR for Marine division. During the same period, the Group has undertaken early redemption of its outstanding sukuk of RM361.80 million.

With the redemption of the sukuk, the fundamentals of the Group should further improve and remain strong from its high cashflow generation from its operations.

Prospects

Fellow shareholders,

Moving forward, we are optimistic that the outlook for financial year 2024 would be better with improving economic activities. The Groups' operations are expected to be busy with new and extended contracts both for maintenance, construction and modification and hook-up and commissioning contracts. We are expecting our clients to roll-up significant capital development expenditure to increase their production both for crude oil and gas while continuing to emphasis on maintenance activities to improve productivity. Concurrently, the Group is exploring new market segment within the industry to further strengthen our offshore support vessel position in the industry.

Thank you.

TENGGU DATO' YUSOF BIN TENGGU AHMAD SHAHRUDDIN
Group Managing Director

SUSTAINABILITY STATEMENT



ABOUT THIS SUSTAINABILITY STATEMENT

The Board of Directors (the “Board”) of Dayang Enterprise Holdings Berhad (“Dayang” or the “Company”) presents this Sustainability Statement (“Statement”) which reports the sustainability performance, targets, achievements, milestones, and challenges of Dayang and its subsidiaries (“Dayang Group” or the “Group”).

Managing business sustainability, including in the areas of Environmental, Social, and Governance (“ESG” or “sustainability”), is fundamental to Dayang’s corporate success in the short and long term. The Group’s sustainability management also underscores the shared values between our stakeholders and the communities of our business. At Dayang, we bear a sustainability mindset, alongside corporate responsibility, in the way we manage and conduct our business, prioritising customer satisfaction, environmental stewardship, profitability, and long-term prosperity.

Sustainability Scope and Reporting Period

The scope of this Statement encompasses all wholly-owned business segments of the Group, namely the Topside Maintenance Services and Marine Offshore Support Services. The sustainability performance of the Group’s subsidiary, Perdana Petroleum Berhad (“PPB”), which is also a public company listed on the Main Market of Bursa Malaysia Securities Berhad (“Bursa Securities”), is not consolidated in this Statement and they are reported in the PPB’s Annual Report and Sustainability Statement.

Data presented in this Statement covers the reporting period from 1 January 2023 to 31 December 2023 (“FY2023”), unless stated otherwise. This Statement has been prepared in adherence to the Main Market Listing Requirements (“MMLR”) of Bursa Securities and has taken into account the Sustainability Reporting Guide – 3rd Edition and its accompanying Toolkits published by Bursa Securities.

Furthermore, this Statement has considered and incorporated the recent amendments to the MMLR in relation to the enhanced sustainability disclosures and related sustainability data required. Where practical, we proactively adopt selected practices or disclosures ahead of their effective dates as part of our commitment to better practices.

SUSTAINABILITY STATEMENT (CONT'D)

Assurance

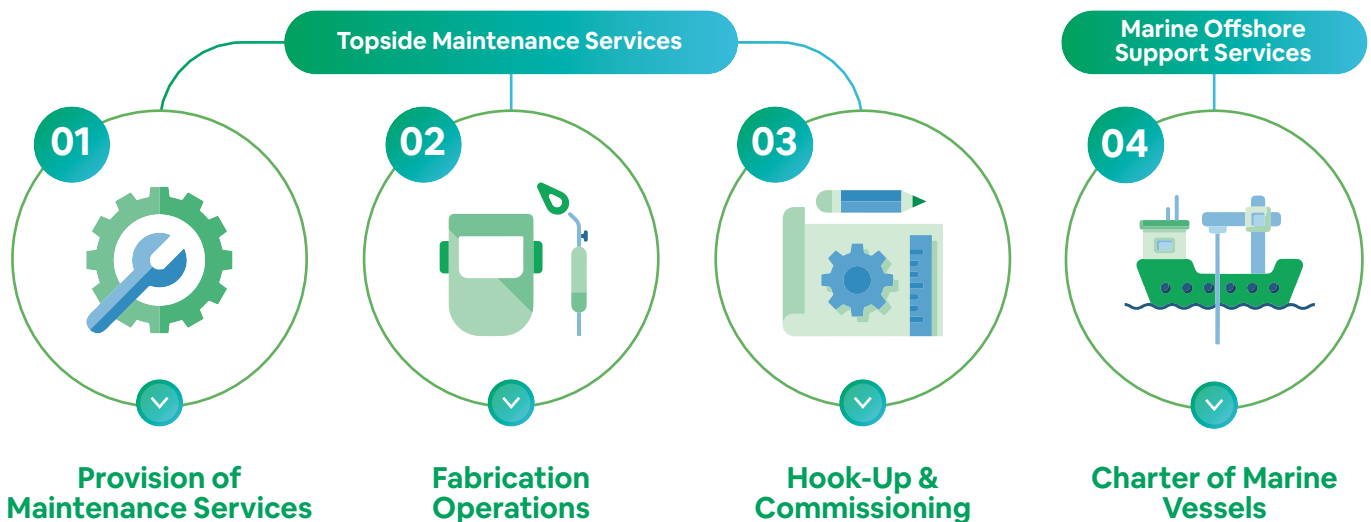
This Statement has not been subjected to internal reviews by the internal audit nor has it been subjected to external, independent assurance.

Feedback

We value stakeholders' feedback on this Statement. Any feedback or enquiries regarding this Statement can be channelled to zaim.husni@desb.net.

OUR VALUE CHAIN

The four business operations of Dayang Group are operated via its two segments.



Dayang Enterprise Sdn Bhd (“DESB”) undertakes the overall provision of maintenance services, which focuses on the following areas:

- Maintenance of topside structures
- Maintenance of pipes and valves
- Electrical and instrumentation maintenance

Maintenance services are provided either on a routine or scheduled basis, or in the event of a breakdown or emergency, in which case maintenance works are carried out due to fault or failure.

Fabrication generally involves the value-added process of constructing structures from various raw materials, primarily metal. Dayang offers engineering and fabrication services to meet the needs of its customers, including onshore fabrication of products such as pipe and valve systems, skids, and other steel structures such as handrails and helideck extensions. Dayang has fabrication yards and warehouses located in Labuan, Kemaman, Miri, and Bintulu.

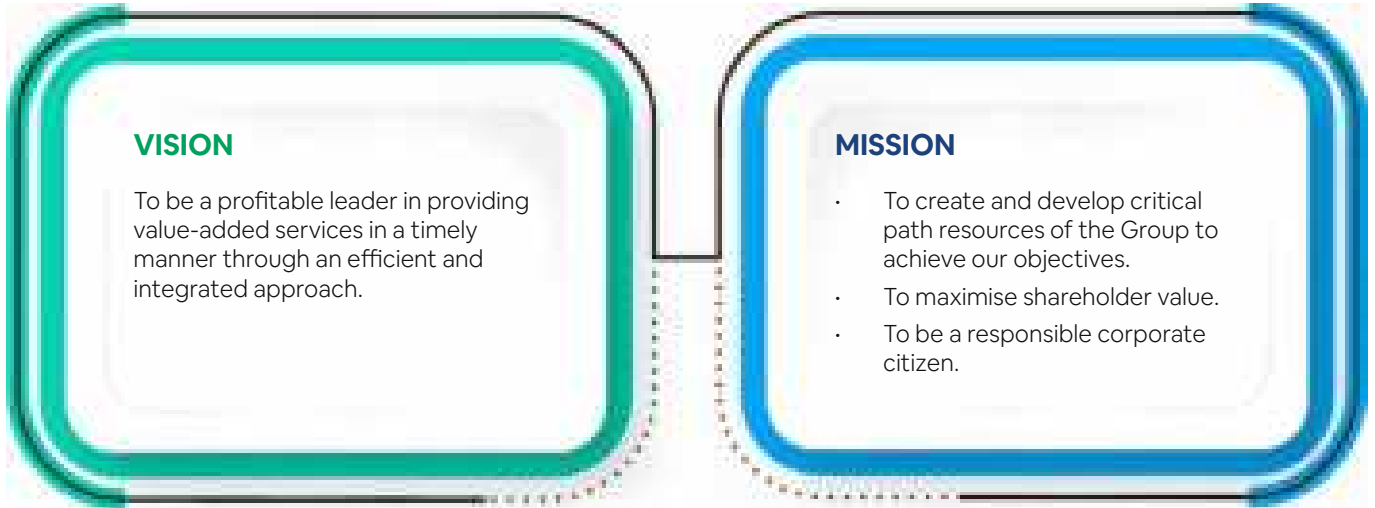
In addition, Dayang provides hook-up and commissioning for steel structures and electrical and instrumentation services as part of its supporting products and services to the oil and gas industry. The tasks related to hook up and commissioning of electrical and instrumentation include electrical engineering, system design, equipment and system procurement, wiring, panel installation, and testing and commissioning.

Dayang possesses eight marine vessels used for offshore accommodation for its personnel as well as work areas and equipment to facilitate the provision of its supporting products and services.

Its subsidiary PPB owns fifteen vessels consisting of eight Anchor Handling Tug Supply Vessel (“AHTS”), five accommodation work barges (“AWB”), and two workboats (“WB”), providing offshore marine support services for the upstream oil and gas industry.

SUSTAINABILITY STATEMENT (CONT'D)

OUR SUSTAINABILITY APPROACH



Dayang’s sustainability approach and strategies are aligned with the Group’s Vision and Mission, and they are guided by our values of excellence, integrity, and humility, amongst others. For Dayang, business sustainability also means sustainable value for our stakeholders, and these are also aligned with our business strategies.

This year, we have formalised the Group’s Sustainability Policy that documents and communicates our stance and commitments pertaining to key sustainability topics. The Sustainability Policy is available on our corporate website at www.desb.net.

Guided by the Sustainability Policy, we have also developed an ESG Management Framework to provide guidance to our employees regarding their responsibilities, processes for managing sustainability-related issues, indicators, and performance, as well as engaging with relevant stakeholders.

United Nations Sustainable Development Goals (“UN SDGs”)

As we continue to advance our sustainability initiatives, we look into the United Nations (“UN”) 2030 Agenda for Sustainable Development and consider how we are able to contribute to the UN’s 17 Sustainable Development Goals (“SDGs”).

The SDGs that are relevant to our business operations are summarised as follows:

SDGs	Goals	SDGs	Goals	SDGs	Goals
	Ensure healthy lives and promote well-being for all at all ages.		Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.		Achieve gender equality and empower all women and girls.
	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.		Reduce inequality within and among countries.		Make cities and human settlements inclusive, safe, resilient and sustainable.
	Ensure sustainable consumption and production patterns.		Take urgent action to combat climate change and its impacts.		Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.

SUSTAINABILITY STATEMENT (CONT'D)

SUSTAINABILITY GOVERNANCE STRUCTURE

The Group's oversight and management of business sustainability is supported by a governance structure established by the Board. The Board is tasked with ensuring that the company's strategic plan aligns with long-term value creation, encompassing the establishment of sustainability strategies, priorities, and targets. Furthermore, the Board oversees the overall performance of the Group's Material Sustainability Matters ("MSMs"), sustainability strategies, initiatives, and key performance indicators ("KPIs"), as relevant. The Board is also responsible for ensuring that both the Board and relevant Senior Management personnel are well-informed and abreast of sustainability issues relevant to the Group, including climate-related and human rights risks and opportunities. Regular engagement with stakeholders ensures that stakeholder's feedback and concerns regarding sustainability are considered and such input is also considered in the review of the Group's strategic direction.

This year, the Board has further formulated a Sustainability Policy and Sustainability Framework which sets out consistent policies and processes to systematically monitor and manage the Group's sustainability matters.

The Corporate Sustainability Committee ("CSC") plays a crucial role in supporting the Board by overseeing the Group's overall sustainability matters and their performance, ensuring that the approaches for each sustainability issue align with the Group's Vision, Mission, strategic direction as well as long-term value creation goals. The CSC is tasked with reviewing the Group's sustainability strategies, initiatives, and KPIs before presenting recommendations to the Board.

Besides, the CSC conducts reviews of the Group's MSMs and their management and performance, facilitating effective resource allocation strategies to manage the Group's high-priority sustainability matters, before reporting or making recommendations to the Board. The outcomes of these reviews, which include the Group's sustainability strategies, priorities, performance, and targets, are communicated to both internal and external stakeholders.

The Managing Director and Deputy Managing Director, along with the relevant Management personnel, are responsible for overseeing the management of the Group's MSMs via the Sustainability Management Process and ensuring relevant sustainability risks and opportunities are also being considered in the Risk Management process. The Management team, headed by the relevant heads of departments or functions, is responsible for implementing sustainability-related strategies and achieving the sustainability target set.

The Management team, through their ongoing stakeholder engagement activities and channels, communicates with the Group's internal and external stakeholders to understand any comments and concerns they have. The Management team effectively manages stakeholder relationships and ensures significant feedback and comments are incorporated into business decision-making.





SUSTAINABILITY STATEMENT (CONT'D)

STAKEHOLDER ENGAGEMENT




Effective engagement with key stakeholders is integral to building a sustainable and responsible business. The Group has established various stakeholder engagement channels to suit various communication needs while aiming to gain a deeper understanding of the stakeholders' interests and concerns.

The table below summarises our key stakeholders, the engagement methods employed, the frequency, and the key topics discussed.

Stakeholder Group	Engagement Approach	Frequency	Engagement Focus & Objectives
 Customer	Monthly meeting and Annual Management Review Meeting	Monthly	<p>Monthly Meeting to discuss quality/operation issues including changes in the quality system or procedure, if any</p> <p>Management Review Meeting to review the previous year's quality performance and achievement, including revising and amending any procedure, policy, and objective, if any</p>
	System Audit – HSE/ Operation/ Tendering / QAQC / HRA / Inventory / Manpower/ Procurement Audit	Annually	<p>We have implemented internal and external audits to ongoing monitoring the delivery of our safety and quality of our operation:</p> <ul style="list-style-type: none"> For Internal audit - one cycle per year is conducted by the internal auditor, planned by the QAQC Dept For External Audit - Also one cycle per year, which will be conducted by SIRIM QAS International
 Employee	Meeting with the management & employees, both office & marine crew - employees will raise issues	Monthly	<p>Sharing & bonding with the management & employee (Formal or Informal)</p> <p>Safety connect session – monthly OSH Meeting</p>
	Cost Optimisation - Meeting and discussion	Monthly	Cost efficiency
	Brand Value – Meeting and KPIs	Monthly – Project Team (Once a year for Turnaround)	Minimise operation/ project downtime and improve turnaround time
	Diesel Usage and Schedule Waste Management	Monthly	<p>To monitor the diesel consumption and scheduled waste disposal and comply with MARPOL and DOE requirements</p> <p>Environmental Regulatory Compliance Monitoring Meeting</p>
	Accident Rate – Meeting and engagement	Monthly	<p>ZERO accident tolerances</p> <p>Monthly OSH Meeting</p>

SUSTAINABILITY STATEMENT (CONT'D)

STAKEHOLDER ENGAGEMENT (CONT'D)

Stakeholder Group	Engagement Approach	Frequency	Engagement Focus & Objectives
 Suppliers/ Subcontractors & Business Partners	Anti-Bribery and Corruption Policies and Procedures (“ABC Policy”)	Quarterly	Ensure the bidders are required to comply with ABC Policy and HSSE requirements Sub-Contractor Engagement
	HSSE Requirement	Quarterly	HSSE Policies and Procedures Sub-Contractor Engagement
	Invitation to bid	As and when required	Invite at least 3 bidders (based on the client’s requirement) and award to the technically acceptable and commercially lowest bidder
	Establish a Price Agreement (“PA”) for cost optimisation	Yearly	
	Perform Technical Evaluation	As and when required	Project Management Team to monitor and ensure the delivery of safe and quality work to clients
	Quarterly assessment of Contractors/ Subcontractors	Quarterly	Sub-Contractor Engagement Regular meetings with suppliers/contractors if there are any issues
	Audit/ Site Visit on Contractor/ Subcontractor	Annually	Audit and site visit on Contractor/ Subcontractor to assess their capabilities and ensure compliance Sub-Contractor Audit (QHSSE Audit)
	 Regulators	Compliance with local authorities’ requirements	Ongoing
 Community		Community development programs	As and when required



SUSTAINABILITY STATEMENT (CONT'D)

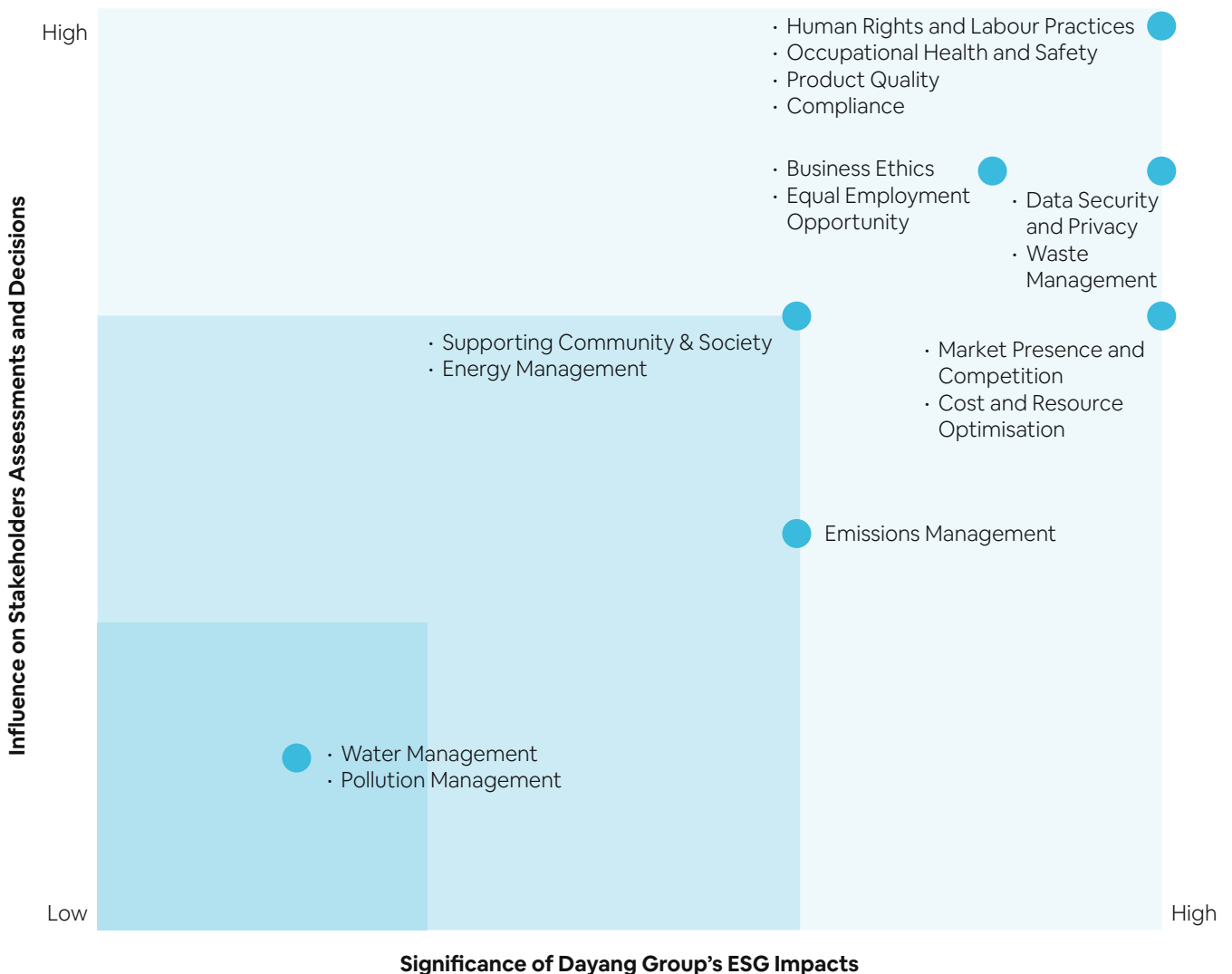
OUR MATERIALITY ASSESSMENT PROCESS

We identified and determined the Group’s MSMs through a materiality process, prioritising sustainability matters with greater significance to the Group and its diverse stakeholders. The Management team performed a materiality assessment, considering the Group’s businesses, business strategies, and short and long-term objectives, amongst others. For the assessment, Dayang adopted a “materiality” definition that is largely in line with the MMLR, where a MSM is one that reflects the Group’s significant economic, environmental, and social impacts or substantively influences the assessments or decisions of stakeholders. The assessment has also considered the common sustainability matters stipulated in the MMLR.

During the assessment, Management has also taken into consideration the topics or issues concerning stakeholders which were raised during the Group’s ongoing engagement with stakeholders.

The MSMs identified are further analysed to consider the risks and opportunities, enabling more effective management and resource allocation for the Group to prioritise the management of MSMs. Associated risks are also incorporated into the Group’s risk management process for ongoing and periodic monitoring, together with the Group’s overall risk management processes.

The materiality matrix for Dayang Group is summarised as follows.



SUSTAINABILITY STATEMENT (CONT'D)

SUSTAINABILITY POLICY

This year, Dayang has established and published a Sustainability Policy that sets the Group's stance and commitments pertaining to key sustainability topics, summarised as follows.

 <h3 style="text-align: center; margin-top: 10px;">Compliance and Ethics</h3> <ul style="list-style-type: none"> • Complying with all applicable legal and regulatory requirements, covering but not limited to environmental and social laws and regulations. • Conducting business ethically and with integrity. • Zero tolerance against bribery and corruption. 	 <h3 style="text-align: center; margin-top: 10px;">Environment</h3> <ul style="list-style-type: none"> • Zero spillage or pollution incidents that result in fines or penalties. • Minimise the negative environmental and social impacts caused by waste generated. • Incorporating climate-related considerations in its long-term business strategies and incorporating alignment with the Recommendations and the Task Force on Climate-related Financial Disclosures. • Seeking to account for and address its Scope 1 and Scope 2 emissions. 	 <h3 style="text-align: center; margin-top: 10px;">People</h3> <ul style="list-style-type: none"> • Safeguarding the safety and health of all people. • Embracing diversity and being an equal opportunity employer and not discriminating against anyone on the basis of race, religion, gender, age, sexual orientation, disabilities, or nationality. • Respecting the freedom of association and right to collective bargaining of all its employees and workers. • Fostering a culture of continuous learning and growth.
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BUSINESS ETHICS

Business ethics is one of the Group's key MSMs. It is important for the Group to demonstrate ethical business practices and uphold integrity, in building trustworthy relationships with stakeholders within the market and in the industry. Amongst others, this includes complying with applicable laws and regulations and delivering our legal obligations towards relevant stakeholders.

To maintain high ethical standards and integrity, we actively foster and instill positive and ethical culture and behaviour in our operations and among employees. The Group expect all employees to uphold high standards of integrity by strictly following the General Code of Conduct and Discipline. We maintain a strict stance against all types of abusive or coercive behaviour, including verbal or physical violence, as well as sexual harassment, within our employees. Where necessary, relevant training, either in-house or through outsourcing, is provided to our employees to strengthen our employees' awareness and compliance with the latest laws and regulations.



SUSTAINABILITY STATEMENT (CONT'D)

BUSINESS ETHICS (CONT'D)

Compliance

The Group is committed to adhering to all applicable legal and regulatory requirements, including but not limited to environmental and social laws and regulations such as occupational health and safety-related regulations. We have a process to monitor and manage compliance, where compliance matters and measures are regularly reviewed.

Our monthly business management reports include a review of any cases of non-compliance. From time to time, gap assessment reviews on newly introduced or amended laws and regulations are conducted to identify gaps for further action plans to be undertaken. Where necessary, training or briefing may also be provided to employees to ensure they are equipped with the relevant knowledge to drive the Group's compliance.



Data Security and Privacy

Ensuring the protection of customer data plays a vital role in building and maintaining customer trust and loyalty. In this regard, the Group regularly reviews its IT procedures and guidelines to ensure the integrity of its cybersecurity system, safeguarding the company's information and data against potential cyber threats. In addition, we continue to stay abreast of the latest technological changes to enhance the Group's cybersecurity and align with the company's evolving requirements. With regard to personal data security, Dayang Group also complies with the Personal Data Protection Act 2010 ("PDPA").

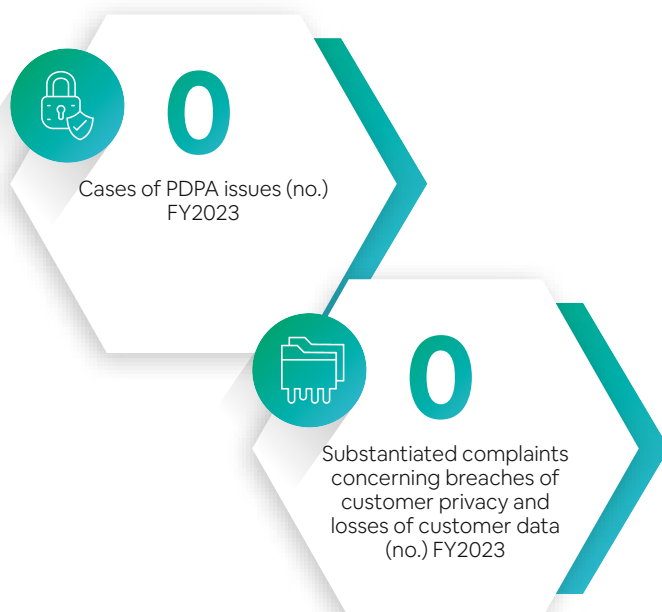
During the financial year under review, we are pleased to announce that there were no cases of PDPA issues or substantiated complaints concerning breaches of customer privacy and losses of customer data or cybersecurity.

Multi-Factor Authentication ("MFA") security features are being implemented for company emails, files, and application access, coupled with stringent password complexity requirements for an extra layer of protection. We also have a firewall system which serves as one of the crucial defences for both incoming and outgoing internet access, ensuring controlled and protected data flow. By establishing comprehensive access controls, we aim to enhance our overall network security and safeguard sensitive information against potential cyber threats.

Effective communication is key to promoting IT security awareness among employees. The Group disseminates memos and communications through various channels, such as emails and notice boards, emphasising proper IT use and caution against scams. Cybersecurity training or programmes are integrated into the induction process for all new hires and are continually updated to address emerging threats.

Regular system updates are implemented to maintain the integrity and security of our IT infrastructure. Daily scheduled backups are also performed to protect important data assets of the Group.

Regular IT audits, conducted by the Quality Assurance/Quality Control ("QAQC") Department, internal audit, and external entities such as Sirim for ISO9001 compliance, further ensure the effectiveness and compliance of the cybersecurity measures in place. This holistic approach underscores the Group's commitment to maintaining a secure and resilient IT environment.



SUSTAINABILITY STATEMENT (CONT'D)

BUSINESS ETHICS (CONT'D)

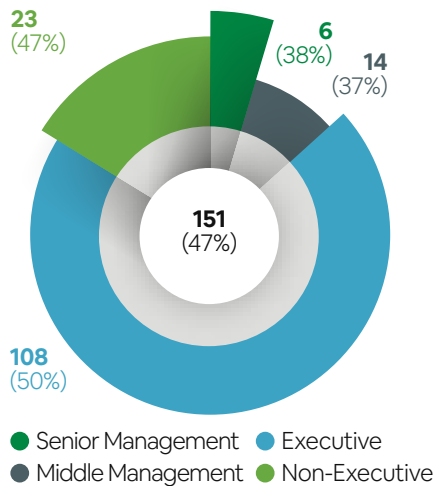
Anti-Bribery and Corruption Policies and Procedures

An ABC Policy has been developed and implemented within the Group. We adopt a zero-tolerance stance towards all forms of bribery and corruption, whether active or passive. Bribery or corruption activities may occur within higher-risk transactions or relationships, such as gifts, entertainment and corporate hospitality, charitable donations and corporate social responsibilities, facilitation payments, political contributions, or dealing with public officials and business associates. Relevant measures are in place to manage these transactions or relationships, as appropriate.

The assessment of corruption risk is incorporated into the Group's risk management process, which is reviewed at least annually. All operations of the Group have been assessed for corruption risks. The Group also has an Anti-Bribery and Corruption Compliance Committee ("ABCC") whose responsibilities include reviewing and monitoring the Group's corruption risks, measures, and relevant performance.

To ensure employees are well-informed about the Group ABC Policy, regular anti-bribery and corruption relevant reminders and announcements are provided. In FY2023, 47% of our employees attended anti-bribery and corruption training or briefings. All newly joined staff after 1 September 2022 are required to sign an acknowledgement form to confirm their understanding and commitment to adhere to the established ABC Policy. Briefing on the ABC Policy is also provided during the orientation of all new hires, who are also required to sign an acknowledgement of their commitment to the Group's anti-corruption culture.

Employees who have received training on anti-bribery and corruption in FY2023



Whistleblowing Policy

The Group views any cases of bribery and corruption seriously. Recognising the importance of enabling relevant parties to make reports without fear of reprisal, the Group has established a whistleblowing channel, which is formalised through the Group's Whistleblowing Policy. The whistleblowing channel allows all employees and stakeholders to report or disclose improper conduct within or related to the Group, such as corruption or illicit conduct. The Whistleblowing Policy provides confidentiality and protection for whistleblowers reporting in good faith without malicious intent and safeguards them from reprisals within the Group.

The ABC Policy and Whistleblowing Policy are publicly available on the corporate website.

During the financial year under review, there were zero bribery and corruption incidents reported.



The Group communicates its ABC Policy to its business associates, emphasising to stakeholders the importance of adherence to ethical standards and fostering a culture of integrity within our industry and the broader business ecosystem. This proactive communication strategy is aimed at promoting a shared commitment to ethical conduct and minimising the risk of illicit practices through the spreading of awareness.

SUSTAINABILITY STATEMENT (CONT'D)

RESPONSIBLE SUPPLY CHAIN MANAGEMENT

Market Presence and Competition and Cost and Resource Optimisation

Dayang Group offers a range of services, including maintenance, fabrication operations, hook-up and commissioning, and chartering of marine vessels, as well as vessel technical specifications. This integrated diversification forms an integral part of our sustainable business model.

Market players, including Dayang Group, face continuous challenges and risks in the industry. These risks range from the fluctuations of global oil prices to the impact of political instability, geopolitical tensions, climate change, and increasing compliance requirements. Ensuring competitiveness and efficient operation are some of the crucial factors for the sustainability of Dayang's business.

At Dayang, business plans and strategies are set by the top management and reviewed by the Board to ensure appropriate strategies are in place to steer the Group towards success in its business environment. Strategies are supported by business plans which are periodically monitored to ensure business performance is on track.

Amongst the many business priorities, one of the more prevalent matters is operational efficiency, which involves Dayang pursuing competitiveness through good service quality for customers and generating shareholders' value through cost optimisation. In this regard, the Group's management and operations are guided by well-implemented, efficient, and proactive maintenance strategies. These strategies not only pursue operational efficiency but also strive to minimise environmental impacts. Our strategies have also considered approaches to safeguard against potential disruptions and align with evolving industry expectations for sustainable, and responsible business practices.

We also carry out other business enhancement activities such as resource allocation plans, cost optimisation analysis, and collaborations with business stakeholders such as customers and service providers to identify streamlining opportunities and develop solutions to enhance our business.

In addition, in pursuit of continuous improvement and enhanced value creation, we actively seek synergistic opportunities that create better value for the Group. We continuously identify and capitalise on growth opportunities.

For detailed information regarding the Group's performance, please refer to the **Management Discussion and Analysis** and **Financial Highlights** section of this Annual Report FY2023.

Product and Services Quality

Dayang Group's products and services are guided by quality objectives which set out the quality standards expected of our products and services. Our commitment to quality extends throughout our organisation, from the project management of our project teams to the products and services we deliver to our customers. Overall quality of products and services are safeguarded by the Project Management Teams which are responsible for monitoring and ensuring the delivery of safe and quality work to our customers.

In June 2017, Dayang Enterprise Sdn Bhd ("DESB") obtained certification for its Quality Management System in accordance with MS ISO 9001:2015 standards from SIRM QAS International Sdn Bhd, demonstrating the company's emphasis on quality. The system has undergone rigorous maintenance through our internal audit programs and the annual SIRIM audit assessment to ensure our continuous improvement and compliance with standard requirements.



SUSTAINABILITY STATEMENT (CONT'D)

RESPONSIBLE SUPPLY CHAIN MANAGEMENT (CONT'D)

Market Presence and Competition and Cost and Resource Optimisation (cont'd)

Product and Services Quality (cont'd)

In FY2023, Dayang Group received several Appreciation Certificates from our customers including the following:

1. Appreciation Certificate from KPOC to extend sincere appreciation and gratitude for providing excellent performance and service with good quality and safety for baseplate modification for new macerator installation at KBB from 13th September 2023 to 4th October 2023;
2. Appreciate Certificate from Kementerian Sumber Manusia, Jabatan Keselamatan dan Kesihatan Pekerjaan Wilayah Persekutuan Labuan for OSHWEEK 2023;
3. HSE Excellence Appreciation Award from ROC in recognition of HSE excellence and outstanding Efforts in achieving incident-free operations for D35 & J4 Work Over Project 2023;
4. Commemoration of Sarawak Vendors in OGSE Industry 2023 Participation;
5. Excellent Vendor Award 2023 from Hibiscus Petroleum in recognition of outstanding performance and contributions for North Sabah Operation in 2022/2023;
6. Certificate of Appreciation from Hibiscus Petroleum in recognition of outstanding accomplishment and services for the SEAH Integrated Wells Campaign 2023 from 1st March 2023 until 3rd October 2023;
7. Certificate of Appreciation from Shell for the completion of Timi Offshore HUC Campaign and First Gas Achieved in August 2023;
8. Bronze Award from Shell in recognition of exemplary HSSE work culture and outstanding safety performance for the year 2022;
9. Focused Recognition from PETRONAS for contributed to Winning Plan 2022 realisation and supporting core pillar from ERAT by successfully completing all maintenance campaigns in SKA thus safeguarding the safety and asset integrity of Sarawak Asset; and
10. Recognition of outstanding accomplishment and services from Hibicus Petroleum for the SEAH Hibicus Integrated TMM Campaign from 15th March 2022 to 7th September 2022 for 1237 Days LTI free (2.6 million Safe Man-hours).



Monthly meetings are conducted by the Group with the purpose of addressing quality and operational issues. Management Review Meetings are held periodically to assess and review our quality performance and achievements. By reviewing the quality performance, it enables Corporate Health, Safety, Security and Environment (“HSSE”) Department and Quality Assurance and Quality Control (“QAQC”) Department to identify potential revisions or amendments to procedures, policies, and objectives, to ensure continuous improvement in the Group’s quality management practices.

Internal and external audits are also conducted to uphold and ensure the safety and quality standards of our operations. The QAQC Department holds the responsibility of auditing the operational units to ensure adherence to ISO Standards. An annual audit, planned together with the QAQC Department is conducted internally by our internal auditor to assess the adequacy and effectiveness of the Group’s risk management and internal control system. Operations are also subject to an annual external audit conducted by SIRIM QAS International.

We recognise the importance of actively seeking feedback from our stakeholders, via various channels such as customer satisfaction surveys and reviews, to assess the quality of our products and services. A Quality Project Plan is implemented not only to invite constructive views but also to oversee and monitor customer satisfaction.

SUSTAINABILITY STATEMENT (CONT'D)

RESPONSIBLE SUPPLY CHAIN MANAGEMENT (CONT'D)

Market Presence and Competition and Cost and Resource Optimisation (cont'd)

Customer Satisfaction

We continue to conduct customer surveys using the “Customer Survey Feedback” tool and measure the “Customer Satisfaction Index” to derive meaningful insights from the survey responses. This survey allows us to better understand customer feedback and identify areas of those that may require improvement. In FY2023, the Customer Satisfaction Index was recorded as 82.67% on average.



Suppliers and Service Providers

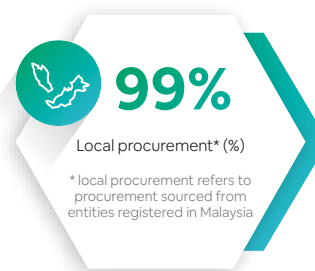
Furthermore, we also place a strong emphasis on fair and proper business practices in all its dealings with various stakeholders, including governmental authorities, customers, suppliers, vendors, agents, representatives, contractors, subcontractors, and competitors. We require our stakeholders to adhere to applicable laws and regulations governing free and fair competition within the industry and in our supply chains.

Suppliers and Service Providers (cont'd)

As part of our commitment, all our new suppliers are required to complete a Vendor/ Subcontractor Pre-Assessment Sheet. The assessment forms part of our evaluation and review process, ensuring our suppliers adhere to the Group’s ethical and sustainability standards and requirements, as well as meeting our business requirements. We also have regular meetings with contractors and subcontractors to keep all parties of the project updated with the latest progress, including any challenges or risks affecting project progress, in addition to facilitating proactive problem resolution.

Supporting Local Economy

During the financial year under review, 99% of the Group’s goods and services are procured from local suppliers or service providers.



EQUAL AND SUSTAINABLE WORKPLACE

Equal Employment Opportunity

We believe that our employees constitute our most invaluable asset, and we consider employee empowerment as a key factor for fostering a sustainable business. We embrace diversity, non-discrimination, fair treatment, and equal opportunities within our workforce. Our commitment to cultivating an inclusive organisational culture is also part of the Group’s beliefs in nurturing a healthy, secure, and motivated workforce.

As of 31 December 2023, Dayang Group employed 319 of employees where 5% were permanent employees while 95% of employees were hired on a contract basis. The breakdown of the Group’s employees, based on gender, age group, and employee categories, is as follows.

Dayang Group Number of employees as at 31 Dec 2023	Gender		Age		
	Male	Female	<30	30-50	<50
Board of Director	8 (73%)	3 (27%)	0 (0%)	0 (0%)	11 (100%)
Employees Category					
Senior Management	13 (81%)	3 (19%)	0 (0%)	4 (25%)	12 (75%)
Middle Management	22 (58%)	16 (42%)	0 (0%)	22 (58%)	16 (42%)
Executive	137 (63%)	79 (37%)	50 (23%)	128 (59%)	38 (18%)
Non-Executive	32 (65%)	17 (35%)	6 (12%)	34 (70%)	9 (18%)
Total	204 (64%)	115 (36%)	56 (18%)	188 (59%)	75 (23%)

SUSTAINABILITY STATEMENT (CONT'D)

EQUAL AND SUSTAINABLE WORKPLACE (CONT'D)

Equal Employment Opportunity (cont'd)

Dayang Group	31 Dec 2023
Full time permanent (%)	319 (5%)
Part-time permanent (%)	0 (0%)
Full time contract (%)	6,583 (95%)
Part time contract (%)	0 (0%)

Number of new hires employee and employee turnover as at 31 Dec 2023

Employees Category	New hires no.	Turnover no.
Senior Management	0	0
Middle Management	0	0
Executive	48	57
Non-Executive	5	3
Total	53	60

Human Rights and Labour Practices

The Group is committed to upholding human rights. Our commitment is reflected in the Group's Sustainability Policy and Human Rights Policy, designed to foster an equal and inclusive working environment throughout our operations. All our employees are required to adhere to relevant policies and procedures.

Guided by the Human Rights Policy, we embrace diversity, strive to create equal opportunity, and do not tolerate discrimination or harassment. We strive to maintain a workplace that is free from discrimination or harassment based on factors such as race, sex, ethnicity, religion, gender, age, sexual orientation, disabilities, or nationality. The basis for recruitment, hiring, placement, development, training, compensation, and advancement at our operations are justified through qualifications, performance, skills, and experience.

To maintain fair equitable treatment of our workplace, the Group recognises and supports the freedom of association and the right to collective bargaining for all employees and workers. We also explicitly prohibit the use of forced labour, human trafficking, and child labour within our operations. Dayang Group is committed to complying with applicable laws and industry standards concerning working hours, wages, benefits, and holiday entitlements. The Group is steadfast in our efforts to ensure a safe and healthy working environment for all employees. We aim to maintain reasonable working conditions while treating every individual with utmost respect and dignity.

Due diligence is conducted to identify and mitigate any actual or potential adverse impacts on our activities or our business relationships. Recognising that human rights due diligence is an ongoing process, we emphasise specific attention at certain stages in our business activities, such as the establishment of new partnerships or our operating conditions changes, and additional due diligence may also be carried out, as appropriate.

Emphasising transparent communication, we place significant importance on fostering open and honest communication among all employees. Grievance mechanisms are in place for employees to highlight employment and work-related issues to the Human Resource Department, and this serves as an avenue for conflicts or concerns, including human rights matters or employment practices issues, to be raised, in enabling an effective conflict resolution process. Serious misconduct may further be reported via the whistleblowing mechanism. In addition, training related to human rights was provided to our new employees during the Human Resource Induction Session in FY2023 to promote awareness.

During the financial year under review, we did not record any substantiated complaints concerning human rights violations.



Employee Engagement and Talent Development

At Dayang, employee engagement is one of our tools in building a sustainable workforce. We also organise training and activities which offer employees a chance to break away from their usual work patterns, concentrating on strategic planning, team building, and professional development in a relaxed and informal setting. These activities enable us to strengthen team cohesion, stimulate creativity and innovation, cultivate skills and knowledge, and enhance organisational alignment.

SUSTAINABILITY STATEMENT (CONT'D)

EQUAL AND SUSTAINABLE WORKPLACE (CONT'D)

Equal Employment Opportunity (cont'd)

Employee Engagement and Talent Development (cont'd)

We are grateful for our employees who have supported us, especially those who have been with us for many years. We give out Long Service Awards for employees during the 15th year of their service. In FY2023, the Group gave out Long Service Awards to 13 employees.

Surveys and assessments are carried out to measure the level of employee engagement, aiming to discern strengths and assess areas for improvement within our organisational framework. Our goal is to promote a work environment that is not only supportive but also inherently engaging.

To achieve the organisation's immediate and long-term aspirations, we continuously invest in upgrading and retraining our talent pool by improving the skills and competencies of our workforce. We strive to empower our employees, providing them with the tools and opportunities to realise their full potential. Every employee is provided with opportunities to explore diverse talent development paths which may further with their personal and professional roles and responsibilities. Our employee development strategy also incorporates succession planning by determining potential talent who may contribute leadership and management skills for the medium and long-term future. All employees are subject to annual performance appraisals to evaluate their performance for the year.

During the financial year under review, various training or programmes, both internally and externally, were provided to our employees. The training is summarised as follows:

- | | |
|---|---|
| 1) 8th Borneo Occupational Safety and Health Conference and Exhibition | 15) International Conference of ICOH Scientific Committee on Occupational Medicine (SCOM) |
| 2) An Effective Calibration System | 16) ISO 451001:2018 Internal Audit Training |
| 3) Basic First Aid and Cardiopulmonary Resuscitation | 17) Master in Project Management |
| 4) Basic Lifting Supervisor | 18) Occupational Safety And Health Coordinator |
| 5) Basic Occupational First AID, CPR, and AED | 19) OSH Performance Indicator |
| 6) Combined ISM & ISPS Code Internal Auditor Course Online | 20) Project Management in Primavera P6 Basic |
| 7) Conference on QHS2E Innovation for Safer and Healthier System & Technology | 21) Project Management Professional |
| 8) CSWIP 3.0 Visual Welding Inspector | 22) Sarawak Audiometry Workshop |
| 9) CSWIP Senior Welding Inspector (WIS 5) | 23) Strategic Negotiations Skills |
| 10) CSWIP Senior Welding Inspector 3.2.1 | 24) Understanding ISO 9001:2015 Requirements and ISO 9001:2015 Internal Auditor Training |
| 11) Designated Person Ashore | 25) Implementation of E-Invoicing in Malaysia |
| 12) Hasil - MEF Tax Seminar 2023 Towards Sustainable Recovery | 26) Sustainability Governance, Management and Reporting |
| 13) ICOP NOISE 2019: Hearing Conservation Administrator (HCA) Roles & Responsibilities at Workplace | 27) Dayang Group: Implementation of e-Invoicing in Malaysia |
| 14) IMM Certified Coating Inspector Online Refresher and Re-Certification | 28) Conflict of Interest ("COI") obligation of Directors, Key Officers, Nominating & Audit Committees |

In FY2023, our employees attended a total of 9,191 hours of training.

Total hours of training	FY2023
Employees Category	
Senior Management	103
Middle Management	896
Executive	7,304
Non-Executive	888
Total	9,191

SUSTAINABILITY STATEMENT (CONT'D)

EQUAL AND SUSTAINABLE WORKPLACE (CONT'D)

Occupational Health and Safety

The Group is committed to promoting a safe, conducive, and healthy working environment for all individuals, encompassing employees including foreign employees, workers, and visitors in Dayang Group's business operations and services. We also make our commitment clear through the Group's Safety and Health Policy and Sustainability Policy.

In this regard, the HSSE Department, chaired by the HSSE Manager, plays a crucial role in overseeing the overall management of health, safety, security, and environmental considerations in the Group's operations. The HSSE Department is responsible for overseeing and ensuring adherence to HSSE policies, regulations, and guidelines, promoting HSSE awareness and fostering a work culture that prioritises the overarching objective of preventing harm to individuals and safeguarding the environment in which we operate and reside.

Our HSSE practices are guided by established HSSE Guidelines which cover the following areas:

 <p>Guideline on Channel of Communication</p>	 <p>Guideline on Baggage & Body Search</p>	 <p>Guideline for Hearing Conservation and Noise Control Programme</p>	 <p>Chemical Management</p>
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Furthermore, HSSE at Dayang Group is managed via the HSSE Management System ("HSSE-MS") which has undergone reviews and improvements to align with industry standards, including that of one of our key clients, Petronas. The HSSE-MS addresses the following elements.

 <p>Leadership and Commitment 5 Planning and Procedures</p>	 <p>Policy and Strategic Objectives 6 Implementation and Monitoring</p>	 <p>Organisation, Responsibilities, Resources, Standards and Documents</p>	 <p>Hazards and Effects Management Process</p>
 <p>Planning and Procedures</p>	 <p>Implementation and Monitoring</p>	 <p>Assurance</p>	 <p>Management Review</p>

SUSTAINABILITY STATEMENT (CONT'D)

EQUAL AND SUSTAINABLE WORKPLACE (CONT'D)

Occupational Health and Safety (cont'd)

To ensure the ongoing effectiveness and efficiency of the HSSE-MS, the Management Review process requires that the HSSE policies, procedures, and other documents are reviewed by the Management at planned intervals.

HSSE at operational sites is overseen by the respective Occupational Safety and Health (“OSH”) Committees, which have a balanced representation of Management-level personnel and ground-level employees to actively involve stakeholders in decision-making processes related to health and safety, thereby fostering a comprehensive and collaborative approach to maintaining a secure and compliant operational environment. In FY2023, the representatives in the OSH Committees are breakdown as follows:

Dayang Group	FY2021	FY2022	FY2023
Representatives in the OSH Committees			
Management	20	30	31
Employee	20	30	31

HSSE meetings and monthly OSH Committee Meetings are conducted at various levels, encompassing offshore locations, warehouse yards and offices, serving as a platform for effective communication. The meetings include as follows:

- Daily Toolbox Meeting;
- Monthly Location HSSE Meeting / LOCHSEC;
- Join meeting with operation team from client;
- Monthly HSSE Community Meeting;
- Quarterly Contractor Engagement; and
- Annually QHSSE Week/Day.

During the financial year under review, a range of HSSE programmes were implemented to safeguard employees and contractors who are not subjected to conditions that might pose risks to their health. The programmes conducted include:

- HSE Leadership Workshop;
- Best Uauc Award;
- Near Miss Incentive;
- Launching Of “5 Step To Stay Safe”;
- Drill Evacuation & Demonstration With Bomba;
- Security Check @ Miri Wharf;
- Engagement Session With Contractor;
- Assurance Audit To Contractor;
- Qhsse Week (Labuan & Bintulu); and
- Work Closely With Dosh & Doe To Assure Compliance.



Furthermore, the Group ensures that its operations align with regulatory frameworks such as the Malaysian Occupational Safety and Health Act 1994, Environmental Quality Act 1974, regulation orders and other relevant Codes of Practice. This alignment ensures that our activities adhere to established standards and legal requirements and uphold the expected level of safety standards. Similarly, the Group’s HSSE processes and controls are also subject to internal audits to assess the adequacy and effectiveness of the system.

Dayang adopts a risk-based approach toward managing HSSE risks. HSSE risk areas and hazards are identified through regular HSSE risk assessments, where risk areas are analysed for mitigative steps to be undertaken. The HSSE Department works to take effective steps to prevent potential accidents and injuries to employees’ health by minimising, so far as is reasonably practicable, and in cooperation with its employees, the causes of hazards inherent in the workplace. On the other hand, the OSH Committees of the respective sites work together with the HSSE Department to manage and monitor HSSE risks specific to their sites.

SUSTAINABILITY STATEMENT (CONT'D)

EQUAL AND SUSTAINABLE WORKPLACE (CONT'D)

Occupational Health and Safety (cont'd)

We collect, analyse, and manage records related to workplace accidents, dangerous occurrences, occupational poisoning, and occupational diseases that occurred. In the event of any accident/ incident or injuries, investigations will be conducted promptly to identify root causes and implement corrective measures. The health and safety performance, investigation, and control undertaken will be reported to the HSSE Department and OSH Committees, and awareness will be shared within the operations to prevent the recurrence of similar accidents or incidents. Apart from that, our workplace is periodically inspected to assess whether any machinery, plants, equipment, substances, appliances, or processes or types of manual labour used therein pose any safety risks. All employees receive relevant safety briefings or training to ensure that they are sufficiently equipped with HSSE knowledge and skills to carry out their work safely. SHO Continuous Education Programmes are also provided to all our employees to ensure that our employees stay abreast of industry advancements, emerging trends, and evolving best practices relating to HSSE.

In FY2023, HSSE training provided for employees includes the following topics:

- OSH Performance Indicator;
- ISO 45001:2018 Internal Audit Training;
- Sarawak Audiometry Workshop;
- 8TH BOSH 2023;
- QHS2E Innovation for Safer and Healthier Systems & Technologies;
- Basic Occupational First Aid, CPR & AED;
- SHOTS 2.0 2023;
- Seminar Pemantapan Keselamatan Kebakaran di Premis-Premis Perniagaan;
- Sarawak Mental Health Seminar 2023;
- Understanding CHRA Implementation at Workplace;
- HIRARC 2.0 As A Tool for Accident Prevention; and
- Seminar Guidelines on Medical Surveillance Program at Workplace 2023.

Dayang Group's safety performance in FY2023 is summarised as follows:

Dayang Group	FY2023	
	Target	Performance
HSSE rule breaking/ violation (cases)	0	0
Work-related accident/ incident (cases)	0	3
Total Recordable Case Frequency ("TRCF")/ Lost Time Incident Rate ("LTIR")* (cases)	0.00	0.38
Near miss reporting (cases)		3
Work-related fatalities (cases)		0

Note:

* TRCF LTIR = number of incidents/ manhours x 1,000,000

During the financial year under review, there were 1,958 employees, including contract employees, trained on health and safety standards.



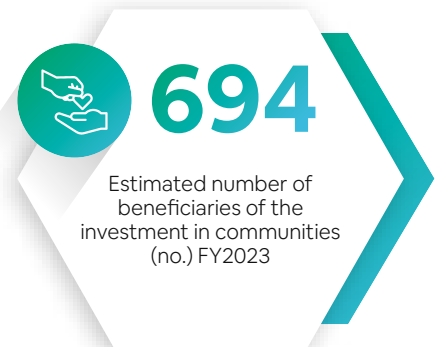
SUSTAINABILITY STATEMENT (CONT'D)

EQUAL AND SUSTAINABLE WORKPLACE (CONT'D)

Supporting Community & Society

The Group promotes Corporate Social Responsibility (“CSR”), emphasising its significance alongside the pursuit of business growth to enhance both shareholder and stakeholder value and create a positive business environment whilst improving the quality of life among local communities.

The Group, through various methods, contributed to communities in need, including via the Malaysian AIDS Foundation (Miri), Cleft Lip and Palate Help Association Sarawak, and Sarawak Society for the Blind. Our contribution in FY2023 totalled RM22,000 with approximately 694 beneficiaries. This year, we have achieved our target of at least 3 donations or contributions to the society per year. The CSR activities conducted by the Group are documented in the annual DEHB audit report.



ENVIRONMENTAL CONSERVATION & PROTECTION

The Group reviews and monitors its environmental compliance strategy and performance, ensuring that our activities are aligned with the relevant laws and regulations. Regular meetings are held among the heads of departments to facilitate in-depth discussions and collaboration in refining and optimising our approach to environmental compliance.

Dayang Group recognises the potential for pollution risks in its operations. We take a serious stance on pollution prevention throughout our business activities. To this end, we have implemented an Environment Policy to ensure compliance with the applicable environmental standards and encourage the efficient utilisation of materials and resources. To maintain compliance, we conduct monthly Environmental Regulatory Compliance Monitoring (“ERCM”), closely scrutinising our operations against established environmental regulations. This forum serves as a proactive platform for reviewing and addressing environmental issues, discussing regulatory updates, and fostering continuous improvement in environmental performance. The ERCM meetings reinforce the Group’s commitment to staying abreast of environmental regulations and continuously improving its environmental practices.

In addition, we conduct regular internal audits to assess and enhance our environmental performance.

SUSTAINABILITY STATEMENT (CONT'D)

ENVIRONMENTAL CONSERVATION & PROTECTION

The Group also recognises its responsibility to address climate-related concerns and risks, including how they may impact the Group's long-term strategies and business sustainability and is currently gradually integrating climate-related considerations in its long-term business strategies, aligning with the Recommendations and the Task Force on Climate-related Financial Disclosures.

This year, we have expanded our disclosure on energy consumption and greenhouse gas ("GHG") emissions.

Climate Change & Greenhouse Gas Emissions

Energy and Emissions Management

The Group has undertaken approaches to minimise its impacts on climate change by addressing issues such as diesel consumption and emissions produced, both directly and indirectly. We also actively focus on enhancing energy efficiency within its office spaces. To achieve this goal, a thorough review of office lighting and appliances has been initiated to identify areas that may require upgrades or replacements, aiming to optimise energy consumption. By evaluating and upgrading lighting systems and appliances, the Group aims to create a more energy-efficient workspace, contributing to both cost savings and a greener, more sustainable future.

DESB Marine Services Sdn Bhd ("DMSSB")

During periods of vessel off-hire, such as standby or maintenance, we prioritise the utilisation of electricity supplied from the shore to the greatest extent possible. This helps us reduce reliance on diesel for electricity for vessel standby and maintenance.

All our vessels comply with the Ship Energy Efficiency Management Plan ("SEEMP"), and, in addition, our workboats comply with the Fuel Oil Management Plans while in operation.

During the financial year under review, there were a total of 6,467.75 MWh of energy consumption, where 3,808.29 MWh of fuel and 2,659.46 MWh of electricity usage.

Dayang Group	FY2023
Diesel (MWh)	3,736.65
Petrol (MWh)	71.64
Electricity (MWh)	2,659.46
Energy consumption (MWh)	6,467.75

SUSTAINABILITY STATEMENT (CONT'D)

ENVIRONMENTAL CONSERVATION & PROTECTION (CONT'D)

Climate Change & Greenhouse Gas Emissions (cont'd)

Energy and Emissions Management (cont'd)

During the financial year under review, the Group recorded 2,110.34 tCO₂e of scope 1 and 2 emissions, which are mainly derived from energy use.

Dayang Group	FY2023
Scope 1 emissions (tCO ₂ e)	957.61
Scope 2 emissions* (tCO ₂ e)	1,152.73
Total Scope 1 and 2 emissions generated (tCO₂e)	2,110.34

Note:

* estimated using Sabah’s Grid Emission Factor of 0.425 Gg CO₂e/ GWh for FY2021. Source: <https://meih.st.gov.my/documents/10620/cdddb88f-aaa5-4e1a-9557-e5f4d779906b>

* estimated using Sarawak’s Grid Emission Factor of 0.198 Gg CO₂e/ GWh for FY2021. Source: <https://meih.st.gov.my/documents/10620/cdddb88f-aaa5-4e1a-9557-e5f4d779906b>

Pollution Management

Addressing pollution, particularly vessel and machine emissions, stands as a paramount global challenge within our industry. Dayang ensures that its vessels comply with the SEEMP under the International Convention for the Prevention of Pollution from Ships (“MARPOL”). Dayang Group is also compliant with the Department of Environment (“DOE”) regulations governing yard operations and MARPOL requirements for marine vessels. Furthermore, we also carry out scheduled maintenance, testing, and repair work for all vessels and machines to prevent or reduce pollution arising from under-maintained equipment.

Dayang Enterprise Sdn Bhd (“DESB”)

The strategy employed by the DESB is aimed at sustainable energy practices and emission reduction. DESB strives to identify and capitalise on opportunities to transition from conventional fuel-based energy sources to renewable alternatives. This action shift is aligned with the global trend towards clean and sustainable energy and reducing carbon footprint associated with energy production. DESB is also focused on pinpointing opportunities and projects specifically tailored to offset the emissions generated by Dayang, such as replacing lightings with more energy-efficient LED lightings, having recycling programs for e-waste, and promoting energy conservation practices among employees. By engaging in emission offset initiatives, DESB seeks to balance and neutralise the environmental impact of Dayang’s operations, contributing to a more ecologically responsible and sustainable business model.

DESB Marine Services Sdn Bhd (“DMSSB”)

DMSSB emphasises on compliance with international environmental standards, particularly in the realm of air pollution prevention. The company ensures that its vessels strictly adhere to the regulations of the MARPOL 73/78 Annex VI. This international maritime agreement sets forth guidelines and measures aimed at curbing air pollution from ships by regulating emissions of pollutants such as sulphur oxides (“SOx”) and nitrogen oxides (“NOx”). By adhering to MARPOL 73/78 Annex VI, DMSSB not only demonstrates its commitment to environmental responsibility but also contributes to the broader global effort to mitigate the impact of shipping activities on air quality and marine ecosystems. DMSSB also carries out various measures such as installation and proper functioning of essential equipment including oily water separators, sewage treatment plants, garbage compactors, and more.

SUSTAINABILITY STATEMENT (CONT'D)

ENVIRONMENTAL CONSERVATION & PROTECTION (CONT'D)

Waste Management

The Scheduled Waste Management Policy, one of the key components of Dayang's environmental initiatives, is implemented in line with the organisation's unwavering commitment to environmental protection and strict adherence to the Environment Quality Act 1974. Dayang is committed to minimising the negative environmental and social consequences associated with the waste generated from the Group's business activities, operations, and products.

Dayang Group places a high priority on ensuring proper waste management. We have in-house personnel certified with Competent Certified Environmental Professionals in Scheduled Waste Management ("CepSwam") to manage all scheduled waste for our operation. The CepSwam-certified personnel also oversees and implements the Group's waste management policies.

Monthly scheduled waste inventories are monitored using the Electronic Scheduled Waste Information System ("eSWIS") platform to enable systematic and transparent waste monitoring, allowing tracking and documentation of scheduled waste and facilitating efficient management and compliance with regulations. The scheduled waste generated is collected by qualified service providers who carry out disposal in accordance with environmental standards and guidelines.

The Group has also implemented several initiatives for the storage and collection of both waste and recyclables, including having dedicated area and storage for the collection of non-hazardous material for recycling, facilitating the reduction of scheduled waste generated that is hauled and disposed of by licensed disposal companies, and designating a dedicated area where on-site sorted waste materials can be stored in separate skids for collection facilities.

In FY2023, the Group generated 748.91 tonnes of waste, where 391.65 tonnes of hazardous waste and 357.26 tonnes of non-hazardous waste.

Dayang Group FY2023	Diverted from disposal (tonnes)		Directed to disposal (tonnes)	
	Reused	Recycled	Incineration	Landfill
Waste generated				
Subtotal	356.06	0.00	366.81	26.04
	356.06		392.85	
Total	748.91			
Hazardous waste				
SW102	0.00	0.00	0.35	0.00
SW104 (Used Garnet)	0.00	0.00	245.47	21.23
SW 109 (Waste containing mercury or its compound)	0.00	0.00	0.01	0.00
SW 305 (Spent lubricating oil)	0.00	0.00	2.44	0.00
SW 309 (Oil-water mixture such as ballast water)	0.00	0.00	12.74	0.00
SW 311 (Waste oil or oily sludge)	0.00	0.00	6.56	0.00
SW322 (Waste of non-halogenated organic solvent)	0.00	0.00	0.00	2.37
SW409 (Contaminated Paint Can)	0.00	0.00	31.28	1.20
SW410 (Contaminated cotton rag, oil filter)	0.00	0.00	5.82	0.04
SW 417(Used Paint)	0.00	0.00	48.30	0.00

SUSTAINABILITY STATEMENT (CONT'D)

ENVIRONMENTAL CONSERVATION & PROTECTION (CONT'D)

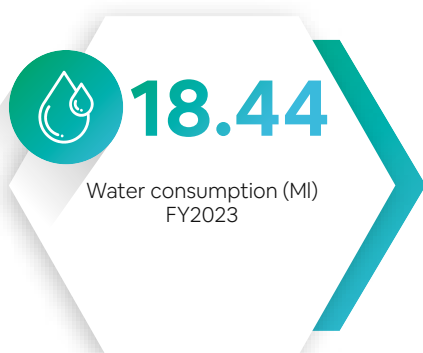
Waste Management (cont'd)

Dayang Group FY2023	Diverted from disposal (tonnes)		Directed to disposal (tonnes)	
	Reused	Recycled	Incineration	Landfill
Hazardous waste				
SW 418 (Discarded Paint)	0.00	0.00	13.31	0.00
SW 422 (A mixture of scheduled and non-scheduled wastes)	0.00	0.00	0.53	0.00
Subtotal	0.00	0.00	366.81	24.84
	0.00		391.65	
Total	391.65			
Non-hazardous waste				
Domestic Waste	0.00	0.00	0.00	1.20
Scrap Metal	354.56	0.00	0.00	0.00
Used Battery	1.50	0.00	0.00	0.00
Subtotal	356.06	0.00	0.00	1.20
	356.06		1.20	
Total	357.26			

Water Management

Dayang Group does not have significant water-related impact on its operation, deeming water management a lower risk in relation to our business operations. Despite this, we ensure that our operations conscientiously utilise water resources in a responsible manner. We do not have any business operating in water-stressed areas.

During the financial year under review, the Group recorded 18.44 MI of water consumption.



SUSTAINABILITY STATEMENT (CONT'D)

Performance Data Table from ESG Reporting Platform

Dayang Group as a Listed Issuer is required to provide mandatory ESG disclosures as part of Main Market Listing Requirements, in line with the enhanced Sustainability Reporting Guide, 3rd Edition. The following performance data table, downloaded from the ESG Reporting Platform summarises indicators that are required to be disclosed in accordance with the Main Market Listing Requirements, for the reporting period from 1 January 2023 to 31 December 2023:

Indicator	Measurement Unit	2023
Bursa (Anti-corruption)		
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category		
Senior Management	Percentage	38.00
Middle Management	Percentage	37.00
Executive	Percentage	50.00
Non-Executive	Percentage	47.00
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	100.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0
Bursa (Community/Society)		
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	22,000.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	694
Bursa (Diversity)		
Bursa C3(a) Percentage of employees by gender and age group, for each employee category		
Age Group by Employee Category		
Senior Management Under 30	Percentage	0.00
Senior Management Between 30-50	Percentage	25.00
Senior Management Above 50	Percentage	75.00
Middle Management Under 30	Percentage	0.00
Middle Management Between 30-50	Percentage	58.00
Middle Management Above 50	Percentage	42.00
Executive Under 30	Percentage	23.00
Executive Between 30-50	Percentage	59.00
Executive Above 50	Percentage	18.00
Non-Executive Under 30	Percentage	12.00
Non-Executive Between 30-50	Percentage	70.00
Non-Executive Above 50	Percentage	18.00
Gender Group by Employee Category		
Senior Management Male	Percentage	81.00
Senior Management Female	Percentage	19.00
Middle Management Male	Percentage	58.00
Middle Management Female	Percentage	42.00
Executive Male	Percentage	63.00
Executive Female	Percentage	37.00
Non-Executive Male	Percentage	65.00
Non-Executive Female	Percentage	35.00
Bursa C3(b) Percentage of directors by gender and age group		
Male	Percentage	73.00
Female	Percentage	27.00
Under 30	Percentage	0.00
Between 30-50	Percentage	0.00
Above 50	Percentage	100.00

SUSTAINABILITY STATEMENT (CONT'D)

**Performance Data Table
from ESG Reporting Platform (cont'd)**

Bursa (Energy management)		
Bursa C4(a) Total energy consumption	Megawatt	6,467.75
Bursa (Health and safety)		
Bursa C5(a) Number of work-related fatalities	Number	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0.38
Bursa C5(c) Number of employees trained on health and safety standards	Number	1,958
Bursa (Labour practices and standards)		
Bursa C6(a) Total hours of training by employee category		
Senior Management	Hours	103
Middle Management	Hours	896
Executive	Hours	7,304
Non-Executive	Hours	888
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	95.00
Bursa C6(c) Total number of employee turnover by employee category		
Senior Management	Number	0
Middle Management	Number	0
Executive	Number	57
Non-Executive	Number	3
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0
Bursa (Supply chain management)		
Bursa C7(a) Proportion of spending on local suppliers	Percentage	99.00
Bursa (Data privacy and security)		
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0
Bursa (Water)		
Bursa C9(a) Total volume of water used	Megalitres	18.440000
Bursa (Waste management)		
Bursa C10(a) Total waste generated	Metric tonnes	748.91
Bursa (Emissions management)		
Bursa C11(a) Scope 1 emissions in tonnes of CO2e	Metric tonnes	957.61
Bursa C11(b) Scope 2 emissions in tonnes of CO2e	Metric tonnes	1,152.73

Internal assurance

External assurance

No assurance

(*)Restated

OVERVIEW	HIGHLIGHTS	LEADERSHIP	KEY MESSAGES	GOVERNANCE	FINANCIAL STATEMENTS	OTHER INFORMATIONS
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CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“the Board”) of Dayang Enterprise Holdings Bhd recognizes corporate governance as being essential for the long term sustainability of the Group’s businesses and performance. The Board believes that a sound and effective corporate governance practices are fundamental to the smooth, effective and transparent operation of a company and its ability to enhance long-term shareholders’ value, increase in investors’ confidence and protect stakeholders’ interests.

This Corporate Governance Overview Statement (“CG Overview Statement”) is prepared pursuant to Paragraph 15.25 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“MMLR”) and takes guidance from the key Corporate Governance (“CG”) principles as set out in the Malaysian Code of Corporate Governance (“MCCG”) issued by the Securities Commission Malaysia.

This CG Overview Statement provides an overview of the corporate governance practices of the Group for the financial year ended 31 December 2023. It is to be read in conjunction with the Corporate Governance Report (“CG Report”) which is available on the corporate website at www.desb.net. The CG Report provides the details on how the Company has applied each Practice as set out in the MCCG during the financial year 2023.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

1. BOARD RESPONSIBILITIES

The Board recognizes that its primary role is to protect and promote the interests of its shareholders, with the overriding objective of enhancing the long-term value of the Group. Thus, the Board remains focused on the Group’s overall governance by ensuring the implementation of strategic plans and that accountability to the Group and stakeholders is monitored effectively.

The Board plays an active role in reviewing and adopting the strategic business plans of the Group, ensuring that the strategies proposed by the Management are discussed at length, supervising management, reviewing performance and determining business risks parameters.

The Board practices a clear division of responsibilities between the Chairman, Managing Director, Non-Independent Executive Directors, Independent Non-Executive Directors and Non-Independent Non-Executive Director. The position of the Chairman and the Managing Director are held by two different individuals in line with the CG Code’s recommendation.

The Chairman is primarily responsible for the orderly conduct of the Board meetings and to ensure the effectiveness of the Board.

The Managing Director and the Non-Independent Executive Directors are responsible for the day to day operations of the Group whereby operational issues and problems are discussed and matters relating to the Group are reviewed and operational strategies are formulated. Independent Directors are involved in various committees and contribute in areas such as performance monitoring and providing independent view for enhancement of corporate governance and controls.

The role of the Senior Management is to manage the Company in accordance with the direction of and delegation by the Board. The Board plays the strategic role in overseeing that the Senior Management carries out the delegated duties to achieve the Group’s corporate objectives with long term strategic plans of the business.

In order to ensure the orderly and effective discharge of its functions and responsibilities, the Board has established six (6) Board Committees, namely:

- i) Audit Committee (AC);
- ii) Joint Remuneration & Nomination Committee (JRNC);
- iii) Risk Management Committee (RMC);
- iv) Corporate Social Responsibility Committee (CSRC);
- v) Anti-Bribery & Corruption Compliance Committee; and
- vi) Corporate Sustainability Committee (CSC).

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)**1. BOARD RESPONSIBILITIES (CONT'D)**

Each committee has been given clear terms of reference that have been approved by the Board. Issues were deliberated by the respective committees before putting up for recommendation to the Board. The Chairman of the respective Board Committee will provide highlights to the Board of the respective Board Committees meeting at the quarterly Board meetings so as to keep the Board abreast of the decision and deliberation made by each Board Committee. The Board retains full responsibility for approval of these recommendations.

Qualified and Competent Company Secretary

The Board has full access to the Company Secretary who provides advisory services particularly on matters relating to the constitution of the Company, facilitating compliance with the listing requirements and the relevant legislation.

The Company Secretary provides support in the execution of corporate proposals. In addition to their statutory duties, the Company Secretary also facilitates communication between the Board and Management. In accordance with the Board's procedures, deliberations and conclusions in Board meetings are recorded by the Company Secretary, who ensure that accurate and proper records of the proceedings of the Board meetings and resolutions passed are recorded and kept in the minutes book at the registered office of the Company.

Access to Information and Advice

All Directors have direct access to the advice and services of the Company Secretary on compliance issues and ensure that the Company's policies and procedures are followed. The Directors are also empowered to seek independent professional advice at the expense of the Company, should they consider necessary in their course of duties.

The Board meets on a quarterly basis and additionally as and when required. The annual meeting calendar is prepared and circulated to the Directors in advance of each year. The calendar provides Directors with tentative dates for Board meetings, Annual General Meeting as well as the closed periods for dealings in securities by Directors according to targeted dates of the Group's quarterly results announcements.

Prior to Board Meetings, all Directors are provided with an agenda together with appropriate board papers containing information on major financial, operational and corporate matters of the Group, normally five (5) days prior to the Board meetings to enable the directors sufficient time to review the papers in preparation for the meeting and to obtain further explanations, where necessary and also to give the directors time to deliberate on the issues to be raised at the meeting.

All matters discussed and resolutions passed at each Board meeting are recorded in the minutes of the Board meeting. These minutes are circulated to all Directors for their perusal and confirmation and any Director can request for further clarification on the minutes prior to their confirmation.

Board Charter

The Board has adopted a Board Charter which outlines the roles, composition and responsibilities of the Board. The Board conducts regular review of the Charter when necessary to ensure the continuous relevance of the Charter in line with changes in the expectations of the investors and stakeholders of the Company in general and the guidelines issued by the regulatory authorities from time to time. The Board Charter is published on the Company's website at www.desb.net.

Code of Ethics and Conduct

The Code of Ethics which forms part of the Board Charter, sets out the broad standards of conduct and basic principles to guide the Board in carrying out their duties and responsibilities to the highest standards of personal and corporate integrity.

OVERVIEW	HIGHLIGHTS	LEADERSHIP	KEY MESSAGES	GOVERNANCE	FINANCIAL STATEMENTS	OTHER INFORMATIONS
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CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

1. BOARD RESPONSIBILITIES (CONT'D)

Code of Ethics and Conduct (cont'd)

The Ethics Conduct provides commitment to ethical values through key requirements relating to conflict of interest, confidential information, insider information, protection of the Group's assets and compliance with law and regulations.

The Group has in place a Code of Ethics for its employees which encompasses all aspects of its day to day business operations. Directors and employees of the Group are expected to observe high standards of integrity and ensure compliance with applicable laws, rules and regulations to which the Group is bound to observe in the performance of its duties.

Anti-Bribery & Corruption Policies and Procedures

Arising from the implementation of Section 17A of the Malaysian Anti-Corruption Commission Amendment Act 2018, the Group adopted Anti-Bribery & Corruption Policies and Procedures on 28 May 2020. This Policy is intended to help the Group and persons associated with the Group to understand the implications pertaining to offenses committed by commercial organisations and persons associated therewith, and to provide guidance on how to implement adequate procedures as a defence against the risks of corruption prosecution and potential hefty fines. The Anti-Bribery & Corruption Policies and Procedures are published on the Company's website at www.desb.net.

The Anti-Bribery & Corruption Compliance Committee was established on 22 February 2022 to provide independent oversight to anti-bribery & corruption compliance.

Whistle Blowing Policy

The Company has adopted a Whistle Blowing Policy to encourage employees and members of the public to bring to the attention of the Board any improper conduct committed or about to be committed within the Group. The Group is committed to absolute confidentiality and fairness in relation to all matters raised and will support and protect those who report violations in good faith without the risk of reprisal.

Details of the Policy are available on the Company's website at www.desb.net.

Fit and Proper Policy

The Board established the Directors' Fit and Proper Policy (FPP) on 30 June 2022, to ensure that any person to be appointed or elected/ re-elected as a Director of Bursa Malaysia Group shall possess the character, experience, integrity, competence and time commitment to effectively discharge his/her roles and responsibilities in the best interest of the Company and its stakeholders.

Details of the Policy are available on the Company's website at www.desb.net.

Sustainability Policy

The Company has established a Sustainability Policy on 22 February 2024 that sets the Group's stance and commitments pertaining to key sustainability topics. The Group also established the Framework pertaining to the Sustainability Policy to enhance the Group's management of sustainability matters. The Sustainability Policy and Framework further support the Group's sustainability practices in meeting the enhanced sustainability disclosure requirements of the Listing Requirements.

Details of the Sustainability Policy are available on the Company's website at www.desb.net.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

1. BOARD RESPONSIBILITIES (CONT'D)

Strategies Promoting Sustainability

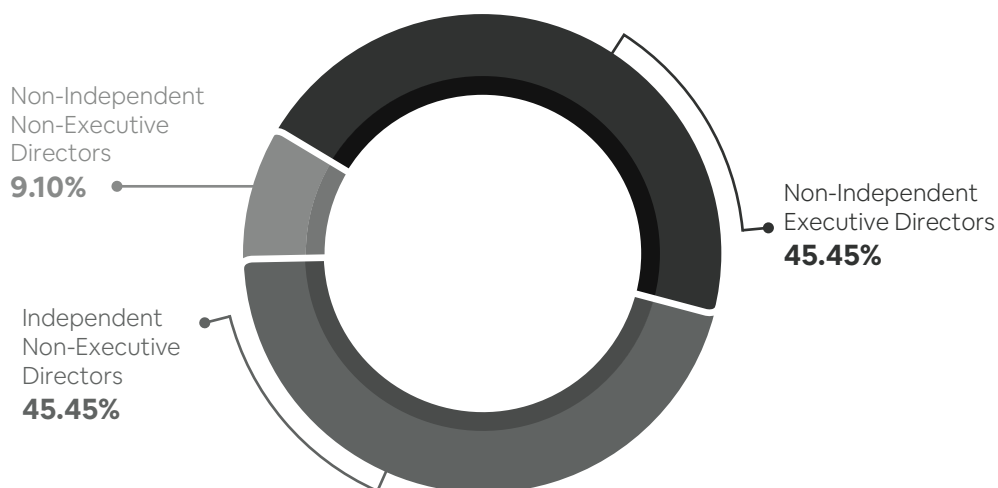
The Board views the commitment to sustainability, environmental, social and governance performance as part of its broader responsibility to clients, shareholders, employees and communities in which it operates. The Group's approach to sustainability for the financial year under review is set out in the Sustainability Report on pages 30 to 54 of this Annual Report.

2. BOARD COMPOSITION

Board Balance

The current Board composition comprised as follows:

Designation	Number of Directors	Percentage (%)
Non-Independent Executive Directors	5	45.45
Independent Non-Executive Directors	5	45.45
Non-Independent Non-Executive Director	1	9.10
Total	11	100.00



Board Diversity

The Board acknowledges the importance of diversity in the Board, including gender, age, ethnicity, experience and skills. Diversity in the Board composition facilitates optimal decision-making by harnessing different insights and perspectives. The current board composition in terms of experience, skills, ethnic, gender and age is as follows:-

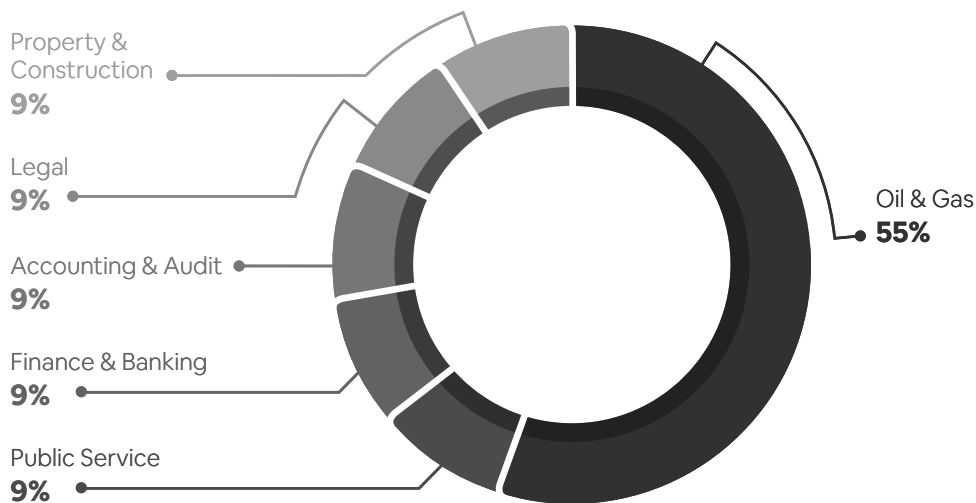
CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

2. BOARD COMPOSITION (CONT'D)

Board Diversity (cont'd)

The Board skills matrix are as follows: -

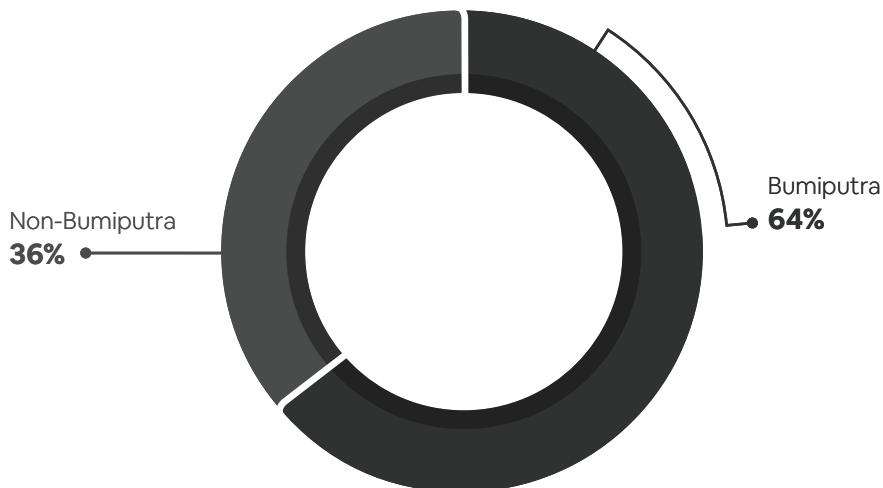


The Board recognizes the benefits of having a diverse Board to ensure that the appropriate mix of skills and profiles of the Board members in terms of age, gender, skills and professional background provide the necessary range of perspectives, experience and expertise required to achieve effective stewardship and management.

The Independent Directors do not participate in the day to day management of the Group and do not engage in any business dealing with the Group in order to ensure that they remain truly capable of exercising independent judgment and act in the best interests of the Group and its shareholders.

Ethnic Diversity

During the year under review, the Board comprised 64% Bumiputra and 36% Non-Bumiputra. The Board believed that diversity leads to the consideration of all facets of an issue and, consequently, better decisions and performance.



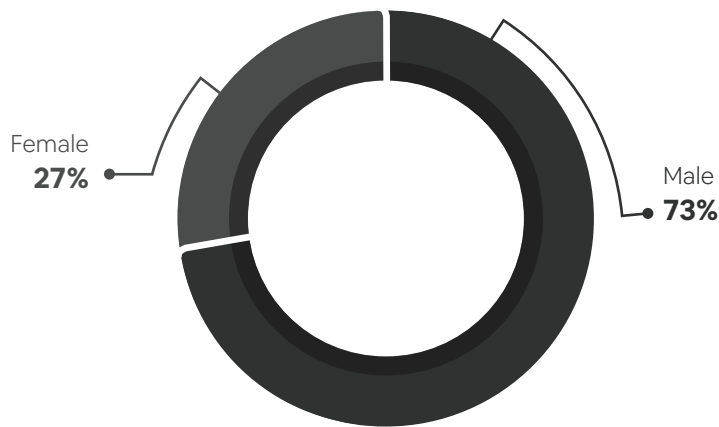
CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

2. BOARD COMPOSITION (CONT'D)

Gender Diversity

The Board acknowledges the recommendation of the MCCG on the establishment of the boardroom gender diversity policy. The Company currently comprises eight (8) male directors representing 73% of the Board and three (3) female directors, presenting 27% of the Board. However, the Board has no immediate plans to implement a gender diversity policy at this moment of time, as the top priority for recruitment of directors are skills, experience, character, time commitment, integrity regardless of gender.

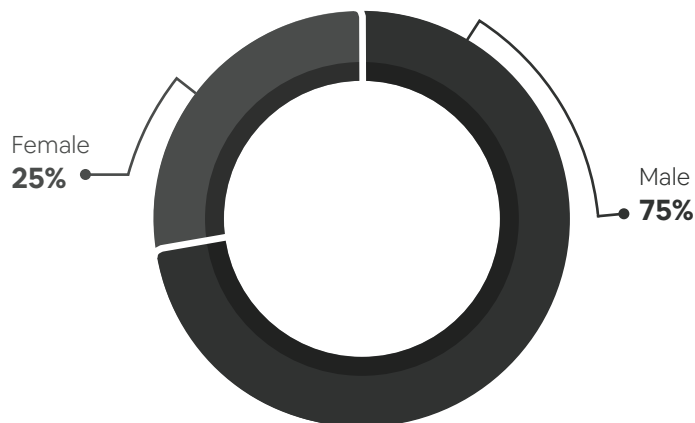


Board and Senior Management Diversity

The Board continually evaluates its requirements as to the appropriate mix of skills and experience required to ensure that its composition remains optimal for the effective discharge of its responsibilities. Their expertise and know-how have been gained through their years of involvement as players in their respective fields. The profiles of the Directors are provided on pages 12 to 22 of the Annual Report.

The appointment of key senior management was also made with due regard for diversity in skills, experience, age, and cultural background.

During the year under review, the senior management team comprised 3 male senior management staff, representing 75% and 1 female senior management staff, representing 25% of the team.



CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

2. BOARD COMPOSITION (CONT'D)

Tenure of Independent Director

The MCCG provides that the tenure of the independent director shall not exceed a cumulative term limit of nine (9) years. Upon completion of the nine (9) years, an independent director may continue to serve on the board as a non-independent director. The Board must provide justification and seek shareholders' approval via 2-tier voting for retaining a person who has served in that capacity for more than nine (9) years.

At the end of the financial year under review, two (2) of the Independent Directors, namely Mr Koh Ek Chong and Encik Ali Bin Adai have served as Independent Non-Executive Directors of the Company for a cumulative period exceeding nine (9) years. The Joint Nomination and Remuneration Committee ("JRNC") has conducted the fit and proper assessment in accordance with the Directors' Fit and Proper Policy adopted by the Group. In assessing both Mr. Koh Ek Chong and Encik Ali Bin Adai's fitness and propriety, the Board through the JRNC, had considered all relevant factors based on the overarching criteria namely, their Character and Integrity, Experience and Competence and the Time and Commitment.

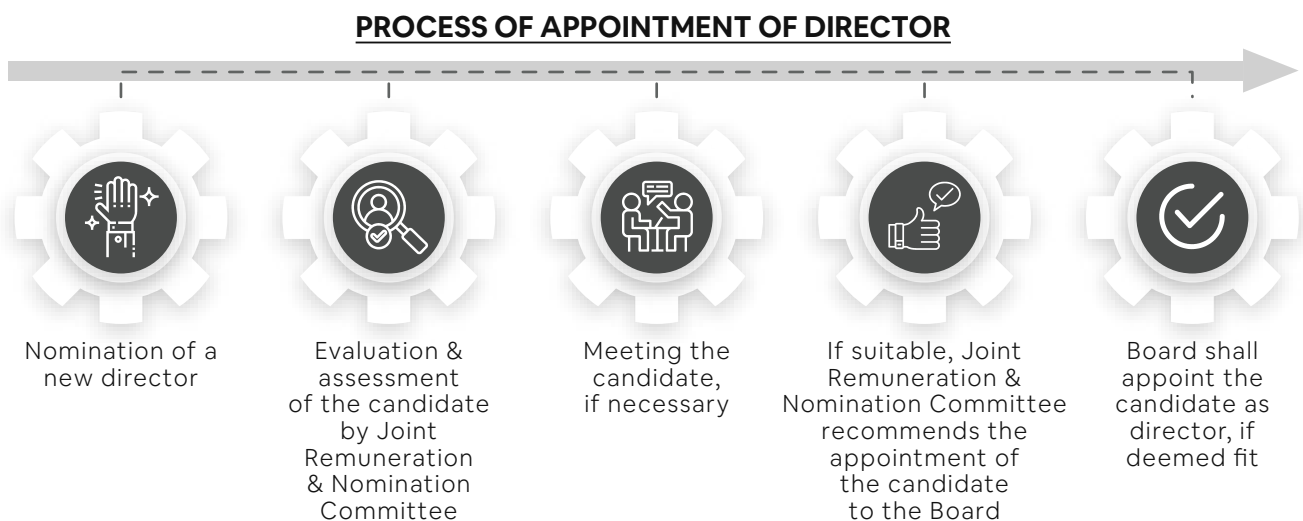
The Board and JRNC thereby recommended retaining Mr. Koh Ek Chong and Encik Ali Bin Adai to continue to serve as Independent Non-Executive Directors of the Company until the conclusion of the next AGM and seek shareholders' approval at the 18th AGM through a two-tier voting process.

Board Appointment

Based on the recommendation of the Joint Remuneration & Nomination Committee, the Board appoints new Directors to the Board. In the election for Board appointment, the Board believes in and provides equal opportunity to candidates who have the right skills, experience, core competencies and other qualities regardless of gender, ethnicity and age. The Board would consider sourcing new directors via independent sources in future.

Appointment and Retirement of Directors

The process adopted by Dayang for Board appointments is as follows:



In accordance with Article 93(a) of the Company's Constitution, at least one-third (1/3) of the Directors for the time being, or the number nearest to one-third (1/3) shall retire from office at each Annual General Meeting.

All Directors of the Company are subject to retirement by rotation at least once every three (3) years. The directors to retire shall be those longest in service since their last appointment.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)**2. BOARD COMPOSITION (CONT'D)****Appointment and Retirement of Directors (cont'd)**

Newly appointed directors shall hold office until the next annual general meeting and shall then be eligible for re-election by shareholders as provided in Article 100 of the Company's Constitution.

The Directors due to retire at the forthcoming AGM are outlined in the Notice of Meeting (Ordinary Resolution 1 to 4).

Board Effectiveness

The Board is expected to commit sufficient time as and when required to carry out their responsibilities, besides attending meetings of the Board and Board Committees. All directors shall not hold more than five (5) directorships each in public listed companies.

The existing directors are obliged to notify the Board before accepting any new directorship in other listed issuers. The notification is to ensure the Directors have sufficient time to discharge their duties to the Board and other Board Committees on which they serve.

The Board meets at least five (5) times a year at quarterly intervals with the meetings scheduled in advance before the end of the preceding year to facilitate the Directors in managing their meeting plans. Additional meetings are convened to deliberate on matters requiring immediate attention that need to be made between scheduled meetings.

In the event Directors are unable to attend Board meetings physically, the Company's Constitution allows for such meetings to be conducted via telephone, video conferencing or any other form of electronic or instantaneous communication.

During these meetings, the Board reviews the Group's financial performance, business operations, reports of the various Board Committees and results are deliberated and considered. Management and performance of the Group and any other strategic issues that affect or may affect the Group's businesses are also deliberated.

The Board met five (5) times during the financial year ended 31 December 2023 where it deliberated and considered a variety of matters affecting the Group's operations including the Group's financial results, business plan and the direction of the Group. All proceedings of the Board meetings are duly minuted by the Company Secretary and signed by the Chairman of the Meeting. The details of attendance of the directors held during the financial year were as follows:-

Name of Director	No of Meetings Attended
Datuk Hasmi Bin Hasnan	5/5
Datuk Ling Suk Kiong	5/5
Tengku Dato' Yusof Bin Tengku Ahmad Shahrudin	5/5
Joe Ling Siew Loung @ Lin Shou Long	5/5
Jeanita Anak Gamang	5/5
Ali Bin Adai	5/5
Koh Ek Chong	5/5
Datu Hasmawati Binti Sapawi	4/5
Chin Hsiun	5/5
Siti Nazrah Binti Ahmad Zaiden (Appointed on 12 April 2023)	3/5
Jamalludin Bin Obeng	5/5

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

2. BOARD COMPOSITION (CONT'D)

Directors' Training

The Board acknowledges that continuous education is vital for the Board members to gain insight into the state of the economy, latest regulatory developments and management strategies. Therefore, the Directors are encouraged to attend training on a continuous basis to enhance their knowledge to enable the Directors to discharge their responsibilities more effectively.

For the year under review, the Directors have individually or collectively attended the following courses/seminars:

Seminar/Workshop	Organiser	Date
Implications of the Environmental, Social, Governance ("ESG") agenda to the Board & Management	Lee Min On	21 June 2023
MD/CEO Generative HSE Culture (GC) Program	PETRONAS	26 July 2023
Workshop on Climate Change: The GHG Assessment Training Programme	Bursa Malaysia	22-23 August 2023
ESG – Role of the Accountant and Financial Reporting	Malaysia Institute of Accountants	19 September 2023
Advocacy Sessions for Directors and CEOs of Main Market Listed Issuers	Bursa Malaysia	19 September 2023
SSM Webinar SSM X IIM: Section 17A Malaysian Anti-Corruption Commission Act 2009 & Adequate Procedures	Companies Commission of Malaysia	25 September 2023
Addressing Conflict of Interest	RAA Capital Partners SB	19 October 2023
Role of Board and Management	RAA Capital Partners SB	19 October 2023
Conflict of interest ("COI") obligations of Directors, Key Officers Nominating & Audit Committees	Boardroom Corporate Services Sdn Bhd	8 December 2023
Implementation of e-invoicing in Malaysia	KPMG Malaysia	8 December 2023
Mandatory Accreditation Programme (MAP)	ICDM (Institute of Corporate Directors Malaysia)	13-14 December 2023
Mandatory Accreditation Programme Part II: (Leading for Impact (LIP)	ICDM (Institute of Corporate Directors Malaysia)	13-14 December 2023

REMUNERATION

The JRNC Committee is also responsible to recommend the remuneration packages for the Non-Independent Executive Directors of the Company to the Board. The Board recommends the remuneration of the Independent Non-Executive Directors to the shareholders for approval. Directors shall abstain from deliberation and decisions made in respect of their own remuneration.

The Non-Independent Executive Directors' remuneration is linked to experience, scope of responsibilities, seniority as well as performance. The Independent Non-Executive Directors are paid Directors' fee and meeting allowance.

Disclosure of each Director's remuneration is set out under Practice 8.1 in the Corporate Governance Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)**2. BOARD COMPOSITION (CONT'D)****REMUNERATION (CONT'D)**

The Board shall continue with the practice of ensuring the confidentiality of the remuneration of its employees to avoid adverse implication including dissatisfaction and animosity among the staff.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT**1. AUDIT COMMITTEE (“AC”)**

The composition of the Audit Committee meets the Main Market Listing Requirement where all the members of the Committee are Non-Executive Independent Directors. The members of the Audit Committee comprise the following:

Member	Designation
Koh Ek Chong (Chairman)	Independent Non-Executive Director
Ali Bin Adai	Independent Non-Executive Director
Chin Hsiun (Appointed 12 April 2023)	Independent Non-Executive Director

The role of the AC and the number of meetings held during the year as well as the attendance record of each member are spelt out in the Audit Committee Report in this Annual Report.

The Board strives to provide a balanced, clear and timely assessment of the Group’s financial performance and prospects by ensuring quality financial reporting through the annual audited statements and quarterly financial results to the stakeholders, in particular, shareholders, investors and the regulatory authorities.

The AC assists the Board in the review of the financial statements of the Group and the Company to ensure that they are prepared in compliance with the provisions of the Malaysian Financial Reporting Standards (MFRS), International Financial Reporting Standards (IFRS) and the requirements of the Act in Malaysia

The AC reviewed the Company’s quarterly financial reports and audited financial statements of the Group prior to recommending them for approval by the Board.

The AC maintains a transparent and professional relationship with the External Auditors of the Company. The AC oversees and appraises the quality of the audits conducted by external auditors. In the annual assessment on the suitability, objectivity and independence of the external auditors, the AC is guided by the factors as prescribed under Paragraph 15.21 of the Main Market Listing Requirements.

During the year, the AC met with the external auditors two times to discuss their audit plans, audit findings and their reviews of the Group’s financial results/statutory statement of accounts. In addition, the external auditors are invited to attend the Annual General Meeting of the Company and are available to answer shareholders’ questions on the conduct of the statutory audit and the preparation and contents of their audit report.

2. RISK MANAGEMENT COMMITTEE AND INTERNAL CONTROL FRAMEWORK

The Board has established an effective risk management and internal control framework for managing risks affecting its business and operations as set out in the Statement on Risk Management and Internal Control (SORMIC). A structured process has been set up to identify and assess risks arising from the Group’s operations through the use of risk impact and risk matrix as a guide for actions to be taken for each type of risk.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

2. RISK MANAGEMENT COMMITTEE AND INTERNAL CONTROL FRAMEWORK (CONT'D)

The Risk Management Committee has been tasked to identify and communicate the existing and potential critical risks areas faced by the Group and the management action plans to mitigate such risks by working with the Internal Auditors in providing periodic reports and updates to the Board.

The Risk Management Committee shall have authority and access to all information, records and reports relevant to the Group's activities in order to perform its duties. The Committee shall invite any Director and/or employees as it may deem appropriate, to attend a Committee meeting and assist in the discussion and consideration of matters relating to the business and operating risks

During the financial year under review, the Risk Management Committee met twice with the respective Head of Departments/ Project Teams to identify and discuss the existing and potential critical risk areas faced by the Group and the management action plans to mitigate such risks.

The members of the Risk Management Committee are as follows:

Member	Designation
Siti Nazrah Binti Ahmad Zaiden (Chairman)	Independent Non-Executive Director
Datuk Ling Suk Kiong	Executive Deputy Chairman
Tengku Dato' Yusof Bin Tengku Ahmad Shahrudin	Managing Director
Joe Ling Siew Loung @ Lin Shou Long	Deputy Managing Director

The internal audit function is outsourced to an independent professional firm. ("Outsourced Internal Auditor") The Outsourced Internal Auditor reports directly to the Audit Committee and is independent of the activities it audits.

The internal audit function also performed a follow-up to assess the status of Management-agreed action plans based on recommendations raised in preceding cycles of internal audit. The outcome thereof was summarized in a follow-up report to the Audit Committee tabled in the quarterly Audit Committee meetings highlighting those issues that had yet to be fully addressed by Management including specific timeliness for those outstanding matters to be resolved.

All internal audits carried out are guided by internal auditing standards promulgated by the Institute of Internal Auditors Inc, a globally recognized professional body for internal auditors. The internal audit function of the Company whose scope of work covered during the financial year under review is provided in the Audit Committee Report as set out on pages 71 to 72 of this Annual Report.

The Group's Statement on Risk Management and Internal Control which has been reviewed by the external auditors, is set out on pages 73 to 77 of this Annual Report.

3. JOINT REMUNERATION & NOMINATION COMMITTEE ("JRNC")

The JRNC comprises three (3) Independent Non-Executive Directors.

The JRNC meets as and when required and at least once a year. During the year under review, the JRNC met two (2) times to carry out its responsibilities and the attendance of the members for the meetings held are as follows:-

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

3. JOINT REMUNERATION & NOMINATION COMMITTEE (“JRNC”) (CONT'D)

The members of the Joint Remuneration & Nomination Committee are as follows:

Member	Designation
Ali Bin Adai (Chairman)	Independent Non-Executive Director
Koh Ek Chong	Independent Non-Executive Director
Datu Hasmawati Binti Sapawi	Independent Non-Executive Director

The JRNC assesses annually the independence of the Group’s independent directors based on the criteria set out in the Listing Requirements.

All the members of the JRNC are Independent Directors. The independent Directors are free from any business or other relationship that could interfere with the exercise of independent judgment and they should be willing to express their opinions freely at the Board.

The JRNC and the Board are of the view that all the Independent Non-Executive Directors continue to remain objective and independent in expressing their views and in participating in deliberations and decision making of the Board.

The Committee would conduct an annual review of the composition of the Board and makes recommendations to the Board accordingly with a view of the meeting current and future requirements of the Group. Among other evaluation criteria are the commitment displayed, the depth of contribution, ability to communicate and undertake assignments on behalf of the Board.

The Terms of Reference of the JRNC is available on the corporate website at www.desb.net.

A summary of the activities undertaken by the Joint Remuneration & Nomination Committee in the discharge of its duties for the financial year ended 31 December 2023 were as follows:

- Reviewed the profile of Board candidates and make recommendations to the Board according to the requisite competence and caliber based on the fit and proper policy adopted by the Group;
- Reviewed the Directors retiring by rotation at the AGM;
- Assessed the performance of the Board and its members according to the requisite competence and calibre based on the fit and proper policy adopted by the Group;
- Assessed the performance of the Audit Committee and its members;
- Assessed the independence of the Independent Directors;
- Recommended to the Board the remunerations of the Non-Independent Executive Directors; and
- Reviewed the performance and effectiveness of the Audit Committee and its members pursuant to Paragraph 15.20 of the MMLR.

The JRNC was satisfied with the level of time commitment given by the Directors in fulfilling their roles and responsibilities.

4. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE (“CSR”)

The CSR Committee assists the Board on matters relating to the implementation of a framework for sustainable development that delivers economic, social and environmental benefits for all stakeholders.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

4. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE (“CSR”) (CONT'D)

As at 31 December 2023, the members of the Corporate Social Responsibility Committee are as follows:

Member	Designation
Tengku Dato' Yusof Bin Tengku Ahmad Shahrudin (Chairman)	Managing Director

The activities of Corporate Social Responsibility are included in the Sustainability Report on page 48 of the Annual Report.

5. ANTI-BRIBERY & CORRUPTION COMPLIANCE COMMITTEE (“ABCC”)

The ABCC Committee is tasked to provide independent oversight to anti-bribery and corruption compliance monitoring of the relevant laws, regulations, internal policies and procedures.

The members of the ABCC are as follows:

Member	Designation
Chin Hsiun (Chairman)	Independent Non-Executive Director
Joe Ling Siew Loung @ Lin Shou Long	Deputy Managing Director
Datu Hasmawati Binti Sapawi	Independent Non-Executive Director

6. Corporate Sustainability Committee (“CSC”)

The CSC was established to oversee the formulation, implementation and effective management of the Group's sustainability matters in line with the strategies.

The CSC assists the Board in managing business sustainability, including in the areas of Environmental, Social and Governance (“ESG” or “sustainability”), which is fundamental to Dayang's corporate success in the short and long-term.

The members of the CSC are as follows:

Member	Designation
Ali Bin Adai (Chairman)	Independent Non-Executive Director
Joe Ling Siew Loung @ Lin Shou Long	Deputy Managing Director
Chin Hsiun	Independent Non-Executive Director

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS**1. COMMUNICATION WITH STAKEHOLDERS**

The Company is guided by the corporate disclosure guide for directors issued by Bursa Securities to promote timely and quality disclosure of material information to the public. The annual reports, press releases, quarterly results and any announcements on material corporate exercises are the primary modes of disseminating information on the Group's business activities and financial performance.

The Annual General Meeting is the principal forum for dialogues with shareholders. General Meetings are important platforms for Directors to engage shareholders to facilitate greater understanding of the Company's governance, performance and address their concerns.

The Group's investor relationship is helmed by the Group Managing Director, Tengku Dato' Yusof Bin Tengku Ahmad Shahrudin and the Head of Corporate Affairs, Mr Zaim Husni Bin Omar who will attend to the needs of the investment community, shareholders, fund managers and analysts.

The Group maintains a website at www.desb.net for shareholders and the public to access information in respect of the Group's background and business, Board and Management, corporate governance, terms of reference and financial performance for easy reference.

As there may be instances where investors and shareholders may prefer to express their concerns to an Independent Director. Mr Koh Ek Chong has been appointed to play his role as the Independent Non-Executive Director of the Board to whom concerns may be conveyed. Mr Koh is also the Chairman of the Audit Committee of the Board and a member of the Joint Remuneration and Nomination Committee.

His email contact is kohekchong@hotmail.com.

2. CONDUCT OF GENERAL MEETINGS

The Company's Annual General Meeting (AGM) is especially important for individual shareholders as it is the principal forum for dialogue and interaction with the Board whereby they are given the opportunity to present their views or seek clarification on the progress, performance and major developments of the Company. Where it is not possible to provide immediate answers to shareholders' queries, the Board will undertake to provide the answers after the AGM.

The Notice of AGM and a Circular to Shareholders in relation to the recurrent and new related party transactions mandates, if applicable, are sent to the shareholders at least 28 days prior to the AGM in accordance to the Code, which also meets the criteria of the Listing Requirements and Companies Act 2016. This provides shareholders with sufficient time to fully evaluate new resolutions being proposed to make informed voting decisions at the AGM.

At the 17th AGM of the Company, to ensure transparency, the Board also shared with the shareholders the Board's responses to questions submitted in advance by the Minority Shareholder Watchdog Group. The External Auditors of the Company are also invited to attend the AGM to answer any questions relating to the conduct of the audit and content of the Auditor's report.

In line with the Listing Requirements of Bursa Securities, all resolutions put to the general meeting will be voted by poll. An independent scrutineer will be appointed to validate the votes cast at general meeting. Decision for each resolution and the name of the independent scrutineer will be announced to Bursa Securities in the same day.

COMPLIANCE STATEMENT

The Board is of the view that the group has in all material aspects applied with the principles and recommendations of the Code where the Board deems appropriate, in its efforts to observe high standard of transparency, accountability and integrity.

This Corporate Governance Overview Statement and CG Report were approved by the Board of Directors on 17 April 2024.

OVERVIEW	HIGHLIGHTS	LEADERSHIP	KEY MESSAGES	GOVERNANCE	FINANCIAL STATEMENTS	OTHER INFORMATIONS
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DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors is required by the Companies Act 2016 (Act) to prepare financial statements for each financial year which gives a true and fair view of the financial position of the Group and of the Company at the end of the financial year and the results and cash flows of the Group and the Company for the financial year.

In preparing the financial statements for the financial year ended 31 December 2023, the directors have:

- adopted the appropriate accounting policies and applied them consistently;
- ensured that all applicable accounting standards have been followed;
- made judgments and estimates that are prudent and reasonable; and
- ensured the financial statements have been prepared on a going concern basis.

The Directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Group and the Company and to enable them to ensure that the financial statements comply with the Act.

In addition, the Directors have overall responsibility for taking such steps as to safeguard the assets of the Company and the Group by taking reasonable steps to prevent and detect fraud and other irregularities.

This statement is made in accordance with a resolution of the Board of Directors dated 17 April 2024.

ADDITIONAL COMPLIANCE INFORMATION AS AT 31 DECEMBER 2023

1. Utilisation of Proceeds from Corporate Proposal

During the financial year, there were no proceeds raised from any corporate proposals.

2. Audit and Non-Audit Fees

The audit and non-audit fee paid or payable to the external auditors, KPMG and its affiliates by the Company and the Group for the financial year ended 31 December 2023 were as follows:

	Group (RM'000)	Company (RM'000)
Audit fees	545	100
Non-Audit fees:		
Tax fee	578	107
Other advisory fee	30	17
Total	608	124

3. Material Contracts

There were no material contracts entered into by the Company and/or its subsidiaries during the financial year ended 31 December 2023 which involves the interests of the Directors and major shareholders.

4. Recurrent Related Party Transactions of a Revenue or Trading Nature (“RRPTs”)

The details of RRPTs undertaken by the Group during the financial year under review are disclosed in Note 33 to the financial statements from pages 150 to 151.

AUDIT COMMITTEE REPORT

The members of the Audit Committee are as follows:

Koh Ek Chong	Chairman (Independent Non-Executive Director)
Ali Bin Adai	Member (Independent Non-Executive Director)
Chin Hsiun (Appointed on 12 April 2023)	Member (Independent Non-Executive Director)

The Chairman, Mr. Koh Ek Chong is a member of the Malaysian Institute of Accountants. The Chairman of the Audit Committee is not the Chairman of the Board.

MEETINGS OF THE AUDIT COMMITTEE FOR THE FINANCIAL YEAR 2023 (“FY23”)

A total of six (6) meetings were held during FY2023 with one (1) private meeting with the external auditors, to give the opportunity to the external auditors to raise any matters without the presence of the executive board members and management.

A quorum, ascertained by the presence of a majority of Independent Directors was always fulfilled. The Head of Corporate Affairs, Senior Corporate Finance, Group Accountant, and representative of external and internal auditors were invited to the Audit Committee meetings to provide information in terms of financial and internal controls.

The details of attendance of each member are as follows:

Name of Directors	Attendance
Koh Ek Chong	6 / 6
Ali Bin Adai	6 / 6
Chin Hsiun (Appointed on 12 April 2023)	3 / 6

The Terms of Reference of the Audit Committee can also be found on the corporate website at www.desb.net.

The minutes of each Audit Committee meeting was tabled to the Audit Committee for adoption at the following quarterly Audit Committee meeting. All matters discussed at the Audit Committee were reported to the Board for endorsement.

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

The following activities were performed by the Audit Committee during the financial year 2023:

Financial Reporting

- Reviewed the unaudited quarterly reports and annual financial statements of the Group and its subsidiaries with management and external auditor to ensure compliance with the generally accepted accounting principles and Financial Reporting Standards.
- Reviewed the Group’s unaudited quarterly financial results together with the business prospects and annual audited financial statements of the Company including the announcements pertaining thereto before recommending to the Board for approval and release to Bursa Securities.

Related Party Transactions

- Reviewed related party transactions on a quarterly basis where the commercial relationship existed between each director, major shareholders and persons connected to Dayang Group and its subsidiaries, the Audit Committee and the Board would ensure that such transactions were on normal commercial terms that were not more favorable to the related parties than those generally available to the public.

AUDIT COMMITTEE REPORT (CONT'D)

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE (CONT'D)

The following activities were performed by the Audit Committee during the financial year 2023: (cont'd)

Internal Audit

- Reviewed and monitored on the internal audit reports tabled during the year, audit recommendations made and Management's response to the issues tabled.
- Monitored the implementation of the actions suggested by the Management on outstanding issues to ensure all high and significant risk issues highlighted are properly addressed.

External Audit

- Reviewed the external auditors' scope of work and their audit plan, as well as the audit procedures.
- Reviewed with the external auditors the results of their audit, the audit report and recommendations in respect of improvements in internal control procedures noted in the course of their audit.
- Conducted private meetings with the external auditors to raise any matters without the presence of Executive Directors and Management or employees of the company.
- Reviewed the external auditors' fees and services.

Risk Management and Internal Control

- Reviewed the Audit Committee Report and the Statement of Risk Management and Internal Control for inclusion in the Annual Report prior to Board's approval.

INTERNAL AUDIT FUNCTION

The Group's internal audit function is outsourced to an independent professional firm ("Outsourced Internal Auditor") which reports directly to the Audit Committee. The Board obtains sufficient assurance of the effectiveness of the internal control and governance processes in the Group, through regular reviews and appraisals conducted by the Outsourced Internal Auditor. The Audit Committee determines the adequacy of the scope, function and resources of the internal audit function as well as the competency of the Outsourced Internal Auditor.

In its endeavour to provide reasonable assurance on the state of internal control in the Group, the Outsourced Internal Auditor carried out its reviews based on the 2023 Internal Audit Plan which was developed using a risk-based approach and approved by the Audit and Risk Management Committee.

The Internal Audit Reports were issued to the relevant Management at the conclusion of every audit engagement and reviewed by the Audit Committee. Audit findings that required corrective actions were highlighted to the Audit Committee and the relevant management. The relevant Management was made responsible to implement corrective actions for the reported weaknesses within the required timeframe. In addition, the Outsourced Internal Auditor would conduct follow-up audits to ensure the corrective actions were implemented by the relevant management.

The following audits were carried out during FY2023 and reported by the Outsourced Internal Auditor:

- Information Technology Operations and General Controls
- Tendering and Contract Management
- Procurement & Receiving Control and Vendor & Payment Management

Based on the audit conducted within the proposed scope of work, the internal auditors opined that the overall internal control system was satisfactory.

For FY2023, an amount of RM87,041.73 was incurred by the Group for internal audit activities carried out by the Outsourced Internal Auditor.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Malaysian Code on Corporate Governance (“Code”) sets out the principle that the Board of Directors (“Board”) of a listed company should establish a sound risk management framework and internal control system to safeguard shareholders’ investment and assets of the Group.

The Statement on Risk Management and Internal Control presented by the Board on the Group is made pursuant to paragraph 15.26(b) of the Listing Requirement of Bursa Malaysia Securities Berhad and in accordance with the Principles and Recommendations relating to risk management and internal control provided in the Code.

BOARD RESPONSIBILITY

The Board acknowledges its overall responsibility for maintaining a sound system of internal control to safeguard shareholders’ investments and the Group’s assets and for reviewing the adequacy and integrity of the system. The Group’s system of internal control covers risk management, financial, operational and compliance controls.

The Management reports to the Risk Management Committee (“RMC”) on the risk areas faced by the Group. On a quarterly basis, the Internal Auditor reports the findings identified from the internal audit reviews as well as the actions taken by the Management to address on those audit findings to the Audit Committee (“AC”). Minutes of the meetings of the RMC and AC were presented to the Board.

In view of the limitations inherent in any system of internal control, such a system is designed to mitigate rather than eliminate risks of failure to achieve corporate objectives. Accordingly, the system provides reasonable and not absolute assurance against material error, misstatement or loss.

RISK MANAGEMENT FRAMEWORK

The RMC is charged with the responsibility to ensure the implementation of a proper and appropriate system to manage the principal risks identified by the Management. The Group has in place a risk management framework to promote effective risk management and to enhance the corporate governance assurance process. The framework provides an integrated risk management structure with the establishment of the respective risk workgroups to ensure major areas of risks are controlled and coordinated.

This risk management process is applied to all levels of activity in the Group, with the objective of establishing accountability and ensuring mitigation at the source of the risk.

Types of Major Risks					
Strategic risk	Operational risk	Financial risk	Information Technology risk	Human Resources risk	Compliance risk

The following risk management approach has been adopted and applied to facilitate the identification, assessment, responding, monitoring and reporting of risks within the Group:-

- i. The risk workgroups which made up of Senior Managers from the major operating units established the risk profiles of the Group during the risk assessment sessions.
- ii. The level of risk tolerance of the Group highlighted in the risk profiles is tabled through the use of a risk impact and likelihood matrix.
- iii. Once the risk level is determined, the risk owner is required to deal with the relevant risks by adhering to the Group’s risk treatment guidance on the actions to be taken and establish risk action plans to detail out activities to be carried out to mitigate the risks.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

RISK MANAGEMENT FRAMEWORK (CONT'D)

The following risk management approach has been adopted and applied to facilitate the identification, assessment, responding, monitoring and reporting of risks within the Group:- (cont'd)

- iv. Meetings were held by the risk owners to ensure the risk action plans were carried out in order to manage the risks identified.
- v. The progress was reported to the RMC.

INTERNAL CONTROLS SYSTEM

The key elements of the Group's internal controls system are described as below:

Clear Organisation Structure

The Group has a well-defined organisational structure that is aligned to its business requirements and ensures check and balance through the segregation of duties. Clear reporting lines and authority limits govern the approval process, driven by Limits of Authority ("LOA") set by the Board.

All key strategic, business and investment plans are approved and monitored by the Board. Comprehensive Board papers, which include both financial and non-financial matters such as cash flow forecasts, business strategies, business opportunities, corporate exercises and any other key matters to be considered for the Group, are escalated to the Board for deliberation and approval.

Internal Audit

The Board recognises that the internal audit function is an integral part of the governance process of the Group. The Internal Audit ("IA") function provides independent assurance on the adequacy and effectiveness of the internal control systems implemented by the Group and reports its findings directly to the AC. The IA function reviews the Group's system of internal controls, its operations and selected key activities based on the risk assessment and in accordance with the annual audit plan that is approved by the AC.

The Group's Internal Audit function is outsourced to Baker Tilly Monterio Heng Governance Sdn Bhd, which examines the adequacy and effectiveness of the Group's system of internal control. The AC receives quarterly IA reports and reviews all IA reports including the agreed actions that are to be taken in order to mitigate and close the highlighted control gaps. All issues raised and action plans to close gaps are monitored and the status is reported on a quarterly basis to the AC. The key activities of the IA function are as set out in the AC report section of this annual report.

Strategic Business Planning, Budgeting and Reporting

Annual Business Plan and Budget are prepared on a yearly basis and are deliberated and approved by the Board. The Group's business plan maps out the strategic objectives and business direction of the Group. The Group's business and financial performance are monitored and measured against the business plan and approved budget. Any major variance will be reviewed and corrective actions are undertaken. Quarterly financial results are presented to and reviewed by the AC and the Board to enable them to monitor and evaluate the business and financial performance of the Group.

Policies, Procedures and Limits of Authority ("LOA")

Well-defined limits of authority on all financial commitments for each level of management within the Group and clearly documented internal policies, standards and procedures are in place to ensure compliance with internal controls, Regulations and Requirements and updated when required to reflect changing risks or resolve operational deficiencies. Ad hoc review is performed to ensure that documentation remains current and relevant. All policies and standards are approved by the Board and cases of non-compliance are reported to the Board by exception.

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STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

INTERNAL CONTROLS SYSTEM (CONT'D)

The key elements of the Group's internal controls system are described as below: (cont'd)

Tender Committee

The Tender Committee which comprised cross functional representatives is established to review all incoming enquiries and provide the oversight function on tendering matters prior to submission of tender proposals and approval by the relevant Approving Authorities as set out by the Company's LOA.

Quality Management System ("QMS")

Quality Management System which complies with ISO9001:2015 Quality Management System Requirements is implemented by one of the subsidiaries of the Group. The ISO9001 implementation started back in 1999 and was continuously upgraded in accordance with the latest ISO9001 requirement, which is ISO9001:2015. The Group's QMS system is tailored for offshore oil & gas maintenance services to deliver quality and safety services to our clients.

Quality Assurance and Quality Control ("QAQC") Department is tasked to audit the operating units to ensure compliance to the ISO Standards. The QAQC Department is actively reviewing and improvising our risk and opportunities assessment as required by the requirements and continuously plan to serve our clients better.

Health, Safety, Security and Environment ("HSSE")

Business owners and employers hold the most responsibility when it comes to workplace health and safety including security and environment. They are legally required to keep their employees and anyone who might be affected by their business safe from harm, including customers, visitors to the workspace, temporary workers and contractors. Therefore, Corporate HSSE Department is tasked to ensure that all the risks are being assessed and the correct control measures are being in place and practice by everyone in the Group. Corporate HSSE Department is also tasked to monitor HSSE performance, such as Key Performance Indicators' are met and risks are managed to as low as reasonably practicable ("ALARP").

Through its HSSE management system, it manages and integrates all the elements into their daily operations, to ensure all hazards and risks are being controlled or eliminated. Campaigns, trainings are part and parcel in promoting and to enhance the awareness among the population in the Group on HSSE, in order to pursue the ultimate goal of no harm to people and protect the environment. Timely meetings are schedule at different level in the Group and used as a platform to communicate and share all HSSE related issues.

In 2023, since Environmental, Social and Governance ("ESG") is one of the necessities to all listed companies, Corporate HSSE Department plays a vital role in assessing the Group's ESG impact.

Information and Communication

Timely communication of relevant information such as the Group's achievement and changes with regard to corporate and organizational structure and policies and procedures, enabling the employees to focus on and perform their responsibilities effectively. Respective Heads of operating entities within the Group also participate in business dialogue programs with Senior Management to discuss on strategies and challenges faced towards achieving the business goals and objectives.

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

The Group adopted the Anti-Corruption and Bribery Policy Framework following the coming into effect Section 17A of the MACC Act 2009.

The ABC Policy is available for reference on the Company's website at www.desb.net.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

INTERNAL CONTROLS SYSTEM (CONT'D)

The key elements of the Group's internal controls system are described as below: (cont'd)

Sustainability Policy

The Group established a Sustainability Policy and Framework to enhance the Group's management of sustainability matters. The Sustainability Policy and Framework further support the Group's sustainability practices in meeting the enhanced sustainability disclosure requirements of the Listing Requirements.

The Group Sustainability Policy is available for reference on the Company's website at www.desb.net.

REVIEW BY THE BOARD

The Board's review the effectiveness of risk management and internal controls system based on information from:

- Senior Management within the organization responsible for the development and maintenance of the Risk Management Framework and internal controls system; and
- The work by the internal audit function which submits reports to the AC together with the assessment of the internal controls system relating to key risks and recommendations for improvement.

The Board is satisfied that during FY23, the existing risk management framework and internal controls system are sound and adequate to safeguard the Group's assets at the existing level of operation of the Group. The Board recognizes that the development of risk management framework and internal controls system is an ongoing process. Therefore, in striving for continuous improvement the Board will continue to take appropriate action plans to further enhance the Group's system of risk management and internal controls system.

ASSURANCE TO THE BOARD

The Board received assurance from the Executive Deputy Chairman, Managing Director and Senior Corporate Finance that the Group's risk management and internal controls system are operating adequately and effectively, in all material aspects based on the risk management framework and internal controls system of the Group. During the financial year, the Board was not aware of any issues which would result in any material losses, deficiencies or errors arising from any inadequacy or failure of the internal controls system that would require disclosure in the Company's Annual Report. The Management will continue to take measures to strengthen the internal control environment.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Audit and Assurance Practice Guide ("AAPG") 3: *Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report* issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the annual report of the Group for the year ended 31 December 2023, and reported to the Board of Directors that nothing has come to their attention that cause them to believe that the statement intended to be included in the annual report of the Group, in all material respects:

- (a) has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or
- (b) is factually inaccurate.

OVERVIEW	HIGHLIGHTS	LEADERSHIP	KEY MESSAGES	GOVERNANCE	FINANCIAL STATEMENTS	OTHER INFORMATIONS
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STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

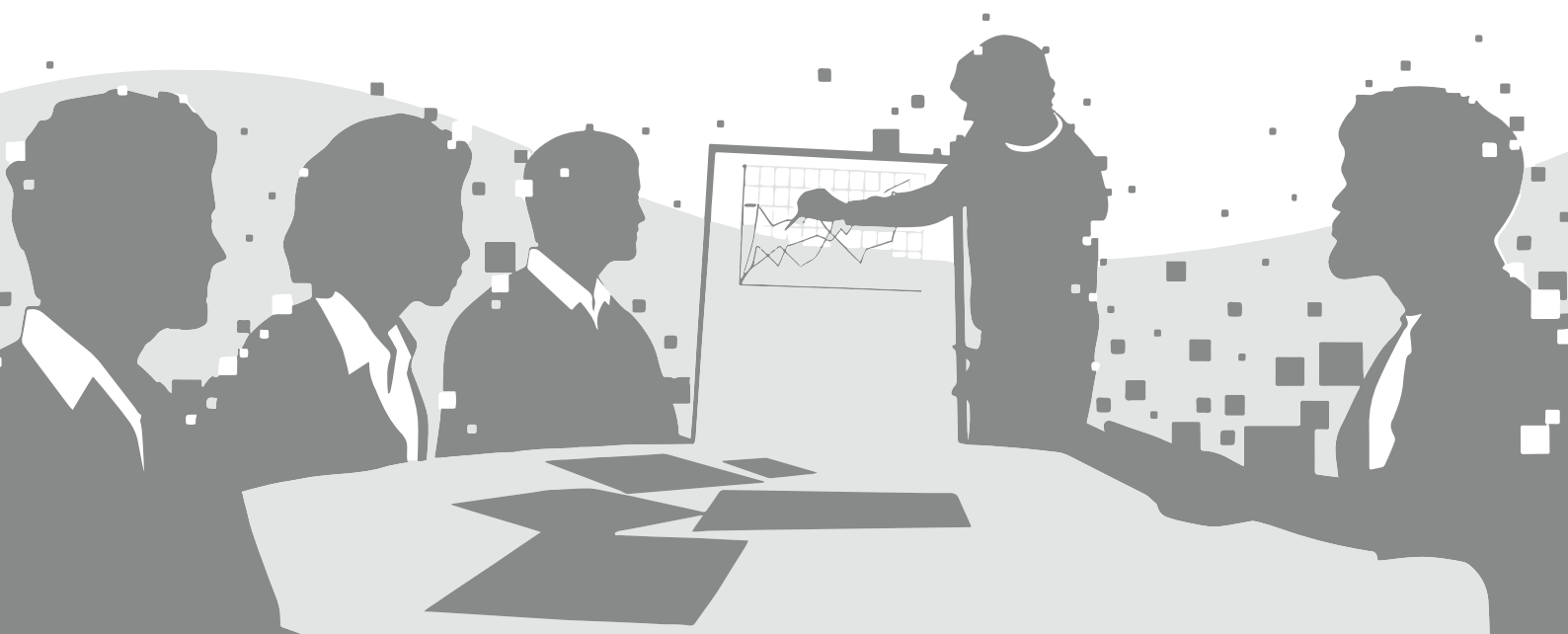
REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS (CONT'D)

AAPG 3 does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board of Directors and management thereon. The auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

The statement is made in accordance with a resolution of the Board of Directors dated 17 April 2024.

FINANCIAL STATEMENTS

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DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the year ended 31 December 2023.

Principal activities

The Company is principally engaged in investment holding. There have been no significant changes in the nature of this activity during the financial year.

Subsidiaries

The details of the Company's subsidiaries are disclosed in Note 5 to the financial statements.

Results

	Group RM'000	Company RM'000
Profit for the year attributable to:		
Owners of the Company	218,980	193,059
Non-controlling interests	16,198	-
	235,178	193,059

Reserves and provisions

There were no material transfers to or from reserves and provisions during the financial year under review.

Dividends

Since the end of the previous financial year, the Company had paid the following dividends:

- (i) In respect of the financial year ended 31 December 2022, a second interim single-tier exempt dividend of RM0.015 per ordinary share totalling RM17,366,576 was declared on 16 February 2023 and paid on 17 March 2023; and
- (ii) In respect of the financial year ended 31 December 2023, a first interim single-tier exempt dividend of RM0.015 per ordinary share totalling RM17,366,576 was declared on 23 November 2023 and paid on 20 December 2023.

After the end of the reporting date, in respect of the financial year ended 31 December 2023, a second interim single-tier exempt dividend of RM0.03 per ordinary share totalling RM34,733,152 was declared on 22 February 2024 and paid on 22 March 2024. The dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2024.

The Directors do not recommend any final dividend to be paid for the year under review.

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

Directors of the Company

Directors who served during the financial year until the date of this report are:

Ali Bin Adai
 Tengku Dato' Yusof bin Tengku Ahmad Shahrudin*
 Datuk Ling Suk Kiong*
 Joe Ling Siew Loung @ Lin Shou Long*
 Jeanita Anak Gamang*
 Koh Ek Chong
 Datuk Hasmi Bin Hasnan*
 Chin Hsiun
 Hasmawati Binti Sapawi
 Jamalludin Bin Obeng*
 Shaharum Bin Ramli (alternate director to Jamalludin Bin Obeng)
 Siti Nazrah Binti Ahmad Zaiden (appointed on 12 April 2023)

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

Directors of the subsidiaries

The following is the list of directors of the subsidiaries (excluding those who are also Directors of the Company as mentioned above) in office during the financial year until the date of this report:

Datuk Dr. Abd Hapiz Bin Abdullah
 Alias Bin Mat Lazin
 Chin Chee Kong
 Choi Meng Yee
 Ruziah Binti Mohd Amin
 Datuk Selva Kumar A/L Mookiah
 Tuan Haji Zakaria Bin Kasah
 Suki Anak Adir (appointed on 1 July 2023)

Directors' interests in shares

The interests and deemed interests of the Directors, including the interests of their spouses or children who themselves are not Directors of the Company, in the shares of the Company and of its related corporations (other than wholly-owned subsidiaries) as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares			
	At 1.1.2023	Bought	Sold	At 31.12.2023
Interests in the Company				
Ali bin Adai - own	1,000	-	-	1,000
Tengku Dato' Yusof bin Tengku Ahmad Shahrudin - own	37,630,160	100,000	(424,100)	37,306,060
Datuk Ling Suk Kiong - own	82,579,763	2,500,000	(1,000,000)	84,079,763
- others	234,550	208,000	-	442,550
Joe Ling Siew Loung @ Lin Shou Long - own	45,810,207	100,000	(100,000)	45,810,207
Datuk Hasmi bin Hasnan - own	1,057,030	-	-	1,057,030

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

Directors' interests in shares (cont'd)

	Number of ordinary shares			At 31.12.2023
	At 1.1.2023	Bought	Sold	
Deemed interests in the Company				
Datuk Ling Suk Kiong	19,218,187	-	-	19,218,187
Joe Ling Siew Loung @ Lin Shou Long	19,218,187	-	-	19,218,187
Datuk Hasmi bin Hasnan	280,401,447	-	-	280,401,447
Interests in Perdana Petroleum Berhad:				
Ali bin Adai - own	303	-	-	303
Datuk Ling Suk Kiong- own	97	-	-	97
Datuk Hasmi bin Hasnan - own	290,202	-	-	290,202
Tengku Dato' Yusof bin Tengku Ahmad Shahrudin – own	-	500,000	-	500,000
Deemed interest in Perdana Petroleum Berhad:				
Datuk Ling Suk Kiong	1,412,390,042	-	-	1,412,390,042
Datuk Hasmi bin Hasnan	1,489,346,379	-	-	1,489,346,379
Tengku Dato' Yusof bin Tengku Ahmad Shahrudin	1,412,359,950	-	-	1,412,359,950

By virtue of their interests and deemed interests in the shares of the Company, Datuk Hasmi Bin Hasnan is also deemed interested in the shares of all the subsidiaries during the financial year to the extent that Dayang Enterprise Holdings Bhd. has an interest.

The other Directors had no interests in the shares of the Company and of its related corporations during and at the end of the financial year.

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than those shown below) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than certain Directors who have significant financial interests in companies which let/rented premises to certain companies in the Group in the ordinary course of business (see Note 33 to the financial statements).

The Directors' benefits paid to or receivable by Directors in respect of the financial year ended 31 December 2023 are as follows:

	From the Company RM	From subsidiary companies RM
Directors' of the Company		
- Fees	2,970,324	-
- Short-term employee benefits	19,418,714	1,513,214
	22,389,038	1,513,214

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

Issue of shares and debentures

There were neither changes in the issued and paid up capital of the Company, nor issuance of debentures by the Company during the financial year.

Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the financial year.

Indemnity and insurance costs

a. Directors

There were neither indemnity given to nor insurance effected for the Directors of the Company except for the total amount of insurance effected for Directors of a subsidiary is amounted to RM35,000,000 (sum insured) that costs RM79,810 (premium paid) respectively.

b. Auditors

Any indemnity given to or insurance effected for the auditors of the Company is to be made to the extent as permitted under Section 289 of the Companies Act 2016. There is no amount of such indemnity given or insurance effected for its auditors during the year.

Other statutory information

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

- i) all known bad debt have been written off and adequate provision made for doubtful debt, and
- ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

- i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or
- ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or
- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- iv) not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Group and of the Company misleading.

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

- i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

OVERVIEW	HIGHLIGHTS	LEADERSHIP	KEY MESSAGES	GOVERNANCE	FINANCIAL STATEMENTS	OTHER INFORMATIONS
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DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

Other statutory information (cont'd)

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

In the opinion of the Directors, other than reversal of impairment loss on property, plant and equipment of RM41,730,651 for the Group and reversal of impairment loss on investment in a subsidiary of RM88,168,069 for the Company, the financial performance of the Group and of the Company for the financial year ended 31 December 2023 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Auditors

The auditors, KPMG PLT, have indicated their willingness to accept re-appointment.

The auditors' remuneration of the Group and of the Company during the financial year are RM582,000 and RM117,000 respectively.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

.....
Tengku Dato' Yusof Bin Tengku Ahmad Shahrudin
 Director

.....
Datuk Ling Suk Kiong
 Director

Miri,

Date:

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Assets					
Property, plant and equipment	3	1,040,871	1,026,318	-	1
Right-of-use assets	4	36,328	35,908	-	-
Investment in subsidiaries	5	-	-	1,129,703	1,041,535
Deposits	6	-	11,087	-	-
Goodwill	7	418,261	424,282	-	-
Deferred tax assets	8	6,246	7,240	-	-
Total non-current assets		1,501,706	1,504,835	1,129,703	1,041,536
Inventories	9	7,689	7,545	-	-
Contract assets	10	269,848	257,512	-	-
Trade and other receivables	11	172,508	124,965	4,123	13,175
Deposits and prepayments	12	9,599	7,823	244	244
Current tax assets		3,711	6,273	-	-
Other investments	13	223,217	56,260	-	24,700
Other financial assets	14	45,454	83,272	3,000	41,805
Cash and cash equivalents	15	271,864	313,280	28,813	1,603
		1,003,890	856,930	36,180	81,527
Assets classified as held for sale	16	3,201	-	-	-
Total current assets		1,007,091	856,930	36,180	81,527
Total assets		2,508,797	2,361,765	1,165,883	1,123,063
Equity					
Share capital	17	891,288	891,288	891,288	891,288
Retained earnings/(Accumulated losses)	17	642,267	458,836	(538,776)	(697,102)
Other reserves	17	118,983	95,842	-	-
Total equity attributable to owners of the Company		1,652,538	1,445,966	352,512	194,186
Non-controlling interests	5	234,946	204,429	-	-
Total equity		1,887,484	1,650,395	352,512	194,186
Liabilities					
Loans and borrowings	18	117,764	260,489	101,061	227,847
Lease liabilities	19	5,619	5,085	-	-
Deferred tax liabilities	8	73,281	72,327	-	-
Total non-current liabilities		196,664	337,901	101,061	227,847

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Loans and borrowings	18	120,692	142,769	110,249	122,850
Lease liabilities	19	2,787	2,567	-	-
Trade and other payables	20	258,265	195,506	598,981	577,954
Current tax liabilities		42,905	32,627	3,080	226
Total current liabilities		424,649	373,469	712,310	701,030
Total liabilities		621,313	711,370	813,371	928,877
Total equity and liabilities		2,508,797	2,361,765	1,165,883	1,123,063

The notes on pages 92 to 151 are an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Revenue	21	1,112,987	984,183	188,136	76,120
Cost of services		(639,105)	(653,424)	-	-
Gross profit		473,882	330,759	188,136	76,120
Other income	22	49,055	21,831	88,350	50,934
Administrative expenses		(142,877)	(123,026)	(26,523)	(4,306)
Other expenses	22	(25,365)	(13,716)	-	-
Net gain/(loss) on impairment of financial instruments		1,239	(270)	-	-
Results from operating activities	23	355,934	215,578	249,963	122,748
Finance income	24	13,468	7,767	1,815	1,412
Finance costs	24	(32,038)	(27,021)	(53,277)	(48,194)
Net finance costs		(18,570)	(19,254)	(51,462)	(46,782)
Profit before tax		337,364	196,324	198,501	75,966
Tax expense	25	(102,186)	(70,987)	(5,442)	(915)
Profit for the year		235,178	125,337	193,059	75,051
Other comprehensive income net of tax					
Item that is are or may be reclassified subsequently to profit or loss					
Foreign currency translation		36,644	47,710	-	-
Other comprehensive income for the year		36,644	47,710	-	-
Total comprehensive income for the year		271,822	173,047	193,059	75,051
Profit for the year attributable to:					
Owners of the Company		218,980	121,203	193,059	75,051
Non-controlling interests	5	16,198	4,134	-	-
Profit for the year		235,178	125,337	193,059	75,051
Total comprehensive income for the year attributable to:					
Owners of the Company		242,289	151,589	193,059	75,051
Non-controlling interests		29,533	21,458	-	-
Total comprehensive income for the year		271,822	173,047	193,059	75,051
Basic/diluted earnings per share (sen)	27	18.91	10.47		

The notes on pages 92 to 151 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023

Group	Attributable to owners of the Company		Non-distributable		Distributable		Total equity RM'000
	Share capital RM'000	Other reserves RM'000	Retained earnings RM'000	Subtotal RM'000	Non-controlling interests RM'000	RM'000	
At 1 January 2022	891,288	63,290	357,380	1,311,958	182,757	1,494,715	
Reclassification	-	2,166	(2,166)	-	-	-	
Profit for the year	-	-	121,203	121,203	4,134	125,337	
Foreign currency translation differences for foreign operations	-	30,386	-	30,386	17,324	47,710	
Total comprehensive income for the year	-	30,386	121,203	151,589	21,458	173,047	
Changes in ownership interests in a subsidiary	-	-	(214)	(214)	214	-	
Dividends to owners of the Company (Note 28)	-	-	(17,367)	(17,367)	-	(17,367)	
Total transactions with owners of the Company	-	-	(17,581)	(17,581)	214	(17,367)	
At 31 December 2022	891,288	95,842	458,836	1,445,966	204,429	1,650,395	
	(Note 17)	(Note 17)	(Note 17)	(Note 17)			
At 1 January 2023	891,288	95,842	458,836	1,445,966	204,429	1,650,395	
Profit for the year	-	-	218,980	218,980	16,198	235,178	
Foreign currency translation differences for foreign operations	-	23,309	-	23,309	13,335	36,644	
Total comprehensive income for the year	-	23,309	218,980	242,289	29,533	271,822	
Changes in ownership interests in a subsidiary	-	(168)	(816)	(984)	984	-	
Dividends to owners of the Company (Note 28)	-	-	(34,733)	(34,733)	-	(34,733)	
Total transactions with owners of the Company	-	(168)	(35,549)	(35,717)	984	(34,733)	
At 31 December 2023	891,288	118,983	642,267	1,652,538	234,946	1,887,484	
	(Note 17)	(Note 17)	(Note 17)	(Note 17)			

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023

Company	Share capital RM'000	<i>Non- distributable</i> Accumulated losses RM'000	Total equity RM'000
At 1 January 2022	891,288	(754,786)	136,502
Profit/Total comprehensive income for the year	-	75,051	75,051
Dividends to owners of the Company (Note 28)	-	(17,367)	(17,367)
At 31 December 2022/1 January 2023	891,288	(697,102)	194,186
Profit/Total comprehensive income for the year	-	193,059	193,059
Dividends to owners of the Company (Note 28)	-	(34,733)	(34,733)
At 31 December 2023	891,288	(538,776)	352,512
	(Note 17)	(Note 17)	

The notes on pages 92 to 151 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2023

		Group		Company	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cash flows from operating activities					
Profit before tax		337,364	196,324	198,501	75,966
<i>Adjustments for:</i>					
Depreciation of right-of-use assets	4	3,853	3,600	-	-
Depreciation of property, plant and equipment	3	85,152	101,326	1	3
Reversal of impairment loss on investment in a subsidiary	23	-	-	(88,168)	(50,934)
Reversal of impairment loss on property, plant and equipment	3	(41,731)	(7,263)	-	-
(Reversal of)/Impairment loss on financial assets	23	(1,239)	270	-	-
Impairment loss on goodwill	7	6,021	-	-	-
Dividend income	21	-	-	(162,192)	(71,920)
Gain on lease modification		(203)	(31)	-	-
Gain on disposal of property, plant and equipment	22,23	(107)	(1,686)	-	-
Finance costs	24	32,038	27,021	53,277	48,194
Finance income	24	(13,468)	(7,767)	(1,815)	(1,412)
Property, plant and equipment written off	23	16	68	-	-
Net unrealised foreign exchange loss	23	12,416	10,391	-	-
Operating profit/(loss) before changes in working capital		420,112	322,253	(396)	(103)
Changes in working capital:					
Inventories		(144)	644	-	-
Contract assets		(12,336)	(82,687)	-	-
Trade and other payables		57,511	(25,420)	(10,800)	(23,780)
Trade and other receivables, deposits and prepayments		(46,819)	(3,544)	9,052	(128)
Cash generated from/(used in) operations		418,324	211,246	(2,144)	(24,011)
Net tax paid		(87,489)	(43,187)	(2,588)	(869)
Interest paid		(505)	(288)	-	-
Interest received		13,468	7,767	1,815	1,412
Net cash from/(used in) operating activities		343,798	175,538	(2,917)	(23,468)
Cash flows from investing activities					
Acquisition of property, plant and equipment	3	(34,827)	(27,693)	-	-
Refundable deposits refunded		12,000	-	-	-
Proceeds from disposal of property, plant and equipment		131	20,292	-	-
Dividend received		-	-	162,192	71,920
Net movement in other financial assets		37,818	(29,804)	38,805	(26,313)
Net movement in other investments		(166,957)	(18,856)	24,700	(24,700)
Net cash (used in)/from investing activities		(151,835)	(56,061)	225,697	20,907

STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cash flows from financing activities					
Dividends paid to owners of the company		(34,733)	(17,367)	(34,733)	(17,367)
Repayment of term loans	(ii)	(27,292)	(20,611)	(9,187)	-
Repayment of term loan - Islamic	(ii)	(9,821)	(2,357)	-	-
Repayment of hire purchase liability	(ii)	(61)	(58)	-	-
Payment of lease liabilities	(ii)	(3,322)	(3,244)	-	-
Advances from a subsidiary	(ii)	-	-	13,000	71,665
Drawdown of term loan	(ii)	220,497	-	220,497	-
Repayment of sukuk	(ii)	(361,800)	(81,900)	(361,800)	(81,900)
Term loans interest paid		(4,596)	(2,355)	(861)	-
Coupon payments arising from Sukuk		(21,596)	(20,857)	(21,596)	(20,857)
Guarantee fee payment arising from Sukuk		(890)	(2,056)	(890)	(2,056)
Net cash used in financing activities		(243,614)	(150,805)	(195,570)	(50,515)
Net (decrease)/increase in cash and cash equivalents		(51,651)	(31,328)	27,210	(53,076)
Effect of exchange rate movements		10,235	4,958	-	-
Cash and cash equivalents at 1 January		313,280	339,650	1,603	54,679
Cash and cash equivalents at 31 December	15	271,864	313,280	28,813	1,603

Notes:**(i) Cash outflows from leases as a lessee**

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Included in net cash from operating activities:				
Payment relating to short-term leases	107,239	117,173	-	-
Payment relating to leases of low-value assets	166	173	-	-
Interest paid in relation to lease liabilities	427	288	-	-
Included in net cash from financing activities:				
Payment of lease liabilities	3,322	3,244	-	-
	111,154	120,878	-	-

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023

Notes: (cont'd)

(ii) Reconciliation of movement of liabilities to cash flows arising from financing activities

	At 1.1.2022 RM'000	Net changes from financing cash flows RM'000	Foreign exchange movement RM'000	Other changes RM'000	At 31.12.2022/ 1.1.2023 RM'000	Net changes from financing cash flows RM'000	Foreign exchange movement RM'000	Other changes RM'000	At 31.12.2023 RM'000
Group									
Sukuk	429,490	(81,900)	-	3,107	350,697	(361,800)	-	11,103	-
Secured term loans	60,753	(20,611)	3,258	-	43,400	193,205	1,659	-	238,264
Hire purchase liability	311	(58)	-	-	253	(61)	-	-	192
Term loan - Islamic	9,975	(2,357)	-	1,290	8,908	(9,821)	-	913	-
Lease liabilities	8,036	(3,244)	-	2,860	7,652	(3,322)	-	4,076	8,406
Total liabilities from financing activities	508,565	(108,170)	3,258	7,257	410,910	(181,799)	1,659	16,092	246,862
Company									
Amount due to a subsidiary (Note 20)	498,712	71,665	-	-	570,377	13,000	-	-	583,377
Sukuk	429,490	(81,900)	-	3,107	350,697	(361,800)	-	11,103	-
Term loan	-	-	-	-	-	211,310	-	-	211,310
	928,202	(10,235)	-	3,107	921,074	(137,490)	-	11,103	794,687

The notes on pages 92 to 151 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Dayang Enterprise Holdings Bhd. is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The address of its registered office and principal place of business is Sublot 5-10, Lot 46, Block 10, Jalan Taman Raja, Miri Concession Land District, 98000 Miri, Sarawak.

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2023 comprise the Company and its subsidiaries (together referred to as the “Group” and individually referred to as “group entities”). The financial statements of the Company as at and for the financial year ended 31 December 2023 do not include other entities.

The Company is principally engaged in investment holding while the principal activities of the subsidiaries are as stated in Note 5 to the financial statements.

These financial statements were authorised for issue by the Board of Directors on 17 April 2024.

1. Basis of preparation

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRSs”), IFRS Accounting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”) and the requirements of the Companies Act 2016 in Malaysia.

The following are the accounting standards, amendments and interpretations of the MFRSs that have been issued by the Malaysian Accounting Standards Board (“MASB”) but have not been adopted by the Group and the Company:

MFRS / Amendment / Interpretation	Effective date
Amendments to MFRS 16, <i>Leases - Lease Liability in a Sale and Leaseback</i>	1 January 2024
Amendments to MFRS 101, <i>Presentation of Financial Statements - Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current</i>	1 January 2024
Amendments to MFRS 107, <i>Statement of Cash Flows and MFRS 7, Financial Instruments: Disclosures – Supplier Finance Arrangements</i>	1 January 2024
Amendments to MFRS 121, <i>The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability</i>	1 January 2025
Amendments to MFRS 10, <i>Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Yet to be determined

The Group and the Company plan to apply the abovementioned accounting standards, interpretations and amendments:

- from the annual period beginning on 1 January 2024 for those accounting standards, interpretations and amendments, that are effective for annual periods beginning on or after 1 January 2024.
- from the annual period beginning on 1 January 2025 for those accounting standards, interpretations and amendments, that are effective for annual periods beginning on or after 1 January 2025.

The initial application of the above accounting standards, interpretations or amendments are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and of the Company.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis.

NOTES TO THE FINANCIAL STATEMENTS

1. Basis of preparation (cont'd)

(c) Functional and presentation currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency. These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency and presentation currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

- Note 3.2 - impairment testing of property, plant and equipment;
- Note 4.1 - assumptions in relation to lease;
- Note 5 - impairment testing of investment in subsidiaries;
- Note 7 - impairment testing of goodwill;
- Note 8 - recognition of deferred tax assets; and
- Note 21 - revenue recognition.

2. Change in material accounting policies

2.1 Material accounting policy information

The Group has adopted amendments to MFRS 101, Presentation of Financial Statements and MFRS Practice Statement 2 – Disclosures of Accounting Policies from 1 January 2023. The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Although the amendments did not result in any changes to the Group's accounting policies, it impacted the accounting policy information disclosed in the financial statements. The material accounting policy information is disclosed in the respective notes to the financial statements where relevant.

NOTES TO THE FINANCIAL STATEMENTS

3. Property, plant and equipment

Group	Buildings RM'000	Marine vessels, onboard equipment and dry docking expenditures (subject to operating lease)	Containers RM'000	Offshore equipment RM'000	Furniture and fittings RM'000	Subtotal RM'000
Cost						
At 1 January 2022	41,035	1,731,763	24,710	116,649	16,389	1,930,546
Additions	-	13,109	375	9,208	696	23,388
Transfers	17,094	-	-	974	564	18,632
Disposals	-	(186,906)	-	(2,926)	(2)	(189,834)
Write-offs	-	-	-	(2,677)	(28)	(2,705)
Effect of movements in exchange rate	-	92,311	-	-	-	92,311
At 31 December 2022/1 January 2023	58,129	1,650,277	25,085	121,228	17,619	1,872,338
Reclassification	-	-	-	-	55	55
Additions	-	8,767	-	10,086	216	19,069
Transfers	-	-	-	-	-	-
Transfer to assets held for sale (Note 16)	-	(10,842)	-	-	-	(10,842)
Disposals	-	-	-	(45)	-	(45)
Write-offs	-	(5)	-	(1,283)	(6)	(1,294)
Effect of movements in exchange rate	-	62,725	-	-	-	62,725
At 31 December 2023	58,129	1,710,922	25,085	129,986	17,884	1,942,006

NOTES TO THE FINANCIAL STATEMENTS

3. Property, plant and equipment (cont'd)

Group (cont'd)	Subtotal RM'000	Office equipment RM'000	Motor vehicles RM'000	Others RM'000	Capital work-in- progress RM'000	Total RM'000
Cost (cont'd)						
At 1 January 2022	1,930,546	4,889	10,678	1,068	15,651	1,962,832
Additions	23,388	532	307	364	3,102	27,693
Transfers	18,632	-	-	-	(18,632)	-
Disposals	(189,834)	(4)	-	-	-	(189,838)
Write-offs	(2,705)	(634)	-	-	-	(3,339)
Effect of movements in exchange rate	92,311	-	-	-	-	92,311
At 31 December 2022/1 January 2023	1,872,338	4,783	10,985	1,432	121	1,889,659
Reclassification	55	(55)	-	-	-	-
Additions	19,069	636	434	383	14,305	34,827
Transfers	-	233	-	-	(233)	-
Transfer to assets held for sale (Note 16)	(10,842)	-	-	-	-	(10,842)
Disposals	(45)	-	(1,110)	-	-	(1,155)
Write-offs	(1,294)	(5)	-	-	(5)	(1,304)
Effect of movements in exchange rate	62,725	-	-	-	-	62,725
At 31 December 2023	1,942,006	5,592	10,309	1,815	14,188	1,973,910

NOTES TO THE FINANCIAL STATEMENTS

3. Property, plant and equipment (cont'd)

Group (cont'd)	Buildings RM'000	Marine vessels, onboard equipment and dry docking expenditures (subject to operating lease) RM'000	Containers RM'000	Offshore equipment RM'000	Furniture and fittings RM'000	Subtotal RM'000
At 1 January 2022						
Accumulated depreciation	14,339	610,356	13,358	90,206	11,700	739,959
Accumulated impairment loss	-	136,980	-	-	-	136,980
	14,339	747,336	13,358	90,206	11,700	876,939
Depreciation for the year (Note 23)	2,835	83,078	2,479	10,427	901	99,720
Reversal of impairment loss charge for the year (Note 23)	-	(7,263)	-	-	-	(7,263)
Disposals	-	(132,451)	-	(2,926)	(2)	(135,379)
Write-offs	-	-	-	(2,613)	(25)	(2,638)
Written off – Impairment loss	-	(35,850)	-	-	-	(35,850)
Effect of movements in exchange rate	-	53,022	-	-	-	53,022
At 31 December 2022						
Accumulated depreciation	17,174	614,005	15,837	95,094	12,574	754,684
Accumulated impairment loss	-	93,867	-	-	-	93,867
	17,174	707,872	15,837	95,094	12,574	848,551

NOTES TO THE FINANCIAL STATEMENTS

3. Property, plant and equipment (cont'd)

Group (cont'd)	Subtotal RM'000	Office equipment RM'000	Motor vehicles RM'000	Others RM'000	Capital work-in- progress RM'000	Total RM'000
Accumulated depreciation and impairment loss (cont'd)						
At 1 January 2022	739,959	4,064	9,400	356	-	753,779
Accumulated depreciation	136,980	-	-	-	-	136,980
Accumulated impairment loss	876,939	4,064	9,400	356	-	890,759
Depreciation for the year (Note 23)	99,720	623	384	599	-	101,326
Reversal of impairment loss charge for the year (Note 23)	(7,263)	-	-	-	-	(7,263)
Disposals	(135,379)	(3)	-	-	-	(135,382)
Write-offs	(2,638)	(633)	-	-	-	(3,271)
Written off – Impairment loss	(35,850)	-	-	-	-	(35,850)
Effect of movements in exchange rate	53,022	-	-	-	-	53,022
At 31 December 2022	754,684	4,051	9,784	955	-	769,474
Accumulated depreciation	93,867	-	-	-	-	93,867
Accumulated impairment loss	848,551	4,051	9,784	955	-	863,341

NOTES TO THE FINANCIAL STATEMENTS

3. Property, plant and equipment (cont'd)

Group (cont'd)	Buildings RM'000	Marine vessels, onboard equipment and dry docking expenditures (subject to operating lease) RM'000	Containers equipment RM'000	Offshore equipment RM'000	Furniture and fittings RM'000	Subtotal RM'000
Accumulated depreciation and impairment loss (cont'd)						
At 1 January 2023	17,174	614,005	15,837	95,094	12,574	921,654
Accumulated depreciation	-	93,867	-	-	-	93,867
Accumulated impairment loss	17,174	707,872	15,837	95,094	12,574	1,015,521
Reclassification	-	-	-	-	166	166
Depreciation for the year (Note 23)	2,906	66,762	2,404	10,622	846	83,540
Reversal of impairment loss charge for the year (Note 23)	-	(41,731)	-	-	-	(41,731)
Transfer to assets held for sale (Note 16)	-	(7,641)	-	-	-	(7,641)
Disposals	-	-	-	(21)	-	(21)
Write-offs	-	(5)	-	(1,272)	(6)	(1,283)
Effect of movements in exchange rate	-	36,337	-	-	-	36,337
At 31 December 2023	20,080	709,458	18,241	104,423	13,580	865,782
Accumulated depreciation	-	52,136	-	-	-	52,136
Accumulated impairment loss	20,080	761,594	18,241	104,423	13,580	917,918

NOTES TO THE FINANCIAL STATEMENTS

3. Property, plant and equipment (cont'd)

Group (cont'd)	Subtotal RM'000	Office equipment RM'000	Motor vehicles RM'000	Others RM'000	Capital work-in- progress RM'000	Total RM'000
Accumulated depreciation and impairment loss (cont'd)						
At 1 January 2023	754,684	4,051	9,784	955	-	769,474
Accumulated depreciation	93,867	-	-	-	-	93,867
Accumulated impairment loss	848,551	4,051	9,784	955	-	863,341
Reclassification	166	(166)	-	-	-	-
Depreciation for the year (Note 23)	83,540	715	420	477	-	85,152
Reversal of impairment loss charge for the year (Note 23)	(41,731)	-	-	-	-	(41,731)
Transfer to assets held for sale (Note 16)	(7,641)	-	-	-	-	(7,641)
Disposals	(21)	-	(1,110)	-	-	(1,131)
Write-offs	(1,283)	(5)	-	-	-	(1,288)
Effect of movements in exchange rate	36,337	-	-	-	-	36,337
At 31 December 2023	865,782	4,595	9,094	1,432	-	880,903
Accumulated depreciation	52,136	-	-	-	-	52,136
Accumulated impairment loss	917,918	4,595	9,094	1,432	-	933,039

NOTES TO THE FINANCIAL STATEMENTS

3. Property, plant and equipment (cont'd)

Group (cont'd)	Buildings RM'000	Marine vessels, onboard equipment and dry docking expenditures (subject to operating lease) RM'000	Containers RM'000	Offshore equipment RM'000	Furniture and fittings RM'000	Subtotal RM'000		Subtotal RM'000
Net carrying amount								
At 31 December 2022	40,955	942,405	9,248	26,134	5,045	1,023,787		
At 31 December 2023	38,049	949,328	6,844	25,563	4,304	1,024,088		
Group (cont'd)								
Net carrying amount								
At 31 December 2022	1,023,787	732	1,201	477	121	1,026,318		
At 31 December 2023	1,024,088	997	1,215	383	14,188	1,040,871		

NOTES TO THE FINANCIAL STATEMENTS

3. Property, plant and equipment (cont'd)

Company	Note	Furniture and fittings RM'000
Cost		
At 1 January 2022/31 December 2022/1 January 2023 and 31 December 2023		30
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Accumulated depreciation		
At 1 January 2022		26
Depreciation for the year	23	3
<hr/>		
At 31 December 2022/1 January 2023		29
Depreciation for the year	23	1
<hr/>		
At 31 December 2023		30
<hr/>		
Net carrying amount		
At 31 December 2022		1
<hr/>		
At 31 December 2023		-
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3.1 Securities

Ten (2022: Twenty-one) marine vessels with a total carrying amount of RM315 million (2022: RM753 million) are pledged to licensed banks or financial institutions for certain banking facilities granted to the Group [see Notes 18.2(ii), 18.3(c)(ii), 18.3(c)(iii) and 18.4(i)].

3.2 Impairment testing of marine vessels, onboard equipment and dry docking expenditures

The Group's main customers are from oil and gas companies involved in upstream exploration activities. The volatility of crude oil prices in 2022/2023 has continued to affect the business activities of the industry in which the Group operates. Nonetheless, the Group's profitability has improved in 2023 when compared with 2022 due to the growth in the global demand for offshore support vessels.

The Group has evaluated whether the property, plant and equipment, i.e. marine vessels including dry docking used in the operations are stated in excess of their recoverable amounts. The Group has applied a combination of the value-in-use ("VIU") approach and the fair value less cost of disposal ("FVLCD") approach, whichever is higher, in determining the recoverable amounts of the property, plant and equipment.

VIU approach

The Group has applied the value-in-use approach on the basis that the marine vessels will continue to be in use up to the expected useful lives of the respective vessels. The value-in-use has been calculated by forecasting and discounting future cash flows to be generated by the respective marine vessels based on the following key assumptions:

NOTES TO THE FINANCIAL STATEMENTS

3. Property, plant and equipment (cont'd)**3.2 Impairment testing of marine vessels, onboard equipment and dry docking expenditures (cont'd)****VIU approach (cont'd)**

- (a) Average daily charter rate, daily operating cost and average utilisation rate are determined based on the management's estimate of industry trends and past performance of respective vessels; and
- (b) Pre-tax discount rate from 10%-11.6% (2022: 10%-10.1%).

The values assigned to the key assumptions are based on historical data from both external sources and internal sources as well as management's assessment of future trends in the industry. Changes in judgements and the related estimates throughout the useful lives of the marine vessels could result in material adjustments to the carrying amounts of marine vessels, which can either be positive or negative.

FVLCOD approach

FVLCOD was used to determine the recoverable amounts of certain marine vessels based on the market-comparable approach. The fair value measurement of the marine vessels was performed by an independent valuer with appropriate qualifications and recent experience in the valuation of vessels in the relevant industry in November to December 2023.

The following table describes the valuation technique used in the determination of fair values classified under Level 3, the significant unobservable inputs used in the valuation, and the inter-relationship between the significant unobservable inputs and the fair value measurement.

Description of valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Market comparable approach: The method involved determining the market value that reflects recent market transactions of similar marine vessels of similar age and specifications. In valuing the marine vessels, the independent valuer had taken into consideration the prevailing market conditions and made adjustments for differences such as age, size and specifications where necessary before arriving at the most appropriate fair value for the vessels.	Valuation based on comparison to the market value of the type of vessel fitted with the same specifications of similar nature or as close in similarity of which recently transacted around the region.	(i) The estimated fair value would increase/(decrease) if the valuation of recent transactions based on similar age and specifications of which recently transacted around the region were higher/(lower). (ii) The estimated fair value would increase/(decrease) if the useful lives and the residual values of the vessels are higher/(lower).

Impairment of property, plant and equipment during the financial year ended 31 December 2023

During the financial year, the Group has recognised an impairment loss of RM12.04 million on three vessels in the profit or loss, as the estimated recoverable amounts of these marine vessels are lower than their carrying amounts. The recoverable amount of these vessels for which an impairment loss was made during the year was RM182.65 million was determined based on their VIU.

OVERVIEW	HIGHLIGHTS	LEADERSHIP	KEY MESSAGES	GOVERNANCE	FINANCIAL STATEMENTS	OTHER INFORMATIONS
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NOTES TO THE FINANCIAL STATEMENTS

3. Property, plant and equipment (cont'd)

3.2 Impairment testing of marine vessels, onboard equipment and dry docking expenditures (cont'd)

Impairment of property, plant and equipment during the financial year ended 31 December 2023 (cont'd)

The Group also recognised a reversal of impairment loss of RM53.77 million on fourteen vessels in the profit or loss, as the estimated recoverable amounts of these vessels are higher than their carrying amounts. The recoverable amount of these vessels for which a reversal of impairment loss was made during the year was RM571.01 million where RM544.07 million was determined based on their VIU and RM26.94 million was determined based on their FVLCOD.

Following the assessment, the Group has recognised a net reversal of impairment loss of RM41.73 million on certain vessels as other income in the profit or loss.

Impairment of property, plant and equipment during the financial year ended 31 December 2022

In the previous financial year, the Group had recognised an impairment loss of RM33.11 million on nine vessels in the profit or loss, as the estimated recoverable amounts of these marine vessels are lower than their carrying amounts. The recoverable amount of these vessels for which an impairment loss was made during the year was RM537.31 million where RM470.86 million was determined based on their VIU and RM66.45 million was based on their FVLCOD.

The Group also recognised a reversal of impairment loss of RM40.37 million on six vessels in the profit or loss, as the estimated recoverable amounts of these vessels are higher than their carrying amounts. The recoverable amount of these vessels for which a reversal of impairment loss was made during the year was RM224.74 million where RM206.31 million was determined based on their VIU and RM18.43 million was determined based on their FVLCOD.

Following the assessment, the Group has recognised a net reversal of impairment loss of RM7.26 million on certain vessels as other income in the profit or loss.

Impairment loss sensitivity analysis

This analysis is based on utilisation rate and discount rate that the Group considered to be reasonably possible at the end of the reporting period.

The value-in-use estimates are particularly sensitive in the following areas:

- An increase of 1 percentage point in the discount rate used would have increased in the impairment loss by RM11.1 million (2022: RM7.3 million).
- A 5% (2022: 5%) decrease in average utilisation rate used would have increased in the impairment loss by RM51.7 million (2022: RM14.4 million).

3.3 Marine vessels subject to operating lease

The Group leases marine vessels to third parties. Each of the leases contains an initial non-cancellable period ranging from 4 days to 365 days. Some of these leases also include extension option clauses which are subject to negotiation with the lessees before the end of the initial tenure.

The Group generally does not require a financial guarantee on the lease arrangement as the majority of the lessees are reputable oil majors. Nevertheless, the Group may request for advanced charter payments from certain lessees, depending on the Group's assessment of the credit worthiness of the respective lessees, regardless of the lease period. These leases do not include residual value guarantees.

NOTES TO THE FINANCIAL STATEMENTS

3. Property, plant and equipment (cont'd)**3.3 Marine vessels subject to operating lease (cont'd)**

The following are recognised in profit or loss:

	2023	2022
	RM'000	RM'000
Group		
Vessel charter income	331,826	132,053

The operating lease payments to be received are as follows:

	2023	2022
	RM'000	RM'000
Group		
Less than one year/Total undiscounted lease payments	44,733	9,430

3.4 Material accounting policy information**(a) Recognition and measurement**

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

(b) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Assets under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives of the other assets for the current and comparative periods are as follows:

Buildings	20 years
Marine vessels	20 - 25 years
Onboard equipment	10 - 25 years
Dry docking expenditures	5 years
Containers	10 years
Offshore equipment	5 years
Furniture and fittings	10 years
Office equipment	3 - 10 years
Motor vehicles	5 - 10 years
Cabin, field and workshop equipment	5 - 10 years
Others	2 - 10 years

NOTES TO THE FINANCIAL STATEMENTS

4. Right-of-use assets – Group

	Land RM'000	Buildings RM'000	Total RM'000
Cost			
At 1 January 2022	32,815	14,802	47,617
Additions	-	3,200	3,200
Derecognition	-	(1,498)	(1,498)
At 31 December 2022/1 January 2023	32,815	16,504	49,319
Additions	-	7,112	7,112
Derecognition	-	(5,496)	(5,496)
At 31 December 2023	32,815	18,120	50,935
Accumulated depreciation			
At 1 January 2022	3,792	7,207	10,999
Depreciation for the year (Note 23)	455	3,145	3,600
Derecognition	-	(1,188)	(1,188)
At 31 December 2022/1 January 2023	4,247	9,164	13,411
Depreciation for the year (Note 23)	454	3,399	3,853
Derecognition	-	(2,657)	(2,657)
At 31 December 2023	4,701	9,906	14,607
Net carrying amount			
At 31 December 2022	28,568	7,340	35,908
At 31 December 2023	28,114	8,214	36,328

The Group leases a number of buildings for 5 years with an option to renew after that date. Where practicable, the Group seeks to include extension options to provide operational flexibility. The Group assesses whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the option if there is a significant event or significant change in circumstances within its control.

Right-of-use assets consist of two (2) parcels of leasehold land that do not meet the definition of investment property, of which the lease was fully settled in a single up-front payment. The lease terms of both leasehold land are expiring on 2 April 2851 and 30 June 2824 respectively.

4.1 Judgements and assumptions in relation to leases

The Group assesses at lease commencement by applying judgement whether it is reasonably certain to exercise the extension options. The Group considers all facts and circumstances including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help them determine the lease term.

The Group also applied judgement and assumptions in determining the incremental borrowing rate of the respective leases. The Group first determine the closest available borrowing rates before using judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases.

NOTES TO THE FINANCIAL STATEMENTS

4. Right-of-use assets – Group (cont'd)**4.2 Material accounting policy information****(a) Recognition and measurement**

All right-of use assets are measured at cost less accumulated depreciation and any accumulated impairment loss.

(b) Lease and non-lease components

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group is a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

(c) Recognition exemption

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sublease as an operating lease.

5. Investment in subsidiaries - Company

	Note	2023 RM'000	2022 RM'000
At 1 January		1,041,535	990,601
Add: Reversal of impairment loss	5.1	88,168	50,934
At 31 December		1,129,703	1,041,535

Details of the subsidiaries are as follows:

Name of company	Principal activities	Principal place of business/ Place of incorporation	Effective ownership interest and voting interest	
			2023 %	2022 %
<u>Direct subsidiaries</u>				
Dayang Enterprise Sdn. Bhd. ("DESB")	Provision of offshore topside maintenance service, minor fabrication works and offshore hook-up and commissioning services	Malaysia	100	100

NOTES TO THE FINANCIAL STATEMENTS

5. Investment in subsidiaries - Company (cont'd)

Details of the subsidiaries are as follows: (cont'd)

Name of company	Principal activities	Principal place of business/ Place of incorporation	Effective ownership interest and voting interest	
			2023 %	2022 %
<u>Direct subsidiaries (cont'd)</u>				
DESB Marine Services Sdn. Bhd. ("DMSSB")	Chartering of marine vessels and catering of food and beverages	Malaysia	100	100
Fortune Triumph Sdn. Bhd. ("FTSB")	Equipment hire and providing maintenance and management services	Malaysia	100	100
Perdana Petroleum Berhad ("PPB")	Investment holding	Malaysia	63.61	63.69
<u>Subsidiaries of PPB</u>				
Intra Oil Services Berhad	Provision of marine support services for the oil and gas industry	Malaysia	63.61	63.69
Ampangship Marine Sdn. Bhd.	Provision of marine support services for the oil and gas industry	Malaysia	63.61	63.69
Perdana Nautika Sdn. Bhd.	Provision of marine support services for the oil and gas industry	Malaysia	63.61	63.69
Perdana Neptune Limited	Provision of leasing business activities in Labuan	Federal Territory of Labuan, Malaysia	63.61	63.69
Perdana Pluto Limited	Provision of leasing business activities in Labuan	Federal Territory of Labuan, Malaysia	63.61	63.69
Perdana Saturn Limited	Provision of leasing business activities in Labuan	Federal Territory of Labuan, Malaysia	63.61	63.69
Perdana Earth Limited	Provision of leasing business activities in Labuan	Federal Territory of Labuan, Malaysia	63.61	63.69
Perdana Mars Limited	Provision of leasing business activities in Labuan	Federal Territory of Labuan, Malaysia	63.61	63.69

NOTES TO THE FINANCIAL STATEMENTS

5. Investment in subsidiaries - Company (cont'd)

Details of the subsidiaries are as follows: (cont'd)

Name of company	Principal activities	Principal place of business/ Place of incorporation	Effective ownership interest and voting interest	
			2023 %	2022 %
<u>Subsidiaries of PPB (cont'd)</u>				
Perdana Jupiter Limited	Inactive	Federal Territory of Labuan, Malaysia	63.61	63.69
Petra Offshore Limited	Inactive	Federal Territory of Labuan, Malaysia	63.61	63.69
Perdana Marine Offshore Pte. Ltd. *	Inactive	The Republic of Singapore	63.61	63.69
Perdana Uranus Limited	Inactive	Federal Territory of Labuan, Malaysia	63.61	63.69
<u>Subsidiary of Perdana Jupiter Limited</u>				
Mount Santubong Limited	Making strategic investments in shipping and shipping-related assets and businesses	Federal Territory of Labuan, Malaysia	63.61	63.69

* *Not audited by member firms of KPMG International.*

Non-controlling interests in a subsidiary

The Group's subsidiary that has material non-controlling interests ("NCI") are as follows:

	Perdana Petroleum Berhad RM'000
2023	
NCI percentage of ownership interest and voting interest	36.39%
Carrying amount of NCI	234,946
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Profit allocated to NCI	16,198
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NOTES TO THE FINANCIAL STATEMENTS

5. Investment in subsidiaries - Company (cont'd)

Non-controlling interests in a subsidiary (cont'd)

Summarised financial information before intra-group elimination

	Perdana Petroleum Berhad RM'000
2023	
As at 31 December	
Non-current assets	703,019
Current assets	204,508
Non-current liabilities	(117,451)
Current liabilities	(123,592)
Net assets	666,484
2023	
Year ended 31 December	
Revenue	313,913
Profit for the year	44,511
Total comprehensive income	81,155
Cash flows from operating activities	72,316
Cash flows used in investing activities	(4,970)
Cash flows used in financing activities	(56,364)
Net increase in cash and cash equivalents	10,982
2022	
NCI percentage of ownership interest and voting interest	36.31%
Carrying amount of NCI	204,429
Profit allocated to NCI	4,134

NOTES TO THE FINANCIAL STATEMENTS

5. Investment in subsidiaries - Company (cont'd)***Non-controlling interests in a subsidiary (cont'd)******Summarised financial information before intra-group elimination (cont'd)***

	Perdana Petroleum Berhad RM'000
2022	
As at 31 December	
Non-current assets	713,975
Current assets	108,793
Non-current liabilities	(153,004)
Current liabilities	(84,435)
Net assets	585,329
2022	
Year ended 31 December	
Revenue	196,628
Profit for the year	11,385
Total comprehensive income	59,096
Cash flows from operating activities	61,560
Cash flows from investing activities	14,992
Cash flows used in financing activities	(59,525)
Net increase in cash and cash equivalents	17,027

5.1 Accumulated impairment loss

The performance of one of the subsidiaries of the Company, which had been previously impaired due to loss making, has shown improvement in its financial performance.

In the previous financial year, the Company recognised the reversal of impairment loss of RM50.9 million in a subsidiary as other income in profit or loss for a subsidiary based on the estimated recoverable amount of RM423 million of the subsidiary.

The recoverable amount is determined with reference to the underlying assets and liabilities of the subsidiary as well as the anticipated future performance of the subsidiary. The recoverable amount was subsequently adjusted from the higher of the estimated value-in-use or estimated fair value less cost of disposal used in the impairment testing in the subsidiary. (see Note 3.2 on value-in-use approach and fair value less cost of disposal approach).

In the current financial year, the Company has reassessed on similar basis and recognised a reversal of impairment loss of RM88.2 million as other income in profit or loss for a subsidiary based on the estimated recoverable amount of RM511 million of the subsidiary.

5.2 Material accounting policy information

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

6. Deposits

	Note	Group 2023 RM'000	Group 2022 RM'000
Security deposit	6.1	-	11,087

6.1 Security deposit was a deposit held by a lender over the tenure of an Islamic term loan (see Note 18.1). The subsidiary of the Group has fully settled the facility during the financial year ended 31 December 2023.

7. Goodwill

Goodwill is allocated to the identified Group's CGU, which is the Marine Offshore Support Services operating segment:

	Group RM'000
<i>Marine Offshore Support Services</i>	
At 1 January 2022, 31 December 2022 and 1 January 2023	424,282
Less: Allowance for impairment loss (Note 23)	(6,021)
At 31 December 2023	418,261

Impairment testing on goodwill

The Group performs the impairment testing on an annual basis or more frequently if there is an indication that the goodwill may be impaired. An impairment testing may be performed at any time within an annual reporting period provided the test is performed at the same time annually. This testing involves determining the CGU's recoverable amount using a combination of the value-in-use ("VIU") approach and the fair value less cost of disposal ("FVL COD") approach (see Note 3.2 on FVL COD approach), whichever is higher, and comparing this to the carrying amount of the CGU. Where the recoverable amount exceeds the carrying value of the CGU, the asset is not impaired, but where the carrying amount exceeds the value-in-use, an impairment loss is recognised to reduce the carrying amount of the CGU to its recoverable amount. Estimates of value-in-use are key judgemental estimates in the financial statements. A number of key assumptions have been made as a basis for the impairment tests. In each case, these key assumptions have been made by management reflecting past experiences and are consistent with relevant external sources of information.

The recoverable amount of Marine Offshore Support Services operating segment estimated based on the higher of VIU or FVL COD was as follows:

	Group 2023 RM'000	Group 2022 RM'000
Recoverable amount	1,265,871	1,268,226

a) *Value-in-use calculations*

Value-in-use calculations is used to derive the recoverable amount of the CGU. The value-in-use calculations uses pre-tax cash flow projections based on financial budgets and projections covering the remaining useful lives of the existing vessels, with periods ranging between 5 years to 17 years. The value-in-use calculation is based on the following key assumptions:

NOTES TO THE FINANCIAL STATEMENTS

7. Goodwill (cont'd)**Impairment testing on goodwill (cont'd)****a) Value-in-use calculations (cont'd)**

- (i) Average daily charter rate, daily operating cost and average utilisation rate determined based on the management's estimate of industry trends and past performance of respective vessels; and
- (ii) Pre-tax discount rate from 10%-11.6% (2022: 10%-10.1%).

The key assumptions used for the value-in-use computations are that the markets will grow in accordance with publicly available data, the Group will maintain its current market share, gross margins will be maintained at current levels and overheads will increase in line with expected levels of inflation. The cash flow forecasts assume appropriate levels of capital expenditure and investment in working capital to support the growth in the CGU.

b) Impairment testing sensitivity analysis

The estimated value-in-use is most sensitive to the following key assumptions:

- An increase of 1% (2022: 1%) in the discount rate used would have increased in the impairment loss by RM41.4 million (2022: RM137 million).
- A 5% (2022: 5%) decrease in average utilisation rate used would have increased in the impairment loss by RM99.2 million (2022: RM117.1 million).

NOTES TO THE FINANCIAL STATEMENTS

8. Deferred taxation

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:-

Group	Assets		Liabilities		Net	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Property, plant and equipment	-	-	(78,914)	(79,828)	(78,914)	(79,828)
Capital allowances carried forward	46	46	-	-	46	46
Right-of-use assets	-	-	4,847	5,095	4,847	5,095
Lease liabilities	-	-	1,945	1,836	1,945	1,836
Tax losses carried forward	-	4,784	-	-	-	4,784
Other temporary differences	6,972	2,980	(1,931)	-	5,041	2,980
Deferred tax assets/(liabilities)	7,018	7,810	(74,053)	(72,897)	(67,035)	(65,087)
Set-off of tax	(772)	(570)	772	570	-	-
Net deferred tax assets/(liabilities)	6,246	7,240	(73,281)	(72,327)	(67,035)	(65,087)

Movements in deferred tax assets and liabilities during the year are as follows:

Group	At 1.1.2022		Recognised in profit or loss		At 31.12.2022/1.1.2023		At 31.12.2023	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment	(83,978)	4,150	4,150	(79,828)	914	(78,914)	46	46
Capital allowances carried forward	586	(540)	(540)	46	-	-	4,847	4,847
Right-of-use assets	5,142	(47)	(47)	5,095	(248)	(248)	1,945	1,945
Lease liabilities	1,929	(93)	(93)	1,836	109	109	-	-
Tax losses carried forward	5,451	(667)	(667)	4,784	(4,784)	(4,784)	2,061	2,061
Other provision	2,701	279	279	2,980	-	-	(1,948)	(1,948)
	(68,169)	3,082	3,082	(65,087)	(1,948)	(67,035)	(67,035)	(67,035)

(Note 25)

(Note 25)

NOTES TO THE FINANCIAL STATEMENTS

8. Deferred taxation (cont'd)***Unrecognised deferred tax assets***

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	Group	
	2023	2022
	RM'000	RM'000
Unabsorbed capital allowances	655	535
Unutilised tax losses	19,381	15,494
	20,036	16,029

Deferred tax assets of the Group of RM4.8 million (2022: RM3.8 million) have not been recognised in respect of the above temporary differences because it is not certain if sufficient future taxable profits will be available against which the affected group entities can utilise the benefits therefrom.

Unabsorbed capital allowances do not expire under the current tax legislation.

Pursuant to the latest tax legislations, unutilised tax losses from a year of assessment can be carried forward up to 10 consecutive years of assessment, as follows:

	Group	
	2023	2022
	RM'000	RM'000
Expire in		
Year of assessment 2030	9,004	7,435
Year of assessment 2031	4,071	1,569
Year of assessment 2032	661	4,071
Year of assessment 2033	1,758	661
Year of assessment 2034	3,887	1,758
	19,381	15,494

Global minimum top-up tax

As at 31 December 2023, the government of Malaysia has enacted a new legislation to implement the global minimum top-up tax. However, this legislation is not applicable to the Group because it does not meet the requirement. In addition, the newly enacted tax legislation will only come into effect in year 2025, and there is no current tax impact for the year ended 31 December 2023.

NOTES TO THE FINANCIAL STATEMENTS

9. Inventories – Group

Inventories represent fuel, various oils and lubricants and spare parts.

	2023 RM'000	2022 RM'000
Materials and consumables - at cost	7,689	7,545
Recognised in profit or loss: Inventories recognised as part of cost of services	24,008	26,201

Material accounting policy information

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is calculated based on the first in first out basis.

10. Contract assets - Group

	2023 RM'000	2022 RM'000
Contract assets	269,848	257,512

The contract assets are in relation to the Group's rights to consideration for work performed on topside maintenance contracts and catering services, which remain unbilled at the reporting date. Typically, the amount will be billed within normal billing cycle and payment is expected within 30 days from invoice date.

10.1 Impairment assessment on contract assets

Credit risks on contract assets arose from topside maintenance projects and catering services undertaken by the Group. As at the end of the reporting period, the maximum exposure to credit risk arising from contract assets is represented by the carrying amount in the statements of financial position. Management has taken reasonable steps to ensure the contract assets are not credit impaired.

For topside maintenance contracts and catering services, as there are only a few customers, the Group assessed the risk of loss of each customer individually based on their financial information and external credit rating, where applicable. All of these customers have low risk of default.

10.2 Significant changes in contract assets during the year are as follows:

	2023 RM'000	2022 RM'000
Contract assets at beginning of the period transferred to trade receivables	227,508	160,940

NOTES TO THE FINANCIAL STATEMENTS

11. Trade and other receivables

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Trade					
Trade receivables		170,142	132,272	-	-
Less: Allowance for impairment losses	11.1	(10,676)	(12,353)	-	-
		159,466	119,919	-	-
Non-trade					
Amount due from subsidiaries	11.2	-	-	4,083	13,006
Other receivables	11.3	13,042	6,489	40	169
Less: Allowance for impairment losses	11.1	-	(1,443)	-	-
		13,042	5,046	40	169
		13,042	5,046	4,123	13,175
Total		172,508	124,965	4,123	13,175

11.1 Assessment of impairment losses on receivables

The main collectability risk of trade and other receivables is customer insolvencies. Management determines allowance for impairment losses of doubtful receivables based on an on-going review and evaluation performed as part of its credit risk evaluation process. These include assessment of customers' past payment records, sales level, financial standing and the age of debts. The evaluation is however inherently judgemental and requires material estimates, including the amounts and timing of future cash flows expected to be received, which may be susceptible to significant changes.

11.2 Non-trade amount due from subsidiaries is unsecured, interest free and repayable on demand.

11.3 Included in other receivables of the Group are insurance claims amounting to RM5 million (2022: Nil) in relation to repair cost for a marine vessel owned by a subsidiary of the Company.

12. Deposits and prepayments

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Deposits	3,000	3,110	204	204
Prepayments	6,599	4,713	40	40
	9,599	7,823	244	244

NOTES TO THE FINANCIAL STATEMENTS

13. Other investments

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Fixed deposits with original maturities exceeding three months	223,217	56,260	-	24,700

Material accounting policy information

The Group and the Company classify deposits with licensed banks not held for working capital purposes that has a maturity of more than three months as other investments.

14. Other financial assets

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Deposits pledged with licensed banks (Note 14.1)	45,454	83,272	3,000	41,805

14.1 Deposits pledged as security:

- a. In 2022, deposits of RM29.9 million of the Group and of the Company are designated as the Finance Payment Account to ensure that an amount equivalent to the next principal and profit payable under the Sukuk Murabahah Programme and the guarantee fee due under the AL-Kafalah Facility (see Note 18.3).
- b. In 2022, deposits of RM11.9 million of the Group and of the Company are designated as Finance Services Reserve Account ("FSRA") to ensure that a minimum balance in the FSRA equivalent to the next six months periodic profit payment payable under the Sukuk Murabahah and the guarantee fee due under the AL-Kafalah Facility (see Note 18.3).
- c. In 2023, deposits of RM3 million of the Group and of the Company are designated as Finance Services Reserve Account ("FSRA") to ensure that a minimum balance in the FSRA equivalent to the next three months profit payment payable under Commodity Murabahah Term Financing-i (see Note 18.2).
- d. Deposits of RM42.5 million (2022: RM41.5 million) of the Group is pledged as security for the banking facilities of a subsidiary.

15. Cash and cash equivalents

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Deposits placed with licensed banks with original maturities not exceeding three months	153,723	271,493	10,000	-
Cash on hand and at banks	118,141	41,787	18,813	1,603
Total cash and cash equivalents	271,864	313,280	28,813	1,603

NOTES TO THE FINANCIAL STATEMENTS

15. Cash and cash equivalents (cont'd)

The covenants of a bank loan taken by a subsidiary of the Group require the Group to hold unencumbered cash of not less than USD7 million or the equivalent in any other currency and maintaining a minimum credit balance that is not less than 3 months of the payable principal amount and interest payable in Retention Accounts as disclosed in Note 18.5.

16. Assets classified as held for sale - Group

	Note	2023 RM	2022 RM
Property, plant and equipment	3	3,201	-

The carrying value of property, plant and equipment of the vessel is the same as its carrying value before it was being reclassified to current asset. The sales is expected to be completed in financial year ending 31 December 2024.

17. Capital and reserves**17.1 Share capital**

	Group and Company			
	2023		2022	
	Number of shares	Amount RM'000	Number of shares	Amount RM'000
Ordinary shares				
<i>Issued and fully paid shares with no par value classified as equity instruments:</i>				
Opening and closing balances	1,157,771,718	891,288	1,157,771,718	891,288

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

17.2 Reserves

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<i>Non-distributable:-</i>				
Other reserves (Note 17.3)	118,983	95,842	-	-
<i>Distributable/(Non-distributable):-</i>				
Retained earnings/(Accumulated losses)	642,267	458,836	(538,776)	(697,102)
	761,250	554,678	(538,776)	(697,102)

NOTES TO THE FINANCIAL STATEMENTS

17. Capital and reserves (cont'd)

17.3 Other reserves

Other reserves comprise translation reserve and other capital reserve. The foreign currency translation reserve arose from the translation of the financial statements of subsidiaries whose presentation currency differs from the presentation currency of the Group's financial statements, of which is RM. Other capital reserve relates to the redemption of redeemable non-cumulative non-voting preference shares by a subsidiary incorporated in the Federal Territory of Labuan, Malaysia.

Following the amendment to the Labuan Companies Act 1990 in year 2010 whereby there is no requirement for par value of shares and no requirement for minimum share capital, this reserve has been reclassified from share capital to other capital reserves.

18. Loans and borrowings

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Non-current					
Term loan – Islamic (secured)	18.1	-	6,551	-	-
Term loans – Commodity Murabahah Term Financing – I (secured)	18.2	101,061	419	101,061	-
Sukuk (secured)	18.3	-	227,847	-	227,847
Term loans (secured)	18.4	16,574	25,480	-	-
Hire purchase liability		129	192	-	-
		117,764	260,489	101,061	227,847
Current					
Term loan – Islamic (secured)	18.1	-	2,357	-	-
Terms loans – Commodity Murabahah Term Financing – I (secured)	18.2	110,685	7,947	110,249	-
Sukuk (secured)	18.3	-	122,850	-	122,850
Term loans (secured)	18.4	9,944	9,554	-	-
Hire purchase liability		63	61	-	-
		120,692	142,769	110,249	122,850
Total		238,456	403,258	211,310	350,697

18.1 Term loan - Islamic

In August 2019, a subsidiary of the Group fully settled a previous term loan via refinancing with this Islamic term loan, amounting to RM16.5 million, which was repayable over a tenure of seven (7) years. The Islamic term loan was fully settled during the year.

18.2 Term loans - Commodity Murabahah Term Financing - I

On 8 October 2014, a subsidiary of the Group accepted a term loan facility denominated in United States Dollar (USD) with a nominal value of USD20,000,000, which is repayable over a tenure of four (4) years.

NOTES TO THE FINANCIAL STATEMENTS

18. Loans and borrowings (cont'd)**18.2 Term loans - Commodity Murabahah Term Financing - I (cont'd)**

On 14 November 2023, the Group and the Company accepted a Commodity Murabahah Term Financing-I (CMTF-I) Facility of RM220.5 million, which is repayable over a tenure of two (2) years. The CMTF-I Facility shall be utilised to fully redeem Series 5 and Series 6 in respect of the first issuance of Sukuk Murabahah under existing Sukuk Murabahah Programme of RM682.5 million. This term loan is secured by:

- (i) the charge over the Designated Accounts of the Company and three (3) subsidiaries of the Company;
- (ii) the charge over five (5) vessels owned by the subsidiary of the Company;
- (iii) the charge over 1,412,359,950 units of ordinary shares in a subsidiary of the Company;
- (iv) power of attorney granted to the Bank to liquidate/dispose of the shares of the subsidiary of the Company to meet any shortfall in the financial obligations due under Commodity Murabahah Term Financing-I;
- (v) the assignment over all rights, title, benefits and interest from/under all takaful/insurance policies taken or to be taken by the vessel owners of the five (5) vessels;
- (vi) the assignment over all proceeds receivable from and under the contracts secured by the subsidiaries of the Company;
- (vii) the corporate guarantee from a subsidiary of the Company;
- (viii) the irrevocable and unconditional letter of undertaking executed by a subsidiary of the Company to inject cash into the Company for purposes of meeting any shortfall in the financial obligations due under Commodity Murabahah Term Financing-I; and
- (ix) first party and/or third party Letter of Set-Off and Memorandum of Deposit cum Deed of Assignment of Islamic Fixed Deposit.

18.3 Sukuk Murabahah

On 14 November 2023, the Group and the Company fully settled Sukuk Murabahah via refinancing with a Commodity Murabahah Term Financing-I (CMTF-I) Facility.

Sukuk Murabahah of RM682.5 million was issued by the Company on 15 November 2019 by virtue of a Programme Agreement dated 29 October 2019, and is constituted by a Trust Deed dated 29 October 2019 entered into by the Company and the Trustee for the holders of the Sukuk Murabahah. The tenure of the Sukuk Murabahah Programme shall be up to eight (8) years from the date of the first issuance of the Sukuk Murabahah. In respect of the first issuance, the Sukuk Murabahah shall have a tenure of at least one (1) year and up to six (6) years from the date of first issuance. The first issuance under the programme was made within sixty (60) business days from the lodgement date.

The first issuance of the Sukuk Murabahah shall comprise of the following tranches:

- (i) the series of Sukuk Murabahah of up to RM455.0 million in nominal value ("Tranche 1 Sukuk Murabahah"); and
- (ii) the series of Sukuk Murabahah of up to RM227.5 million in nominal value ("Tranche 2 Sukuk Murabahah").

In relation thereto, Danajamin has granted and made available an Al-Kafalah Facility of up to the aggregate amount of the nominal value of the Sukuk Murabahah of RM227.5 million and one (1) periodic profit payment ("Al-Kafalah Facility"). The Company is entitled to make one (1) claim in writing, which shall not exceed the guaranteed amount, no later than, (i) thirty (30) days from the date of declaration of an event of default under the Sukuk Murabahah Programme; or (ii) thirty (30) days from the expiry of the Al-Kafalah Facility, whichever is earlier.

In connection therewith, Danajamin and the Company entered into an Al-Kafalah Facility Agreement dated 29 October 2019 and Danajamin has issued a Kafalah policy with effective date from 15 November 2019 in favour of the Security Agent for the holders of the Sukuk Murabahah to guarantee the payment obligations of the Company under the Sukuk Murabahah for up to the nominal value of Tranche 2 Sukuk Murabahah of RM227.5 million and one (1) periodic profit payment. The Sukuk Murabahah is:

NOTES TO THE FINANCIAL STATEMENTS

18. Loans and borrowings (cont'd)

18.3 Sukuk Murabahah (cont'd)

- (i) transferable and tradable;
- (ii) not convertible or exchangeable into shares;
- (iii) may be listed (under an Exempt Regime);
- (iv) not underwritten; and
- (v) not rated.

a) Repayment terms of the Sukuk Murabahah programme

The Sukuk Murabahah shall be issued in accordance with the following schedule:

Series	Tenure (years)	Tranche 1 (RM million)	Tranche 2 (RM million)	Total (RM million)
1	1	54.60	27.30	81.90
2	2	54.60	27.30	81.90
3	3	54.60	27.30	81.90
4	4	81.90	40.95	122.85
5	5	81.90	40.95	122.85
6	6	127.40	63.70	191.10
Total		455.00	227.50	682.50

b) Periodic profit payment terms under the Sukuk Murabahah programme

The Sukuk Murabahah was issued with periodic profit payments which were payable semi-annually. Profits were advised every semi-annually by the facility agent at least three (3) days prior to issuance date. The periodic profit payments were determined based on a pricing spread above the six months cost of fund which was equivalent to a pricing spread above six months Kuala Lumpur Interbank Offered Rate ("6M KLIBOR").

c) Securities

Tranche 1 Sukuk Murabahah was secured by:

- (i) the charge over the Designated Accounts of the Company and four (4) subsidiaries of the Company;
- (ii) the charge over mortgages of fourteen (14) (2022: fourteen (14)) vessels via the third (3rd) party first (1st) priority statutory mortgage of the subsidiaries of the Company;
- (iii) Deed of Covenants accompanying the mortgages over the fourteen (14) (2022: fourteen (14)) vessels of four (4) subsidiaries of the Company;
- (iv) a charge over 470,786,650 units of ordinary shares in a subsidiary of the Company;
- (v) a charge over new units of Redeemable Convertible Preference Shares ("RCPS") at the value of up to RM455.0 million issued by a subsidiary of the Company;
- (vi) the charge over shares of three (3) subsidiaries of the Company which own ten (10) vessels;
- (vii) the assignment over all contract proceeds of the vessel owners of the fourteen (14) (2022: fourteen (14)) vessels;
- (viii) the assignment over all rights, title, benefits and interest from/under all takaful/insurance policies taken or to be taken by the vessel owners of the fourteen (14) (2022: fourteen (14)) vessels;
- (ix) the corporate guarantees from two (2) subsidiaries of the Company; and

NOTES TO THE FINANCIAL STATEMENTS

18. Loans and borrowings (cont'd)**18.3 Sukuk Murabahah (cont'd)****c) Securities (cont'd)**

- (x) the irrevocable and unconditional letter of undertaking executed by a subsidiary of the Company to inject cash into the Company for purposes of meeting any shortfall in the financial obligations due under the Sukuk Murabahah and the Al-Kafalah Facility (see Note 14).

Tranche 2 Sukuk Murabahah was secured by:

- (i) Kafalah guarantee by Danajamin Nasional berhad.

d) Guarantee fee

Guarantee fee shall be payable to Danajamin at the rate of 1.50% per annum calculated on the guaranteed amount in relation to the issuance of the Guaranteed Sukuk from the Effective Date until the last day of the Claim Period. The guarantee fee shall be payable semi-yearly in advance no later than three (3) business days from the date of the Danajamin's invoice for such outstanding guarantee fee.

18.4 Secured term loans

The term loans are secured by:

- (i) fixed charge over certain vessels of the Group (see Note 3.1); and
(ii) assignment and charges over insurance proceeds and revenue of certain vessels of the Group.

18.5 Significant covenants on loans and borrowings

The Group is also subjected to the following significant loan covenants on loans and borrowings:

- (i) debt to equity ratio of not greater than 1.2 times;
(ii) debt service coverage ratio of at least 1.25 times;
(iii) tangible net worth equals to or more than RM500 million;
(iv) unencumbered cash not less than USD7 million or the equivalent in any other currency; and
(v) maximum total interest-bearing debt to book equity of 2.5 times;
(vi) minimum book equity of USD100 million; and
(vii) maintaining a minimum credit balance that is not less than 3 months of the principal amount and interest payable in Retention Accounts.

19. Lease liabilities - Group

	2023	2022
	RM'000	RM'000
Current	2,787	2,567
Non-current	5,619	5,085
Lease liabilities	8,406	7,652

NOTES TO THE FINANCIAL STATEMENTS

19. Lease liabilities - Group (cont'd)

	Future minimum lease payment RM	Interest RM	Present value of minimum lease RM
2023			
Non-current			
Between one and five years	6,003	384	5,619
Current			
Less than one year	3,119	332	2,787
	9,122	716	8,406
2022			
Non-current			
Between one and five years	5,454	369	5,085
Current			
Less than one year	2,864	297	2,567
	8,318	666	7,652

20. Trade and other payables

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Trade					
Trade payables		160,674	119,763	-	-
Trade accruals		65,121	53,478	-	-
		225,795	173,241	-	-
Non-trade					
Other payables		4,849	4,191	277	43
Accrued expenses		27,621	18,074	15,327	7,534
Amount due to a subsidiary	20.1	-	-	583,377	570,377
		32,470	22,265	598,981	577,954
Total		258,265	195,506	598,981	577,954

20.1 Amount due to a subsidiary is unsecured, subject to interest at 5.60% (2022: 5.60%) per annum and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

21. Revenue

	Note	2023 RM'000	2022 RM'000
Group			
Revenue from contracts with customers	21.1	781,161	852,130
Other revenue - vessel charter income		331,826	132,053
		1,112,987	984,183
Company			
Revenue from contracts with customers	21.1	25,944	4,200
Other revenue - dividend income from a subsidiary		162,192	71,920
		188,136	76,120

The Group's charter hires with customers are determined as leases under MFRS 16. The Group, as a lessor, generates revenue from leasing out marine vessels under charter hires. Vessel charter income is recognised over the term of the charter on an accrual basis.

21.1 Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by service line and timing of revenue recognition.

	2023 RM'000	2022 RM'000
Group		
Type of contracts		
Topside maintenance services		
- Lump sum	298,090	479,191
- Unit rate	359,171	298,105
- Reimbursable	73,108	61,796
Catering services	50,792	13,038
	781,161	852,130
Geographical market		
Malaysia	781,161	852,130
Timing and recognition		
At a point in time	73,108	61,796
Over time	708,053	790,334
	781,161	852,130

NOTES TO THE FINANCIAL STATEMENTS

21. Revenue (cont'd)

21.1 Disaggregation of revenue from contracts with customers (cont'd)

	2023 RM'000	2022 RM'000
Company		
Major service line		
Management services	25,944	4,200
Geographical market		
Malaysia	25,944	4,200
Timing and recognition		
Over time	25,944	4,200

21.2 Nature of services

The following information reflects the typical transactions as follows:

Group

Type of contracts	Timing of recognition or method used to recognise revenue	Significant payment terms
Lump sum	Revenue is recognised over time using the cost incurred method.	Credit periods of 30 days from invoice date.
Unit rate	Revenue is recognised over time using the cost incurred method.	Credit periods of 30 days from invoice date.
Reimbursable	Revenue is recognised at a point in time when the goods/ services are delivered/rendered and accepted by the customers at their premises.	Credit periods of 30 days from invoice date.
Catering services	Revenue is recognised over time when the services are performed and accepted by the customers.	Credit period of 30 to 45 days from invoice date.

Company

Nature of goods or services	Timing of recognition or method used to recognise revenue	Significant payment terms
Management services	Revenue is recognised over time as the customer simultaneously receives and consumes the benefits provided by the Company.	Credit periods of 30 to 45 days from invoice date.

NOTES TO THE FINANCIAL STATEMENTS

21. Revenue (cont'd)**21.3 Transaction price allocated to the remaining performance obligations**

The following table shows revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date. The disclosure is only providing information for contracts that have a duration of within one year (2022: within two years).

	2023 RM'000	2022 RM'000
Topside maintenance services	460,981	338,249

The Group applies the practical expedients on exemption not to adjust the promised amount of consideration for the effects of a significant financing component when the period between the transfer of a promised good or service to a customer and when the customer pays for that good or service is one year or less.

21.4 Significant judgements and assumptions arising from revenue recognition

The Group applied the following judgements and assumptions that significantly affect the determination of the amount and timing of revenue recognised from contracts with customers:

- For lump sum and unit rate contracts, the Group measured the performance of work done by comparing the actual costs incurred with the estimated total costs required to complete the work. Significant judgements are required to estimate the total contract costs to complete. In making these estimates, management relied on project teams' estimates and also on past experience of completed projects. A change in the estimates will directly affect the revenue to be recognised. The input method measures the efforts or materials expended faithfully depicts the transfer of goods or services to the customer, as substantially all of these costs are cost of the labour and material used to perform the work.

22. Other income/(expenses)

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Other income				
Gain on foreign exchange	271	-	-	-
Gain on disposal of property, plant and equipment	107	1,686	-	-
Gain on lease modification	203	31	-	-
Government subsidy	318	448	-	-
Insurance claim received	5,042	10,959	-	-
Reversal of impairment loss on property, plant and equipment (Note 3.3)	41,731	7,263	-	-
Reversal of impairment loss on investment in a subsidiary (Note 5)	-	-	88,168	50,934
Others	1,383	1,444	182	-
	49,055	21,831	88,350	50,934
Other expenses				
Loss on foreign exchange	12,416	11,139	-	-
Impairment loss on goodwill (Note 7)	6,021	-	-	-
Vessel repair cost	5,499	-	-	-
Penalty	334	1,417	-	-
Others	1,095	1,160	-	-
	25,365	13,716	-	-

NOTES TO THE FINANCIAL STATEMENTS

23. Results from operating activities

		Group		Company	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Results from operating activities is arrived at after charging/(crediting):					
Auditors' remuneration:					
- Audit fees					
- KPMG PLT		545	544	100	100
- Others		7	6	-	-
- Non-audit fees					
- KPMG PLT		30	28	17	17
- Affiliates of KPMG PLT		578	605	107	24
Material expenses/(income)					
Depreciation of property, plant and equipment	3	85,152	101,326	1	3
Depreciation of right-of-use assets	4	3,853	3,600	-	-
Gain on disposal of property, plant and equipment		(107)	(1,686)	-	-
Gain on lease modification		(203)	(31)	-	-
Government subsidy		(318)	(448)	-	-
Impairment loss on goodwill	7	6,021	-	-	-
Insurance claim received		-	(10,959)	-	-
Net (gain)/loss on foreign exchange - Realised		(271)	748	-	-
Reversal of impairment loss on property, plant and equipment	3	(41,731)	(7,263)	-	-
Reversal of impairment loss on investment in a subsidiary	5	-	-	(88,168)	(50,934)
(Reversal of)/Impairment loss on financial assets		(1,239)	270	-	-
Loss from refinancing of loan and borrowings		1,082	-	-	-
Personnel expenses (including key management personnel):					
- Contributions to the Employees Provident Fund		16,427	19,958	160	141
- Wages, salaries and others		249,536	254,579	1,453	1,241
Property, plant and equipment written off		16	68	-	-
Net unrealised foreign exchange loss		12,416	10,391	-	-
Expenses arising from leases:					
Expenses relating to short-term leases		107,239	117,173	-	-
Expenses relating to low-value assets		166	173	-	-

NOTES TO THE FINANCIAL STATEMENTS

24. Finance (costs)/income

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Recognised in profit or loss				
Interest expense of financial liabilities:				
- Loans	(5,143)	(2,147)	(1,406)	-
- Amount due to a subsidiary	-	-	(25,481)	(23,876)
- Lease liabilities	(427)	(288)	-	-
- Bank overdraft	(4)	(268)	-	-
- Revolving credit	(74)	-	-	-
Profit payments of Sukuk	(26,390)	(24,318)	(26,390)	(24,318)
	(32,038)	(27,021)	(53,277)	(48,194)
Interest income of financial assets:				
- Short term deposits	13,209	7,588	1,815	1,412
- Current accounts	259	179	-	-
	13,468	7,767	1,815	1,412
Net finance costs recognised in profit or loss	(18,570)	(19,254)	(51,462)	(46,782)

NOTES TO THE FINANCIAL STATEMENTS

25. Tax expense

Recognised in profit or loss

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Income tax expense				
Malaysian - current year	99,131	75,413	5,444	966
- prior year	1,107	(1,344)	(2)	(51)
	100,238	74,069	5,442	915
Deferred tax expense (Note 8)				
- Reversal of temporary differences	(997)	(1,095)	-	-
- Under/(Over) provision in prior year	2,945	(1,987)	-	-
	1,948	(3,082)	-	-
Tax expense	102,186	70,987	5,442	915
Reconciliation of tax expense				
Profit for the year	235,178	125,337	193,059	75,051
Tax expense	102,186	70,987	5,442	915
Profit excluding tax	337,364	196,324	198,501	75,966
Income tax calculated using Malaysian tax rate of 24% (2022: 24%)	80,967	47,118	47,640	18,232
Prosperity tax at 9%	-	10,730	-	-
Tax effect under Labuan Business Activity Act 1990	(4,458)	(8,128)	-	-
Movement in unrecognised deferred tax assets	962	426	-	-
Non-deductible expenses	20,746	24,456	17,934	12,219
Non-taxable income	(83)	(284)	(60,130)	(29,485)
	98,134	74,318	5,444	966
Under/(Over) provision in prior year	4,052	(3,331)	(2)	(51)
Tax expense	102,186	70,987	5,442	915

NOTES TO THE FINANCIAL STATEMENTS

26. Compensations to key management personnel

Compensations to key management personnel are as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Directors:				
- Fees	2,970	2,106	2,970	1,721
- Remuneration	20,932	10,420	19,419	32
	23,902	12,526	22,389	1,753
Other key management personnel:				
- Short term employee benefits	2,103	1,929	660	586
	26,005	14,455	23,049	2,339

Other key management personnel comprise persons other than the Directors of Company, having authority and responsibility for planning, directing and controlling the activities of the Group entities either directly or indirectly.

27. Basic earnings per ordinary share - Group***Basic earnings per ordinary share***

The calculation of basic earnings per ordinary share at 31 December 2023 was based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, calculated as follows:

	Group	
	2023 RM'000	2022 RM'000
Profit attributable to ordinary shareholders	218,980	121,203
<i>Weighted average number of ordinary shares</i>		
Weighted average number of ordinary shares at 31 December ('000)	1,157,772	1,157,772
Basic/diluted earnings per share (sen)	18.91	10.47

Basic and diluted earnings per share are same and there is no dilutive shares.

NOTES TO THE FINANCIAL STATEMENTS

28. Dividend

Dividends recognised by the Group:

	Sen per share	Total RM'000	Date of payment
2023			
In respect of financial year ended 31 December 2022:			
Second interim ordinary	1.5	17,367	17 March 2023
In respect of financial year ended 31 December 2023:			
First interim ordinary	1.5	17,366	20 December 2023
		34,733	
2022			
In respect of financial year ended 31 December 2022:			
First interim ordinary	1.5	17,367	14 December 2022

After the end of the reporting date, in respect of the financial year ended 31 December 2023, a second interim single-tier exempt dividend of RM0.03 per ordinary share totalling RM34,733,152 was declared on 22 February 2024 and paid on 22 March 2024. The dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2024.

29. Operating segments

The Group has two reportable segments, as described below, which are the Group's strategic business units. Operating segments are prepared in a manner consistent with the internal reporting provided to the Managing Director (the chief operating decision maker) in order to allocate resources to the segments and to assess their performance. For management purposes, the Group is organised into business units based on their services provided. The strategic business units offer different services, and are managed separately. For each of the strategic business units, the Managing Director reviews internal management reports at least on a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

i) Topside Maintenance Services

Provision of offshore topside maintenance services, minor fabrication works and offshore hook-up and commissioning services for oil and gas companies.

ii) Marine Offshore Support Services

Chartering of marine vessels and provision of related support services, as well as catering of food and beverage.

Other non-reportable segments comprise investment holding and equipment hire. None of these segments met the quantitative thresholds for reporting segments in 2023 and 2022.

Performance is measured based on segment profit before tax as included in the internal management reports that are reviewed by the Managing Director. Segment profit is used to measure performance as management believe that such information is the most relevant in evaluating results of certain segments relative to other entities that operate within these industries.

NOTES TO THE FINANCIAL STATEMENTS

29. Operating segments (cont'd)

Segment assets

The total of segment assets is measured based on all assets of a segment, as included in the internal management reports that are reviewed by the Managing Director. Segment total assets is used to measure the return on assets of each segment.

Segment liabilities

Segment liabilities information is neither included in the internal management reports nor provided regularly to the Managing Director. Hence, no disclosure is made on segment liabilities.

Geographical information

In presenting information on the basis of geographical segments, segment revenue is based on geographical location of customers. All segment revenue are derived from Malaysia in current and last year.

NOTES TO THE FINANCIAL STATEMENTS

29. Operating segments (cont'd)

Group

	Maintenance Services		Marine Offshore Support Services		Total	
	2023	2022	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment profit	248,384	212,140	142,604	26,834	390,988	238,974
<i>Included in the measure of segment profit are:</i>						
Revenue from external customers	730,369	839,092	382,618	145,091	1,112,987	984,183
Inter-segment revenue	-	-	87,258	151,902	87,258	151,902
Depreciation and amortisation	(8,411)	(8,700)	(68,422)	(84,358)	(76,833)	(93,058)
Finance costs	(370)	(453)	(8,526)	(7,212)	(8,896)	(7,665)
Finance income	38,840	34,171	2,155	537	40,995	34,708
Reversal of impairment loss on property, plant and equipment	-	-	41,731	7,263	41,731	7,263
Net unrealised foreign exchange loss	-	-	(12,416)	(10,391)	(12,416)	(10,391)
Segment assets	1,407,335	1,414,876	1,335,148	1,181,875	2,742,483	2,596,751

NOTES TO THE FINANCIAL STATEMENTS

29. Operating segments (cont'd)**Reconciliation of reportable segment revenues, profit or loss, assets and other material items**

	2023	2022
	RM'000	RM'000
Total profit for reportable segments	390,988	238,974
Other non-reportable segments	(53,624)	(42,650)
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Consolidated profit before tax	337,364	196,324
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NOTES TO THE FINANCIAL STATEMENTS

29. Operating segments (cont'd)

	External revenue RM'000	Depreciation and amortisation RM'000	Finance costs RM'000	Finance income RM'000	Segment assets RM'000
2023					
Total reportable segments	1,112,987	(76,833)	(8,896)	40,995	2,742,483
Other non-reportable segments	-	(12,172)	(53,303)	2,634	116,611
Goodwill	-	-	-	-	418,261
Elimination of inter-segment transactions or balances	-	-	30,161	(30,161)	(768,558)
Consolidated total	1,112,987	(89,005)	(32,038)	13,468	2,508,797
2022					
Total reportable segments	984,183	(93,058)	(7,665)	34,708	2,596,751
Other non-reportable segments	-	(11,868)	(48,210)	1,913	157,387
Goodwill	-	-	-	-	424,282
Elimination of inter-segment transactions or balances	-	-	28,854	(28,854)	(816,655)
Consolidated total	984,183	(104,926)	(27,021)	7,767	2,361,765

NOTES TO THE FINANCIAL STATEMENTS

29. Operating segments (cont'd)***Major customers***

The following are the major customers individually accounting for 10% or more of the group revenue:

	Revenue		Segment
	2023 RM'000	2022 RM'000	
Companies under common control of:			
- Customer A	681,963	609,918	Topside maintenance services and marine offshore support services
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- Customer B	-	129,625	Topside maintenance services

30. Financial instruments**30.1 Categories of financial instruments**

The table below provides an analysis of financial instruments categorised as amortised cost ("AC").

	Note	Carrying amount RM'000	AC RM'000
2023			
Financial assets			
Group			
Deposits	12	3,000	3,000
Trade and other receivables	11	172,508	172,508
Other investments	13	223,217	223,217
Other financial assets	14	45,454	45,454
Cash and cash equivalents	15	271,864	271,864
<hr/>			
Company			
Deposits	12	204	204
Trade and other receivables	11	4,123	4,123
Other financial assets	14	3,000	3,000
Cash and cash equivalents	15	28,813	28,813
<hr/>			
Financial liabilities			
Group			
Loans and borrowings	18	(238,456)	(238,456)
Trade and other payables	20	(258,265)	(258,265)
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Company			
Loans and borrowings	18	(211,310)	(211,310)
Trade and other payables	20	(598,981)	(598,981)

NOTES TO THE FINANCIAL STATEMENTS

30. Financial instruments (cont'd)

30.1 Categories of financial instruments (cont'd)

The table below provides an analysis of financial instruments categorised as amortised cost ("AC"). (cont'd)

	Note	Carrying amount RM'000	AC RM'000
2022			
Financial assets			
Group			
Deposits	6,12	14,197	14,197
Trade and other receivables	11	124,965	124,965
Other investments	13	56,260	56,260
Other financial assets	14	83,272	83,272
Cash and cash equivalents	15	313,280	313,280
Company			
Deposits	12	204	204
Trade and other receivables	11	13,175	13,175
Other investments	13	24,700	24,700
Other financial assets	14	41,805	41,805
Cash and cash equivalents	15	1,603	1,603
Financial liabilities			
Group			
Loans and borrowings	18	(403,258)	(403,258)
Trade and other payables	20	(195,506)	(195,506)
Company			
Loans and borrowings	18	(350,697)	(350,697)
Trade and other payables	20	(577,954)	(577,954)

30.2 Net gains and losses arising from financial instruments

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Net gains/(losses) arising on:				
Financial assets measured at amortised cost	14,978	7,767	1,815	1,412
Financial liabilities measured at amortised cost	(45,536)	(38,430)	(53,277)	(48,194)
	(30,558)	(30,663)	(51,462)	(46,782)

NOTES TO THE FINANCIAL STATEMENTS

30. Financial instruments (cont'd)

30.3 Financial risk management

The Group and the Company are exposed to the following risks from their use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

(a) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers. The Company's exposure to credit risk arises principally from loans and advances to subsidiaries. There are no significant changes as compared to the prior year.

Trade receivables and contract assets

Risk management objectives, policies and processes for managing the risk

The principal customers of the Group are major oil and gas companies based in Malaysia. Management reviews the credit worthiness of all major counterparties prior to entering into any contract or transaction with them, to ensure the Group is not exposed to undue credit risk.

The contract assets (see Note 10.1) have substantially the same risk characteristics as the trade receivables from the same categories of customers.

At each reporting date, the Group assesses whether any of the trade receivables and contract assets are credit impaired.

The gross carrying amount of credit impaired trade receivables is written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group or the Company determine that the trade receivables does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables that are written off could still be subject to enforcement activities.

There are no significant changes as compared to the previous financial year.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by their carrying amounts in the statements of financial position.

There are no significant concentrations of credit risk as at the end of the reporting period other than trade receivables due from one (2022: two) counterparties of RM80,143,346 (2022: RM84,854,855).

Recognition and measurement of impairment losses

In managing credit risk of trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. Generally, trade receivables will pay within 30 to 60 days. The Group's debt recovery process is above 180 days past due after credit term, the Group will start to initiate a structured debt recovery process which is monitored by the billing team.

NOTES TO THE FINANCIAL STATEMENTS

30. Financial instruments (cont'd)

30.3 Financial risk management (cont'd)

(a) Credit risk (cont'd)

Trade receivables and contract assets (cont'd)

Recognition and measurement of impairment losses (cont'd)

The Group uses an allowance matrix to measure expected credit losses (“ECLs”) of trade receivables. Consistent with the debt recovery process, invoices which are past due 1 year will be considered as credit impaired.

The following table provides information about the exposure to credit risk and ECLs for trade receivables which are grouped together as they are expected to have similar risk nature:

Group

	Gross carrying amount RM'000	Lifetime ECL RM'000	Net balance RM'000
2023			
Current (Not past due)	85,237	-	85,237
1-30 days past due	34,293	-	34,293
31-90 days past due	36,441	-	36,441
91-365 days past due	3,495	-	3,495
More than 365 days past due	10,676	(10,676)	-
	170,142	(10,676)	159,466
2022			
Current (Not past due)	73,710	(19)	73,691
1-30 days past due	28,130	(18)	28,112
31-90 days past due	12,715	(37)	12,678
91-365 days past due	5,727	(289)	5,438
More than 365 days past due	11,990	(11,990)	-
	132,272	(12,353)	119,919

The movements in the allowance for impairment in respect of trade receivables during the year are as follows:

	Credit impaired RM'000
Balance at 1 January 2022	12,083
Net remeasurement of loss allowance	270
Balance at 31 December 2022/1 January 2023	12,353
Amount written off	(438)
Net remeasurement of loss allowance	(1,239)
Balance at 31 December 2023	10,676

NOTES TO THE FINANCIAL STATEMENTS

30. Financial instruments (cont'd)**30.3 Financial risk management (cont'd)****(a) Credit risk (cont'd)****Cash and cash equivalents, other financial assets and other investments**

The cash and cash equivalents, other financial assets and other investments are held with banks and financial institutions. As at the end of the reporting period, the maximum exposure to credit risk represented by their carrying amounts in the statements of financial position.

These banks and financial institutions have low credit risks. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

Other receivables

The Group and the Company monitor the exposure to credit risk on individual basis.

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position and the Group and the Company do not recognise any allowance for impairment losses.

	Credit impaired RM'000
Balance at 31 December 2022/1 January 2023	1,433
Amount written off	(1,433)
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Balance at 31 December 2023	-
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Financial guarantees

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at the higher of:

- the amount of the loss allowance; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15, Revenue from Contracts with Customers.

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made thereby to ensure that they are able to meet their obligations as they fall due.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM26.5 million (2022: RM35.0 million) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

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NOTES TO THE FINANCIAL STATEMENTS

30. Financial instruments (cont'd)

30.3 Financial risk management (cont'd)

(a) Credit risk (cont'd)

Financial guarantees (cont'd)

Recognition and measurement of impairment loss

The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. The Company considers a financial guarantee to be credit impaired when:

- the subsidiary is unlikely to repay its credit obligation to the bank in full; or
- the subsidiary is continuously loss making and is having a deficit shareholders' fund.

The Company determines the probability of default of the guaranteed loans individually using internal information available.

As at the end of the reporting period, none of the subsidiaries have defaulted on repayment.

Inter-company loans and advances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured loans and advances to subsidiaries. The Company monitors the ability of the subsidiaries to repay the loans and advance on an individual basis.

The Company has undertaken to provide financial support to certain subsidiaries to enable them to continue to operate as going concerns.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

Credit risk of the Company as at the end of the reporting period arose mainly from the amount due from two (2022: one) subsidiaries of RM4.1 million (2022: RM13.0 million).

Inter-company loans and advances

Recognition and measurement of impairment loss

Generally, the Company considers loans and advances to subsidiaries have low credit risk. The Company assumes that there is significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries loans and advances when they are payable, the Company considered the loans and advances to be in default when the subsidiaries are not able to pay when demanded. The Company considers a subsidiary's loan or advance to be credit impaired when:

- The subsidiary is unlikely to repay its loan or advance to the Company in full; or
- The subsidiary's loan or advance is overdue for more than 365 days; or
- The subsidiary is continuously loss making and is having a deficit shareholders' fund.

The Company determines the probability of default for these loans and advances individually using internal information available.

NOTES TO THE FINANCIAL STATEMENTS

30. Financial instruments (cont'd)**30.3 Financial risk management (cont'd)****(a) Credit risk (cont'd)****Inter-company loans and advances (cont'd)*****Recognition and measurement of impairment loss (cont'd)***

The following table provides information about the exposure to credit risk and ECLs for subsidiaries' loans and advances as at the end of the reporting period was:

Company

	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
2023			
Low credit risk	4,083	-	4,083
<hr/>			
2022			
Low credit risk	13,006	-	13,006
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(b) Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises principally from its various payables, loans and borrowings as well as financial guarantees given to banks for credit facilities granted to the subsidiaries.

Risk management objectives, policies and processes for managing the risk

The Group and the Company maintain a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities as they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

NOTES TO THE FINANCIAL STATEMENTS

30. Financial instruments (cont'd) 30.3 Financial risk management (cont'd)

(b) Liquidity risk (cont'd)

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

Group	Carrying amount RM'000	Contractual interest rate/ coupon/ discount rate %	Contractual cash flows RM'000	Under 1 year RM'000	1-5 years RM'000	More than 5 years RM'000
2023						
<i>Non-derivative financial liabilities</i>						
Term loan – Commodity Murabahah Term						
Financing – I (secured)	211,746	4.95-6.90	221,536	118,009	103,527	-
Term loans (secured)	26,518	5.49-7.41	31,272	11,723	19,549	-
Trade and other payables	258,265	-	258,265	258,265	-	-
Lease liabilities	8,406	2.40-4.00	9,122	3,119	5,976	27
Hire purchase liability	192	2.04	209	70	139	-
	505,127		520,404	391,186	129,191	27
2022						
<i>Non-derivative financial liabilities</i>						
Term loan – Islamic (secured)						
Term loan – Commodity Murabahah Term	8,908	4.09	11,310	2,714	8,596	-
Financing – I (secured)	8,366	1.85 – 6.04	8,684	8,261	423	-
Sukuk (secured)	350,697	5.24 – 6.56	403,018	144,086	258,932	-
Term loans (secured)	35,034	1.88 – 5.49	39,735	11,648	28,087	-
Trade and other payables	195,506	-	195,506	195,506	-	-
Lease liabilities	7,652	4.00	8,318	2,864	5,090	364
Hire purchase liability	253	2.04	272	69	203	-
	606,416		666,843	365,148	301,331	364

NOTES TO THE FINANCIAL STATEMENTS

30. Financial instruments (cont'd)
30.3 Financial risk management (cont'd)
(b) Liquidity risk (cont'd)

Maturity analysis (cont'd)

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments: (cont'd)

	Carrying amount RM'000	Contractual interest/ coupon rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 5 years RM'000
Company					
2023					
<i>Non-derivative financial liabilities</i>					
Term loan (secured)	211,310	4.95	221,096	117,569	103,527
Trade and other payables	15,604	-	15,604	15,604	-
Amount due to a subsidiary	583,377	5.60	616,046	616,046	-
Financial guarantee	-	-	26,518	26,518	-
	810,291		879,264	775,737	103,527
2022					
<i>Non-derivative financial liabilities</i>					
Sukuk	350,697	5.24 – 6.56	403,018	144,086	258,932
Trade and other payables	7,577	-	7,577	7,577	-
Amount due to a subsidiary	570,377	5.60	602,318	602,318	-
Financial guarantee	-	-	35,034	35,034	-
	928,651		1,047,947	789,015	258,932

NOTES TO THE FINANCIAL STATEMENTS

30. Financial instruments (cont'd)

30.3 Financial risk management (cont'd)

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices that will affect the Group's financial position or cash flows.

(i) Currency risk

The Group is exposed to foreign currency risk on receivables, payables and borrowings that are denominated in a currency other than the respective functional currencies of group entities. The currencies giving rise to this risk are primarily Singapore Dollar ("SGD"), United States Dollar ("USD") and European Union ("EUR").

Exposure to foreign currency risk

The Group's exposure to foreign currency risk attributable to currencies other than the functional currencies of group entities, based on the carrying amounts as at the end of the reporting period was:

Group	Denominated in		
	USD RM'000	SGD RM'000	EUR RM'000
2023			
Financial assets			
Trade and other receivables	42,181	7,134	-
Cash and cash equivalents	203	-	-
	42,384	7,134	-
Financial liabilities			
Trade and other payables	(433,316)	(25,779)	(14)
Net currency exposure	(390,932)	(18,645)	(14)
2022			
Financial assets			
Trade and other receivables	51,332	5,709	-
Cash and cash equivalents	184	-	-
	51,516	5,709	-
Financial liabilities			
Trade and other payables	(467,586)	(21,506)	-
Net currency exposure	(416,070)	(15,797)	-

NOTES TO THE FINANCIAL STATEMENTS

30. Financial instruments (cont'd)**30.3 Financial risk management (cont'd)****(c) Market risk (cont'd)****(i) Currency risk (cont'd)*****Currency risk sensitivity analysis***

A 10% (2022: 10%) strengthening of the RM against the following currencies at the end of the reporting period would have increased/(decreased) pre-tax profit or loss by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remained constant.

	Profit or loss	
	2023 RM'000	2022 RM'000
Group		
USD	39,093	41,607
SGD	1,865	1,580
EUR	1	-

A 10% (2022: 10%) weakening of RM against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

(ii) Interest rate risk

The Group's fixed rate deposits and borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Short term other investments and short term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and process for managing the risk

The Group monitors its exposure to changes in interest rates on a regular basis.

Borrowings are negotiated with a view to securing the best possible terms, including interest rates, to the Group.

NOTES TO THE FINANCIAL STATEMENTS

30. Financial instruments (cont'd)

30.3 Financial risk management (cont'd)

(c) Market risk (cont'd)

(ii) Interest rate risk (cont'd)

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on the carrying amounts as at the end of the reporting period are as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Fixed rate instruments				
Financial assets				
- Deposit	-	11,087	-	-
- Other investments	223,217	56,260	-	24,700
- Other financial assets	45,454	83,272	3,000	41,805
- Deposits placed with licensed banks	153,723	271,493	10,000	-
Financial liabilities				
- Term loan - Islamic (secured)	-	(8,908)	-	-
- Hire purchase liability	(192)	(253)	-	-
- Lease liabilities	(8,406)	(7,652)	-	-
	413,796	405,299	13,000	66,505
Floating rate instruments				
Financial liabilities				
- Term loans – Commodity Murabahah				
Term Financing – I (secured)	(211,746)	(8,366)	(211,310)	-
- Term loans (secured)	(26,518)	(35,034)	-	-
- Sukuk (secured)	-	(350,697)	-	(350,697)
	(238,264)	(394,097)	(211,310)	(350,697)

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss and does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points (bp) in interest rates at the end of the reporting period would have increased/(decreased) pre-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

NOTES TO THE FINANCIAL STATEMENTS

30. Financial instruments (cont'd)**30.3 Financial risk management (cont'd)****(c) Market risk (cont'd)****(ii) Interest rate risk (cont'd)*****Cash flow sensitivity analysis for variable rate instruments (cont'd)***

	2023		2022	
	Profit or loss		Profit or loss	
	100bp increase RM'000	100bp decrease RM'000	100bp increase RM'000	100bp decrease RM'000
Group				
Floating rate instruments	(2,383)	2,383	(3,941)	3,941
Company				
Floating rate instruments	(2,113)	2,113	(3,507)	3,507

(iii) Other price risk

Equity price risk arises from the Group's investments in equity securities.

Risk management objectives, policies and processes for managing the risk

Management monitors the equity investments on a portfolio basis. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by management.

There is no sensitivity analysis performed as any change will be insignificant to the Group.

30.4 Fair value information

The carrying amounts of cash and cash equivalents, other financial assets, other investments, short term receivables and payables and short-term deposits and borrowings approximate fair value due to the relatively short-term nature of these financial instruments.

The carrying amounts of floating rate borrowings approximate their fair values as these instruments are subject to variable interest rates which in turn approximate the current market interest rates of similar instruments at the end of the reporting period.

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position.

NOTES TO THE FINANCIAL STATEMENTS

30. Financial instruments (cont'd)

30.4 Fair value information (cont'd)

	Fair value of financial instruments not carried at fair value Level 3 RM'000	Total fair value RM'000	Carrying amount RM'000
2023			
Group			
Financial liabilities			
Hire purchase liability	(198)	(198)	(192)
2022			
Group			
Financial assets			
Deposits	10,980	10,980	11,087
Financial liabilities			
Term loan - Islamic	(9,957)	(9,957)	(8,908)
Hire purchase liability	(259)	(259)	(253)

Level 3 fair value

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

31. Capital management

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain the confidence of investors, creditors and other stakeholders in the Group and to sustain the future development of its businesses.

During 2023, the Group's strategy, which was unchanged from 2022, was to maintain debt to equity ratio of not greater than 1.2 times and debt service coverage ratio of at least 1.25 times.

(i) Debt to equity ratio

	Group 2023 RM'000	Group 2022 RM'000
Loans and borrowings (Note 18)	238,456	403,258
Lease liabilities (Note 19)	8,406	7,652
	246,862	410,910
Total equity attributable to owners of the Company	1,652,538	1,445,966
Debt-to-equity ratio	0.15	0.28

NOTES TO THE FINANCIAL STATEMENTS

31. Capital management (cont'd)**(ii) Debt service coverage ratio**

	Group	
	2023	2022
	RM'000	RM'000
Nominal value paid for Sukuk	141,303	81,900
Coupon payments on Sukuk	21,596	20,857
Guarantee fee payment arising from Sukuk	890	2,056
Repayment of term loans	27,292	20,611
Repayment of hire purchase liability	61	58
Repayment of term loan - Islamic	9,821	2,357
Payment of lease liabilities	3,322	3,244
Term loans interest paid	4,596	2,355
	208,881	133,438
Cash and cash equivalents	271,864	313,280
	480,745	446,718
Debt service coverage ratio	2.30	3.35

There were no changes in the Group's approach to capital management during the financial year.

32. Capital commitments

	Group	
	2023	2022
	RM'000	RM'000
Property, plant and equipment		
Approved and contracted for	16,609	14,922

33. Related parties***Identity of related parties***

For the purposes of these financial statements, a party is considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group, and certain members of senior management of the Group.

NOTES TO THE FINANCIAL STATEMENTS

33. Related parties (cont'd)

Identity of related parties (cont'd)

Significant related party transactions, other than compensations to key management personnel (see Note 26) and those disclosed elsewhere in the financial statements, are as follows:

	Company	
	2023	2022
	RM'000	RM'000
<i>Transactions with subsidiaries</i>		
Interest expense	25,481	23,876
Management fees	(25,944)	(4,200)

Transactions with certain Directors and company in which certain Directors and close members of their families have or are deemed to have substantial interest

Rental of premises paid	2,748	2,557
Provision of services	19,846	14,845

Significant party balances related to the above transactions are disclosed in the statements of financial position as well as Notes 11 and 20 to the financial statements.

Related party transactions are based on negotiated terms. All the amounts outstanding are unsecured and expected to settle in cash.

34. Material litigation

Save as disclosed below, the Company and/or its subsidiaries are not presently engaged in any material litigation, material claim and arbitration either as plaintiff or defendant and the Directors do not have any knowledge of any proceedings pending or threatened against the Company and/or its subsidiaries or of any facts likely to give rise to any proceedings which may materially affect the financial position or business of the Company and/or its subsidiaries.

Reference is made to the claim made by the former Directors of the subsidiary of the Group, Perdana Petroleum Berhad ("PPB"), namely Tengku Dato' Ibrahim Petra Bin Tengku Indra Petra, Datin Che Nariza Hajjar Hashim, Wong Fook Heng and Tiong Young Kong (the "Plaintiffs") on 7 August 2018 for the indemnification of legal fees they incurred in defending the prior suits brought by PPB against them.

On 29 May 2019, the High Court allowed the Plaintiff's claim against PPB for the cost incurred on an indemnity basis in defending the suits since 2009. The total amount to be paid by PPB to the Plaintiffs including the costs and the allocator fee was RM2,652,447. This was recognised as an expense in the prior financial year.

On 27 June 2019, PPB filed a notice of appeal to the Court of Appeal against the decision made by the High Court. On 16 August 2021, the Court of Appeal allowed PPB's appeal for the High Court decision dated 29 May 2019 to be set aside and costs of RM30,000 were awarded to PPB. As a result, the Plaintiffs were required to refund the judgment sum of RM2,652,447 to PPB together with the costs of RM30,000.

The Plaintiffs then applied for leave to appeal to the Federal Court on 15 September 2021 and the Federal Court decision which was received by PPB on 3 March 2023 was made in favour of the Plaintiffs to set aside the decision of the Court of Appeal and upheld the decision of the High Court. PPB has been ordered to pay costs of RM100,000 and the allocator fee to the Plaintiffs.

On 10 September 2023, the Plaintiffs sought further indemnification of legal fees of RM589,772 for the legal cost that has incurred for the Court of Appeal and Federal Court proceedings. PPB has, on 16 October 2023, made arrangements for the payment to the Appellants. This case is closed.

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

In the opinion of the Directors, the financial statements set out on pages 84 to 151 are drawn up in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2023 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

.....
Tengku Dato' Yusof Bin Tengku Ahmad Shahrudin
Director

.....
Datuk Ling Suk Kiong
Director

Miri,

Date: 17 April 2024

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

I, **Datuk Ling Suk Kiong**, the Director primarily responsible for the financial management of Dayang Enterprise Holdings Bhd., do solemnly and sincerely declare that the financial statements set out on pages 84 to 151 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovenamed, **Datuk Ling Suk Kiong**, at Miri in the State of Sarawak on 17 April 2024.

.....
Datuk Ling Suk Kiong

Before me:

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DAYANG ENTERPRISE HOLDINGS BHD

Registration No. 200501030106 (712243 - U)
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Dayang Enterprise Holdings Bhd., which comprise the statements of financial position as at 31 December 2023 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 84 to 151.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

1. Revenue recognition from topside maintenance services

Refer to Note 21 Revenue

Key audit matter	How our audit addressed the key audit matter
The Group generates its revenue from provision of maintenance services, fabrication operations, hook-up and commissioning, charter of marine vessels, and equipment rental. Revenue from contracts with customers from maintenance services continued to be the major segment followed by marine vessel charter.	Our audit procedures included, amongst others: <ol style="list-style-type: none"> i) We evaluated the design and implementation as well as tested the operating effectiveness of key control over the preparation of manual journals relating to sales. ii) We inspected all new contracts secured during the year to assess the performance obligations and the transaction prices in accordance with relevant accounting standards. iii) We assessed the fulfillment of the performance obligations by inspecting the progress/milestone reports, job completion tickets and other relevant documents (including timesheets, vessel daily reports, daily status reports, equipment movement notices, etc.).

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DAYANG ENTERPRISE HOLDINGS BHD

Registration No. 200501030106 (712243 - U)
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Key Audit Matters (cont'd)

1. Revenue recognition from topside maintenance services (cont'd)

Refer to Note 21 Revenue (cont'd)

Key audit matter	How our audit addressed the key audit matter
<p>Revenue recognised from topside maintenance services segment, which was approximately RM730 million, representing 66% of total revenues. Contracts of topside maintenance services varies, each with different terms. This leads to complexity around the calculation and timing of recognition of revenue from contracts with customers. Currently, the revenue from the maintenance service is tracked manually, and where necessary, significant judgement is made to measure the progress of the services provided and revenue recognised over time in accordance with relevant accounting standard.</p> <p>Accordingly, revenue recognition has been considered as the key audit matter.</p>	<p>Our audit procedures included, amongst others (cont'd):</p> <ul style="list-style-type: none"> iv) We assessed whether the Group's revenue recognition based on over time or point in time is appropriate according to the terms in the contracts with customers. v) We obtained an understanding on the basis of estimation applied by the Group in regard to the required cost to complete the jobs and checked on the sample basis on the cost to supplier invoices. vi) We inspected manual journal entries to revenue and revenue related accounts based on specific criteria and compared details with supporting documents and approval. vii) We sent confirmations for trade receivables balances on sample basis and performed alternative test on non-replies by inspecting underlying service orders, work completion forms and other underlying source documents. viii) We assessed the completeness, accuracy and appropriateness of disclosures as required by relevant accounting standard.

2. Impairment assessment of goodwill

Refer to Note 7 Goodwill

Key audit matter	How our audit addressed the key audit matter
<p>The Group has goodwill of RM418 million as at 31 December 2023 relating to the acquisition of Perdana Petroleum Berhad ("Perdana") in 2015. Goodwill with indefinite useful lives are not amortised but are tested for impairment annually.</p> <p>As disclosed in Note 7 to the financial statements, the estimation of recoverable amount used a combination of the value in use approach, which involved forecasting and discounting the future cash flows of the cash generating unit attached to the goodwill and the fair value less cost of disposal approach, whichever is higher.</p>	<p>Our audit procedures included, amongst others:</p> <ul style="list-style-type: none"> i) We evaluated the design and implementation of the key control over the preparation of the valuation model used to assess recoverable amount of the cash generating units. ii) We compared the cashflow forecasts prepared at the end of last financial year for the purpose of impairment assessment with the actual performance of the businesses for the current year to assess how accurate the cash flow forecasts were and making enquiries with the Group as to the reasons for any significant variations identified. iii) We evaluated the valuation methodology and significant inputs used in the valuation by the independent valuer. We also checked the competency and independence of the valuer.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DAYANG ENTERPRISE HOLDINGS BHD

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Key Audit Matters (cont'd)

2. Impairment assessment of goodwill (cont'd)

Refer to Note 7 Goodwill (cont'd)

Key audit matter	How our audit addressed the key audit matter
<p>The estimated recoverable amount is dependent upon significant judgement and estimation by the Group, in respect of the utilisation rate, daily charter hire rate, growth rate, daily operating costs, salvage value and discount rate, as well as comparison with recent market transactions of similar vessels of similar age and specifications.</p> <p>We focused on this area as a key audit matter due to the degree of the Group's judgement involved and assumptions of future events that are inherently uncertain. Changes in judgements and the related estimates throughout the projection years could result in material adjustments to the estimated recoverable amount, hence, affect the carrying amount of goodwill.</p>	<p>Our audit procedures included, amongst others:</p> <ul style="list-style-type: none"> iv) We challenged the key assumptions used in the projected cash flows with reference to our understanding of the business, historical trends and available industry information and available market data. v) We evaluated the sensitivity of the impairment calculation to changes in the key assumptions used. vi) We considered the adequacy of the Group's disclosures about the assumptions to which the outcome of the impairment assessment were most sensitive.

3. Impairment assessment of marine vessels

Refer to Note 3.2 Impairment testing of marine vessels

Key audit matter	How our audit addressed the key audit matter
<p>The Group's main customers are from oil and gas companies involved in upstream exploration activities. The volatility of crude oil prices in 2022/2023 have continued to affect the business activities of the industry in which the Group operates. Nonetheless, the Group has an improving profit-making position due to the growth in the global demand for offshore support vessel.</p> <p>In previous year, the Group has recognised a net reversal of impairment loss of RM7.3 million. Following the assessment during the year, the Group has recognised a net reversal of impairment loss of RM41.7 million on certain vessels as other income in profit or loss.</p>	<p>Our audit procedures included, amongst others:</p> <ul style="list-style-type: none"> i) We evaluated the design and implementation of the key control over the preparation of the valuation model used to assess recoverable amount of the cash generating units. ii) We compared the cashflow forecasts prepared at the end of last financial year for the purpose of impairment assessment with the actual performance of the businesses for the current year to assess how accurate the cash flow forecasts were and making enquiries with the Group as to the reasons for any significant variations identified. iii) We evaluated the valuation methodology and significant inputs used in the valuation by the independent valuer. We also checked the competency and independence of the valuer.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DAYANG ENTERPRISE HOLDINGS BHD

Registration No. 200501030106 (712243 - U)
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Key Audit Matters (cont'd)

3. Impairment assessment of marine vessels (cont'd)

Refer to Note 3.2 Impairment testing of marine vessels (cont'd)

Key audit matter	How our audit addressed the key audit matter
<p>As disclosed in Note 3.2 to the financial statements, the estimation of recoverable amounts involved forecasting and discounting future cash flows to be generated by the respective marine vessels, as well as comparison with recent market transactions of similar vessels of similar age and specifications.</p> <p>This was a key audit matter due to the degree of the Group's judgement involved and assumptions of future events that are inherently uncertain. Changes in judgements and the related estimates throughout the useful lives of the marine vessels could result in material adjustments to the carrying amounts of marine vessels.</p>	<p>Our audit procedures included, amongst others:</p> <ul style="list-style-type: none"> iv) We challenged the key assumptions used in the projected cash flows with reference to our understanding of the business, historical trends and available industry information and available market data. v) We evaluated the sensitivity of the impairment calculation to changes in the key assumptions used. vi) We considered the adequacy of the Group's disclosures about the assumptions to which the outcome of the impairment assessment were most sensitive.

4. Valuation of investment in subsidiaries – Company level

Refer to Note 5 Investment in subsidiaries

Key audit matter	How our audit addressed the key audit matter
<p>One of the subsidiaries of the Company, which had been previously impaired due to loss making, has shown improvement in its financial performance.</p> <p>During the financial year, the Company has recognised a reversal of impairment loss of RM88 million.</p> <p>As disclosed in Note 5.1 to the financial statements, the estimation of recoverable amounts involved forecasting and discounting future cash flows to be generated by the subsidiary, as well as comparison with recent market transactions of similar vessels of similar age and specifications.</p> <p>This was a key audit matter due to the degree of judgement involved and assumptions of future events that are inherently uncertain. Changes in judgements and the related estimates throughout the useful lives of the marine vessels could result in material adjustments to the carrying amounts of marine vessels.</p>	<p>Our audit procedures included, amongst others:</p> <ul style="list-style-type: none"> i) We obtained an understanding of the methodology adopted by the Company in estimating the recoverable amount. ii) We compared the cashflow forecasts prepared at the end of last financial year for the purpose of impairment assessment with the actual performance of the businesses for the current year to assess how accurate the cash flow forecasts were and making enquiries with the Company as to the reasons for any significant variations identified. iii) We evaluated the valuation methodology and significant inputs used in the valuation by the independent valuer. We also checked the competency and independence of the valuer. iv) We challenged the key assumptions used in the projected cash flows with reference to our understanding of the business, historical trends and available industry information and available market data.

OVERVIEW	HIGHLIGHTS	LEADERSHIP	KEY MESSAGES	GOVERNANCE	FINANCIAL STATEMENTS	OTHER INFORMATIONS
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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DAYANG ENTERPRISE HOLDINGS BHD

Registration No. 200501030106 (712243 - U)
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Information Other than the Financial Statements and Auditors' Report Thereon

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

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

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the annual report and, in doing so, consider whether the annual report is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the annual report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DAYANG ENTERPRISE HOLDINGS BHD

Registration No. 200501030106 (712243 - U)
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Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)

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

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors are disclosed in Note 5 to the financial statements.

Other Matter

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

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Miri,

Date: 17 April 2024

Tai Yoon Foo
Approval Number: 02948/05/2024 J
Chartered Accountant

ANALYSIS OF SHAREHOLDINGS AS AT 29 MARCH 2024

Class of Share : Ordinary shares
Voting Rights : One vote per share
Issued Share Capital : 1,157,771,718

Category	No. of Holders	% of Holders	No. of Shares	% of Shares
1 - 99	217	3.330	7,573	0.000
100 - 1,000	1,396	21.427	839,104	0.072
1,001 - 10,000	3,255	49.961	15,052,292	1.300
10,001 - 100,000	1,170	17.958	37,596,420	3.247
100,001 - 57,888,584 (*)	475	7.290	868,424,882	75.008
57,888,585 and above (**)	2	0.030	235,851,447	20.371
TOTAL	6,515	100.000	1,157,771,718	100.000

Remark : * - Less than 5% of issued shares
** - 5% and above of issued shares

LIST OF SUBSTANTIAL SHAREHOLDERS

No	Name of Substantial Holders	Direct	No. of Shares Hold		%
			%	Indirect	
1	Naim Holdings Berhad	280,401,447	24.22%	-	0.00%
2	Datuk Ling Suk Kiong	82,579,763	7.13%	65,028,394 ^(a)	5.62%
3	Joe Ling Siew Loung @ Lin Shou Long	45,810,207	3.96%	101,797,950 ^(b)	8.79%
4	Datuk Hasmi Bin Hasnan	1,057,030	3.96%	280,401,447 ^(c)	24.22%
5	Datin Wong Siew Hong	-	0.00%	147,608,157 ^(d)	12.75%
6	Datuk Abdul Hamed Bin Haji Sepawi	-	0.00%	280,401,447 ^(e)	24.22%

Note:

- (a) Deemed interest by virtue of the interest of his children in the Company pursuant to Section 8 of the Act.
(b) Deemed interest through shares held by his parents.
(c) Deemed interest by virtue of Section 8 of the Act, held through Naim Holdings Berhad.
(d) Deemed interest by virtue of Section 8 of the Act, held through Vogue Empie Sdn. Bhd., spouse and child.

DIRECTORS' SHAREHOLDINGS

No	Name of Directors	Direct	No. of Shares Hold		%
			%	Indirect	
1	Datuk Hasmi Bin Hasnan	1,057,030	0.09%	280,401,447	24.22%
2	Datuk Ling Suk Kiong	82,579,763	7.13%	65,028,394	5.62%
3	Tengku Dato' Yusof Bin Tengku	34,306,060	2.96%	-	0.00%
4	Joe Ling Siew Loung @ Lin Shou Long	45,810,207	3.96%	101,797,950	8.79%
5	Jeanita Anak Gamang	-	0.00%	-	0.00%
6	Ali Bin Adai	1,000	0.00%	-	0.00%
7	Koh Ek Chong	-	0.00%	-	0.00%
8	Datu Hasmawati Binti Sapawi	-	0.00%	-	0.00%
9	Chin Hsiun	-	0.00%	-	0.00%
10	Jamalludin Bin Obeng	-	0.00%	-	0.00%
11	Siti Nazrah Binti Ahmad Zaiden	-	0.00%	-	0.00%

ANALYSIS OF SHAREHOLDINGS AS AT 29 MARCH 2024

LIST OF TOP 30 SHAREHOLDERS

No	Name of Substantial Holders	Holdings	%
1	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR NAIM HOLDINGS BERHAD (PB)	145,114,147	12.533
2	NAIM HOLDINGS BERHAD	90,737,300	7.837
3	LING SUK KIONG	49,289,763	4.257
4	NAIM HOLDINGS BERHAD	44,550,000	3.847
5	TENGGU YUSOF BIN TENGGU AHMAD SHAHRUDDIN	34,306,060	2.963
6	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR AIA BHD.	33,735,400	2.913
7	KENANGA NOMINEES (TEMPATAN) SDN BHD LING SUK KIONG	32,290,000	2.788
8	CITIGROUP NOMINEES (ASING) SDN BHD UBS AG	29,874,232	2.580
9	KENANGA NOMINEES (TEMPATAN) SDN BHD JOE LING SIEW LOUNG @ LIN SHOU LONG	23,180,520	2.002
10	CITIGROUP NOMINEES (TEMPATAN) SDN BHD URUSHARTA JAMAAH SDN. BHD. (2)	22,128,000	1.911
11	JOE LING SIEW LOUNG @ LIN SHOU LONG	19,593,750	1.692
12	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC OPPORTUNITIES FUND	14,031,800	1.211
13	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 19)	12,157,300	1.050
14	HSBC NOMINEES (ASING) SDN BHD HSBC BK PLC FOR ASIA EX JAPAN EQUITY SMALLER COMPANIES (LXG HGIF)	11,956,300	1.032
15	VOGUE EMPIRE SDN BHD	11,718,187	1.012
16	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 22)	10,493,400	0.906
17	CARTABAN NOMINEES (ASING) SDN BHD BBH (LUX) SCA FOR FIDELITY ASIAN SMALLER COMPANIES POOL (FIDELITY FUNDS)	9,705,700	0.838
18	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR PRINCIPAL DALI ASIA PACIFIC EQUITY GROWTH FUND	7,500,000	0.647
19	VOGUE EMPIRE SDN BHD	7,500,000	0.647
20	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 14)	7,476,574	0.645
21	CITIGROUP NOMINEES (TEMPATAN) SDN BHD URUSHARTA JAMAAH SDN. BHD. (1)	7,213,997	0.623
22	AMANAHRAYA TRUSTEES BERHAD PUBLIC STRATEGIC SMALLCAP FUND	7,060,000	0.609
23	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (ASIANISLAMIC)	6,932,500	0.598
24	HSBC NOMINEES (ASING) SDN BHD MORGAN STANLEY & CO. INTERNATIONAL PLC (FIRM A/C)	6,906,246	0.596
25	HSBC NOMINEES (ASING) SDN BHD HBCE GERMANY FOR HSHK ASIAN SMALL CAPS (INKA MBH)	6,899,600	0.595
26	HSBC NOMINEES (ASING) SDN BHD J.P. MORGAN SECURITIES PLC	6,614,772	0.571

ANALYSIS OF SHAREHOLDINGS AS AT 29 MARCH 2024

LIST OF TOP 30 SHAREHOLDERS (CONT'D)

No	Name of Substantial Holders	Holdings	%
27	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR PRINCIPAL DALI EQUITY GROWTH FUND	6,502,800	0.561
28	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (F TEMPLETON)	6,096,600	0.526
29	MAYBANK NOMINEES (TEMPATAN) SDN BHD NATIONAL TRUST FUND (IFM KAF) (446190)	6,029,500	0.520
30	AMANAH RAYA BERHAD KUMPULAN WANG BERSAMA SYARIAH	6,002,600	0.518

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Eighteenth General Meeting (“18th AGM”) of DAYANG ENTERPRISE HOLDINGS BHD. (“the Company”) will be held at Danum 3, Level 5, Imperial Hotel Miri, Lot 827, Jalan Pos, 98000 Miri, Sarawak, Malaysia on Monday, 27 May 2024 at 10.00 a.m. to transact the following businesses: -

AGENDA

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31st December 2023 together with the Reports of the Directors and the Auditors thereon. **(Please refer to Explanatory Note A)**
2. To re-elect the following directors who retire in accordance with Clause 93 of the Company’s Constitution and who being eligible, have offered themselves for re-election: -

(i) Datuk Ling Suk Kiong	Ordinary Resolution 1
(ii) Tengku Dato’ Yusof Bin Tengku Ahmad Shahrudin	Ordinary Resolution 2
(iii) Joe Ling Siew Loung @ Lin Shou Long	Ordinary Resolution 3
(iv) Jeanita Anak Gamang	Ordinary Resolution 4
3. To approve the payment of Directors’ Fees of RM2,970,324.20 for the financial year ended 31 December 2023. **Ordinary Resolution 5**
4. To approve the payment of Meeting Allowance of RM500.00 per meeting to Non-Executive Directors from the conclusion of this meeting up to the conclusion of the next Annual General Meeting of the Company. **Ordinary Resolution 6**
5. To re-appoint Messrs. KPMG PLT as Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to authorize the Directors to fix their remuneration. **Ordinary Resolution 7**

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following Ordinary Resolutions:

6. **Retention of Independent Non-Executive Director**
 - (a) To approve Encik Ali Bin Adai to continue to serve as an Independent Non-Executive Director of the Company until the conclusion of the next AGM through a two-tier voting process. **Ordinary Resolution 8**
 - (b) To approve Mr. Koh Ek Chong to continue to serve as an Independent Non-Executive Director of the Company until the conclusion of the next AGM through a two-tier voting process. **Ordinary Resolution 9**
7. **Proposed Renewal of Existing and New Shareholders’ Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature (“Proposed Shareholders’ Mandate”)**

“THAT, subject to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”), approval be and is hereby given to the Company and/or its subsidiaries to enter into recurrent related party transactions (“RRPT”) of a Revenue or Trading Nature which is necessary for the day to day operations with the related parties as set out in Section 1.5 (i) of the Circular to Shareholders dated 24 April 2024, be and is hereby renewed, AND THAT mandate be and is hereby granted by the shareholders of the Company to apply to the new RPT as set out in Section 1.5 (ii) of the Circular with the related party mentioned therein, provided that:

 - i. such transactions are undertaken in the ordinary course of business, on arm’s length basis, on 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 minority shareholder.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

AND THAT such approval shall continue to be in force until:-

- i. the conclusion of the next Annual General Meeting (“AGM”) at which time it will lapse, unless the authority is renewed by a resolution passed at the next AGM;
- ii. the expiration of the period within the next AGM of the Company to be held pursuant to Section 340(2) of the Companies Act 2016 (“the Act”) (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act; or
- iii. revoked or varied by resolution passed by the shareholders in a general meeting;

whichever is the earlier;

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Shareholders’ Mandate.”

Ordinary Resolution 10

8. **Authority to issue shares pursuant to Sections 75 and 76 of the Companies Act 2016 (“the Act”) and waiver of preemptive rights.**

“**THAT**, subject always to the Act, the Constitution of the Company and the approvals of the relevant governmental/regulatory authorities, if applicable, the Directors be and are hereby empowered, pursuant to the Act, to issue and allot shares in the Company from time to time at such price and upon such terms and conditions and for such purposes and to such person or persons as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares issued pursuant to this Resolution does not exceed 10 percent (10%) of the total number of issued shares of the Company for the time being;

AND THAT pursuant to Section 85 of the Act to be read together with Clause 8(d) of the Constitution of the Company, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares of the Company ranking equally to the existing issued shares arising from any issuance of new shares in the Company pursuant to Sections 75 and 76 of the Act;

AND THAT the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad;

AND FURTHER THAT such authority shall commence immediately upon the passing of this Resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company.”

Ordinary resolution 11

9. To transact any other ordinary business of which due notice shall have been given.

BY ORDER OF THE BOARD
CHEE SU LING (MIA 36749)
SSM Practicing Certificate No. 202208000142

Company Secretary

Miri, Sarawak
Dated this 24 April 2024

NOTES:

1. A proxy may but need not be a member of the Company but shall be of full age.
2. A member shall be entitled to appoint not more than two (2) proxies to attend and vote at the meeting except where the member is an authorised nominee as defined in accordance with the provisions of the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds and where the member is an Exempt Authorised Nominee, there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

NOTES: (CONT'D)

3. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
4. The instrument appointing a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than twenty-four (24) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote:
 - (i) In hard copy form
 In the case of an appointment made in hard copy form, the proxy form must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.
 - (ii) By electronic means
 The proxy form can be electronically lodged with the Share Registrar of the Company via TIIH Online at <https://tiih.online>. Kindly refer to the Administrative Details for the 18th AGM. Please follow the procedures as set out in the Administrative Guide for the electronic lodgement of proxy form.
5. Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.
6. Last date and time for lodging the proxy form is Sunday, 26 May 2024 at 10.00 a.m.
7. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than twenty-four (24) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
8. For a corporate member who has appointed an authorised representative, please deposit the **ORIGINAL** certificate of appointment of authorised representative with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia. The certificate of appointment of authorised representative should be executed in the following manner:
 - (i) If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.
 - (ii) If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by:
 - (a) at least two (2) authorised officers, of whom one shall be a director; or
 - (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.
9. The Notice of the 18th AGM together with the Form of Proxy, Administrative Details, Annual Report 2023 and Circular to Shareholders are published on the Company's website at www.desb.net or Bursa Malaysia's website at www.bursamalaysia.com.
10. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Securities, all resolutions set out in this Notice will be put on vote by poll.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

EXPLANATORY NOTES

1. To receive the Audited Financial Statements

Agenda item no. 1 is meant for discussion only as an approval from the shareholders is not required pursuant to the provisions of Section 340(1)(a) of the Companies Act, 2016. Hence, this Agenda is not put forward for voting.

2. Ordinary Resolutions 1 – 4 on the Re-election of Directors

The performance, contribution, effectiveness and independence (as the case may be) of each Director who is recommended for re-election have been assessed through the Board annual evaluation. In addition, the Joint Remuneration and Nomination Committee has also conducted an assessment on the fitness and propriety of the retiring Directors including the review of their fit and proper assessment declarations in accordance with the Directors' Fit & Proper Policy of the Company. The Joint Remuneration and Nomination Committee and the Board of Directors are satisfied with the performance, contribution, effectiveness and independence (as the case may be) of Datuk Ling Suk Kiong, Tengku Dato' Yusof Bin Tengku Ahmad Shahrudin, Joe Ling Siew Loung @ Lin Shou Long and Jeanita Anak Gamang who are due for retirement as Directors, and being eligible, have offered themselves for re-election at the 18th AGM.

The respective profiles of the above Directors are set out in the Board of Directors' profile of the Annual Report 2023.

3. Ordinary Resolution 5 and 6 on Directors' Fee and Allowance

The proposed Resolution 5, if passed, will authorise the payment of the Directors' fee up to the amount of RM RM2,970,324.20 for the financial year ending 31 December 2023.

The proposed Resolution 6, if passed, will authorize the payment of the Meeting Allowance of RM500.00 per meeting to Non-Executive Directors from the conclusion of this meeting up to the conclusion of the next Annual General Meeting of the Company.

4. Ordinary Resolutions 7 on the Appointment of Auditors and authorisation for the Directors to fix their remuneration

The Audit Committee and the Board have considered the re-appointment of KPMG PLT as Auditors of the Company and collectively agree that KPMG PLT meets the criteria of the adequacy of experience and resources of the firm and the audit team assigned to the audit as prescribed by Paragraph 15.21 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

5. Ordinary Resolutions 8 and 9 on the Retention of Independent Non-Executive Directors

Encik Ali Bin Adai and Mr. Koh Ek Chong have served as Independent Non-Executive Directors of the Company for a cumulative term of nine (9) years. The Joint Remuneration & Nomination Committee and the Board have carried out an evaluation and assessment on their fitness and propriety including the review of their fit and proper assessment declarations in accordance with the Directors' Fit & Proper Policy of the Company. The Joint Remuneration & Nomination Committee concluded that both Encik Ali Bin Adai and Mr. Koh Ek Chong continue to be independent and objective in all board deliberations. They complied with the relevant criteria and provisions under the definition of independence of the Main Market Listing Requirements of Bursa Securities. They are not related to any directors and major shareholders of the Company and hence they are not under the influence of other directors and major shareholders. Upon the recommendation by Joint Remuneration & Nomination Committee, the Board of Directors recommended that both Encik Ali Bin Adai and Mr. Koh Ek Chong be retained as an Independent Non-Executive Directors of the Company until the conclusion of the next AGM.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

EXPLANATORY NOTES (CONT'D)

6. Ordinary Resolution 10 on the Proposed Renewal of Existing and New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

The proposed Resolution 10, if passed, will authorise the Company and/or its subsidiaries to enter into recurrent related party transactions involving the interest of Related Parties which are of a revenue or trading in nature and necessary for the Company's day-to-day operations, subject to the transactions being carried out in the ordinary course of business and on terms not to the detriment of the minority shareholders of the Company. The authority, unless revoked or varied by the Company at a general meeting, will expire at the next Annual General Meeting.

Please refer to the Circular to Shareholders dated 24 April 2024 for further information.

7. Authority to issue shares pursuant to Sections 75 and 76 of the Act and waiver of pre-emptive rights

This is the renewal of the mandate obtained from the members at the last Annual General Meeting held on 23 May 2023 ("the Previous Mandate"). The Previous Mandate was not utilised and accordingly, no proceeds were raised.

The proposed resolution 11, if passed, will provide flexibility to the Directors to undertake fund raising activities, including but not limited to placement of shares for the funding of the Company's future investments projects, working capital and/ or acquisitions, by the issuance of shares in the Company to such persons at any time, as the Directors may deem fit, without having to convene a general meeting. This authority, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

Pursuant to Section 85(1) of the Companies Act 2016 be read together with Clause 8(d) of the Company's Constitution, shareholders have pre-emptive rights to be offered any new shares in the Company which rank equally to the existing issued shares in the Company or other convertible securities. Thus, a waiver is required.

ADMINISTRATIVE DETAILS FOR THE EIGHTEENTH ANNUAL GENERAL MEETING (“18th AGM”) OF DAYANG ENTERPRISE HOLDINGS BHD

Date : 27 May 2024, Monday

Time : 10.00 a.m.

Broadcast Venue : Danum 3, Level 5, Imperial Hotel Miri, Lot 827, Jalan Pos, 98000 Miri, Sarawak, Malaysia

Entitlement to Participate and Appointment of Proxy

- Only members whose names appear on the Record of Depositors as at 20 May 2024 shall be eligible to attend, speak and vote at the 18th AGM or appoint a proxy(ies) and/or the Chairman of the Meeting to attend and vote on his/her behalf.
- If you are unable to attend the meeting on 27 May 2024, you may appoint the Chairman of the meeting as proxy and indicate the voting instruction in the Proxy Form.
- If you wish to participate in the 18th AGM yourself, please do not submit any Form of Proxy for the 18th AGM. You will not be allowed to participate in the 18th AGM together with a proxy appointed by you.
- Accordingly, proxy forms and/or documents relating to the appointment of proxy/corporate representative/attorney for the 18th AGM whether in hard copy or by electronic means shall be deposited or submitted in the following manner not later than **Sunday, 26 May 2024 at 10.00 a.m.**:

(i) In Hard copy:

By hand or post to the office of the Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur;

(ii) By Electronic form:

All members can have the option to submit proxy forms electronically via TIIH Online and the steps to submit are summarised below:

Procedure	Action
i. Steps for individual holders	
Register as a User with TIIH Online	<ul style="list-style-type: none"> • Using your computer, please access the website at https://tiih.online. Register as a user under the “e-Services”. Select the “Sign Up” button and followed by “Create Account by Individual Holder”. Please refer to the tutorial guide posted on the homepage for assistance. • Registration as a user will be approved within one (1) working day and you will be notified via e-mail. • If you are already a user with TIIH Online, you are not required to register again.
Proceed with submission of Proxy Form	<ul style="list-style-type: none"> • After the release of the Notice of Meeting by the Company, login with your user name (i.e. email address) and password. • Select the corporate event: Dayang 18th AGM - “Submission of Proxy Form”. • Read and agree to the Terms and Conditions and confirm the Declaration. • Insert your CDS account number and indicate the number of shares for your proxy(s) to vote on your behalf. • Indicate your voting instructions – FOR or AGAINST, otherwise your proxy will decide on your votes. • Review and confirm your proxy(s) appointment. • Print the form of proxy for your record.

ADMINISTRATIVE DETAILS FOR THE EIGHTEENTH ANNUAL GENERAL MEETING (“18th AGM”) OF DAYANG ENTERPRISE HOLDINGS BHD (CONT’D)

Procedure	Action
ii. Steps for corporation or institutional shareholders	
Register as a User with TIIH Online Website	<ul style="list-style-type: none"> ● Access TIIH Online at https://tiih.online ● Under e-Services, the authorised or nominated representative of the corporation or institutional shareholder selects “Create Account by Representative of Corporate Holder”. ● Complete the registration form and upload the required documents. ● Registration will be verified, and you will be notified by email within one (1) to two (2) working days. ● Proceed to activate your account with the temporary password given in the email and re-set your own password. <ul style="list-style-type: none"> ➤ Note: The representative of a corporation or institutional holder must register as a user in accordance with the above steps before he/she can subscribe to this corporate holder electronic proxy submission. Please contact our Share Registrar if you need clarifications on the user registration.
Proceed with submission of Proxy Form	<ul style="list-style-type: none"> ● Login to TIIH Online at https://tiih.online ● Select the corporate exercise name: “Dayang 18th AGM: Submission of Proxy Form” ● Agree to the Terms & Conditions and Declaration. ● Proceed to download the file format for “Submission of Proxy Form” in accordance with the Guidance Note set therein. ● Prepare the file for the appointment of proxies by inserting the required data. ● Submit the proxy appointment file. ● Proceed to upload the duly completed proxy appointment file. ● Select “Submit” to complete your submission. ● Print the confirmation report of your submission for your record.

Meeting Registration

- Registration will start at 9.00 a.m. in Danum 3, Level 5, Imperial Hotel Miri, Lot 827, Jalan Pos, 98000 Miri, Sarawak, Malaysia.
- Please present your original MyKad/passport to the registration staff for verification.
- Upon verification, you are required to write your name,
- and sign the attendance list placed on the registration table.
- No person will be allowed to register on behalf of another person even with the original Mykad/passport of the other person.

Annual Report

- The Annual Report is available on the Company’s website at www.desb.net and Bursa Malaysia’s website at www.bursamalaysia.com under Company’s announcements.
- You may request a printed copy of the Annual Report at <https://tiih.online> by selecting “Request for Annual Report” under the “Investor Services”.
- Kindly consider the environment before you decide to request a printed copy of the Annual Report. Environmental concerns like global warming, deforestation, climate change and many more affect every human, animal and nation on this planet.

Enquiry

- If you have any enquiry prior to the meeting, please call our Share Registrar, Tricor at +603-2783 9299 during office hours i.e. from 8.30 a.m. to 5.30 p.m. (Monday to Friday).

**DAYANG ENTERPRISE HOLDINGS BHD**

Company No. 200501030106 (712243-U)

CDS Account No.	
No. of shares held	
Shareholder's Contact No.	

Proxy Form

I/We _____
(FULL NAME AS PER NRIC IN BLOCK CAPITAL)

IC No./ID No./Company No. _____ (new) _____ (old)

of _____
(FULL ADDRESS)

being a member/members of DAYANG ENTERPRISE HOLDINGS BERHAD ("the Company") hereby appoint:-

First Proxy

Full Name	NRIC/Passport No.	Proportion of Shareholdings represented	
		No. of Shares	%

and/or failing him/her

Second Proxy

Full Name	NRIC/Passport No.	Proportion of Shareholdings represented	
		No. of Shares	%

Or failing him/her the Chairman of the meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the 18th Annual General Meeting of the Company will be held at Danum 3, Level 5, Imperial Hotel Miri, Lot 827, Jalan Pos, 98000 Miri, Sarawak, Malaysia on Monday, 27 May 2024 at 10.00 a.m. or any adjournment thereof, in the manner indicated below:

Resolution		FOR	AGAINST
Ordinary Resolution 1	Re-election of Director: Datuk Ling Suk Kiong		
Ordinary Resolution 2	Re-election of Director: Tengku Dato' Yusof Bin Tengku Ahmad Shahrudin		
Ordinary Resolution 3	Re-election of Director: Joe Ling Siew Loung @ Lin Shou Long		
Ordinary Resolution 4	Re-election of Director: Jeanita Anak Gamang		
Ordinary Resolution 5	Approval payment of Directors' Fee of RM2,970,324.20 for the financial year ended 31 December 2023		
Ordinary Resolution 6	Approval of meeting allowance of RM500.00 per meeting for Non-Executive Directors for the period from May 2024 until the next AGM of the Company		
Ordinary Resolution 7	Re-appointment of Auditors: Messrs KPMG PLT as Auditors and authorising the Directors to fix their remuneration		
Special Businesses			
Ordinary Resolution 8	Retention of Encik Ali Bin Adai and as Independent Director		
Ordinary Resolution 9	Retention of Mr. Koh Ek Chong and as Independent Director		
Ordinary Resolution 10	Proposed Renewal of Existing Shareholders' Mandate and New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		
Ordinary Resolution 11	Authority to allot and issue Shares and waiver of pre-emptive rights		

(Please indicate with an "X" in the spaces above how you wish your votes to be casted on the resolution specified in the Notice of Meeting. If no specific direction as the voting is indicated, the proxy/proxies will vote abstain from voting as he/she/they think(s) fit.)

Dated this _____ day of _____ 2024.

_____
Signature of Shareholder(s)/Common Seal

AFFIX
STAMP

The Share Registrar

Tricor Investors & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A,
Vertical Business Suite, Avenue 3,
Bangsar South, No. 8, Jalan Kerinchi,
59200 Kuala Lumpur.

FOLD
HERE

NOTES:

1. A proxy may but need not be a member of the Company but shall be of full age.
2. A member shall be entitled to appoint not more than two (2) proxies to attend and vote at the meeting except where the member is an authorised nominee as defined in accordance with the provisions of the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds and where the member is an Exempt Authorised Nominee, there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account.
3. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
4. The instrument appointing a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than twenty-four (24) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote:
 - (i) **In hard copy form**
In the case of an appointment made in hard copy form, the proxy form must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.
 - (ii) **By electronic means**
The proxy form can be electronically lodged with the Share Registrar of the Company via TIH Online at <https://tih.online>. Kindly refer to the Administrative Details for the 18th AGM. Please follow the procedures as set out in the Administrative Guide for the electronic lodgement of proxy form.
5. Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.
6. Last date and time for lodging the proxy form is Sunday, 26 May 2024 at 10.00 a.m.
7. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than twenty-four (24) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
8. For a corporate member who has appointed an authorised representative, please deposit the **ORIGINAL** certificate of appointment of authorised representative with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia. The certificate of appointment of authorised representative should be executed in the following manner:
 - (i) If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.
 - (ii) If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by:
 - (a) at least two (2) authorised officers, of whom one shall be a director; or
 - (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.
9. The Notice of the 18th AGM together with the Form of Proxy, Administrative Details, Annual Report 2023 and Circular to Shareholders are published on the Company's website at www.desb.net or Bursa Malaysia's website at www.bursamalaysia.com.
10. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the Resolutions set out in this Notice will be put to vote by poll.


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