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 2021. It is to be read in conjunction with the Corporate Governance Report ("CG Report") which is available on the corporate website at https://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 2021.

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, Executive Directors and Independent Non-Executive Directors. 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 effectiveness of the Board.

The Managing Director and the 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 orderly and effective discharge of its functions and responsibilities, the Board has established four Board Committees, namely:

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

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

1. BOARD RESPONSIBILITIES (CONT'D)

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 https://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.

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 encompass 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

1. BOARD RESPONSIBILITIES (CONT'D)

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 an 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 offences 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 https://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.

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

Strategies Promoting Sustainability

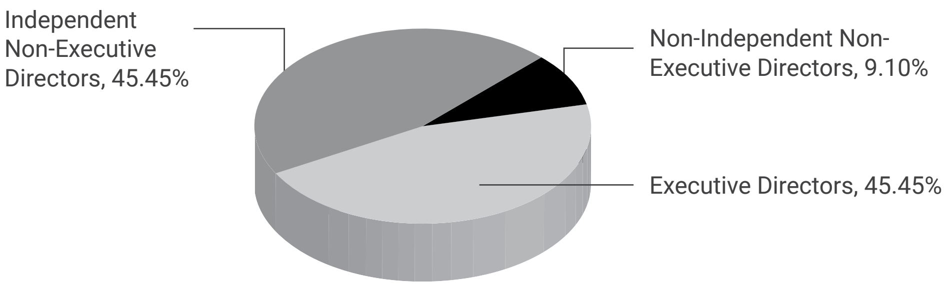
The Board views the commitment to sustainability, environmental, social and governance performance as part of its broader responsibility to clients, shareholders, employees and communities in which it operates. The Group's approach to sustainability for the financial year under review is set out in the Sustainability Report on pages 25 to 54 of this Annual Report.

2. BOARD COMPOSITION

Board Balance

The current Board composition comprised as follows:

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



CORPORATE GOVERNANCE OVERVIEW STATEMENT

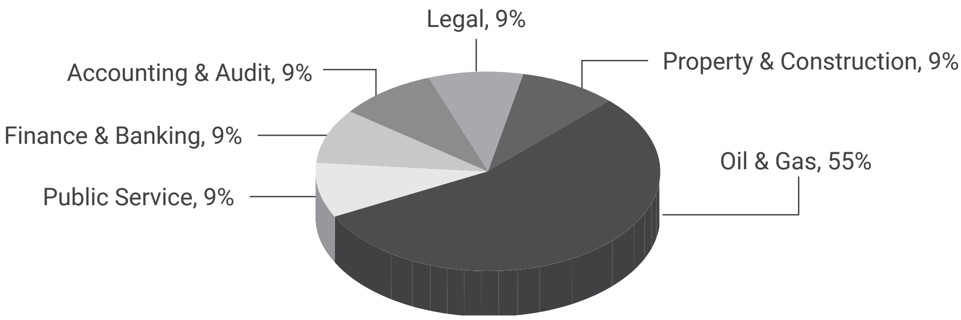
PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

2. BOARD COMPOSITION (CONT'D)

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:-

The Board skills matrix are as follows: -

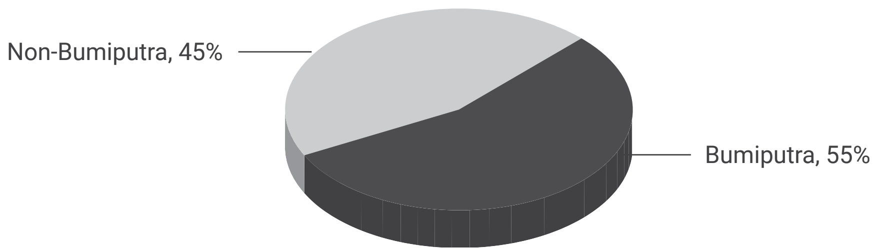


The Board recognizes the benefits of having a diverse Board to ensure that the appropriate mix of skills and profiles of the Board members in terms of age, gender, skills and professional background provide the necessary range of perspectives, experience and expertise required to achieve effective stewardship 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 55% Bumiputra and 45% Non-Bumiputra. The Board believed that diversity leads to the consideration of all facets of an issue and, consequently, better decisions and performance.



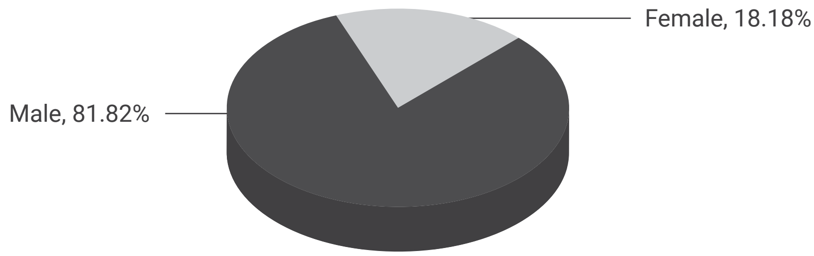
CORPORATE GOVERNANCE OVERVIEW STATEMENT

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 boardroom gender diversity policy. The Company currently comprises nine (9) male directors representing 81.82% of the Board and two (2) female directors, presenting 18.18% 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.

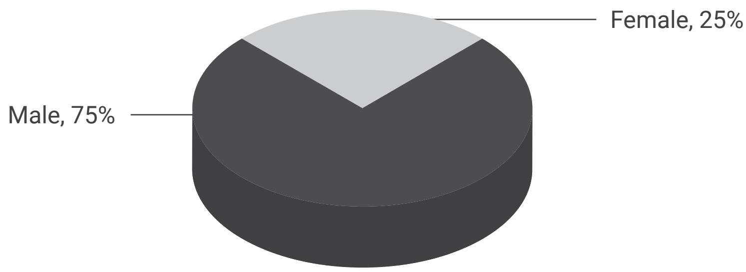


Board and Senior Management Diversity

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 17 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.



Tenure of Independent Director

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 can be re-designated as non-independent director or upon approval being obtained from the shareholder to retain him/her as an Independent Director. The Board may seek shareholders' approval via 2-tier voting for retaining a person who has served in that capacity for more than nine (9) years.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

2. BOARD COMPOSITION (CONT'D)

Board Appointment

Based on 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:

PROCESS OF APPOINTMENT OF DIRECTOR

1. Nomination of a new director →
2. Evaluation & assessment of the candidate by Joint Remuneration & Nomination Committee →
3. Meeting the candidate, if necessary →
4. If suitable, Joint Remuneration & Nomination Committee recommends the appointment of the candidate to the Board →
5. Board shall appoint the candidate as director, if deemed fit

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.

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 allow for such meetings to be conducted via telephone, video conferencing or any other form of electronic or instantaneous communication.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

2. BOARD COMPOSITION (CONT'D)

Board Effectiveness (cont'd)

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 2021 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 Secretaries 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 Shahruddin	5/5
Joe Ling Siew Loung @ Lin Shou Long	5/5
Gordon Kab @ Gudan Bin Kab	5/5
Jeanita Anak Gamang	5/5
Ali Bin Adai	5/5
Koh Ek Chong	4/5
Hasmawati Binti Sapawi	4/5
Chin Hsiun	5/5
Chen King Yu (Appointed 27.04.2021)	4/5

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
• Program Latihan Institut Integriti Malaysia (IIM) 2021	Ethics & Intergrity	24 February 2021
• Boardroom Mini Seminar for PLC Directors 2021	Smart Focus Business Consulting	26 July 2021
• Mandatory Accreditation Program	Asia School of Business	26 to 28 July 2021
• SSM National Conference 2021 on Governing under New Normal	Suruhanjaya Syarikat Malaysia (SSM)	28 August 2021
• Naim Virtual Conference 2021	Naim in-house event	1 to 2 October 2021
• Contract Basics for Non-Lawyers	Suruhanjaya Syarikat Malaysia (SSM)	17 November 2021

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

3. REMUNERATION

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

The Executive Directors' remuneration is linked to experience, scope of responsibilities, seniority as well as performance. The 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 CG Report.

The Board shall continue with the practice of ensuring 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
Gordon Kab @ Gudan Bin Kab	Independent Non-Executive Director
Ali Bin Adai	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 the 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 three (3) 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

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.

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/ Units and the Head of Internal Auditor to identify and discuss the existing and potential critical risk 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 Audit Committee.

The members of the Risk Management Committee are as follows:

Member	Designation
Gordon Kab @ Gudan Bin Kab (Chairman)	Independent Non-Executive Director
Datuk Ling Suk Kiong	Executive Deputy Chairman
Tengku Dato' Yusof Bin Tengku Ahmad Shahruddin	Managing Director
Joe Ling Siew Loung @ Lin Shou Long	Deputy Managing Director
Chen King Yu (Appointed on 22 February 2022)	Non-Independent Non-Executive 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 69 to 71 of this Annual Report.

The Group's SORMIC which has been reviewed by the external auditors, is set out on pages 72 to 75 of this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

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

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

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

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
Hasmawati Binti Sapawi (Appointed 14 April 2021)	Independent Non-Executive Director
Chen King Yu (Appointed on 22 February 2022)	Non-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.

The JRNC comprises a majority of independent directors of 75% and 25% Non-Independent directors.

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 https://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 2021 were as follows:

- Reviewed the profile of Board candidates, and if deemed to possess the requisite competence and caliber will be recommended for appointment as Directors of the Company;
- Reviewed the Directors retiring by rotation at the AGM;
- Assessed the performance of the Board and its members;
- 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 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

4. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Corporate Social Responsibility 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.

The members of the Corporate Social Responsibility Committee are as follows:

Member	Designation
Tengku Dato' Yusof Bin Tengku Ahmad Shahruddin (Chairman)	Managing Director
Gordon Kab @ Gudan Bin Kab	Independent Non-Executive Director

The activities of Corporate Social Responsibility are included in the Sustainability Report on pages 49 to 50 of the Annual Report.

5. ANTI-BRIBERY & CORRUPTION COMPLIANCE COMMITTEE

The Anti-Bribery & Corruption Compliance Committee was formed on 22 February 2022.

The members of the Anti-Bribery & Corruption Compliance Committee are as follows:

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

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

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 Shahruddin and the Head of Corporate Affairs, Mr Zaim Husni Omar who will attend to the needs of the investment community, shareholders, fund managers and analysts.

The Group maintains a website at https://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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

1. COMMUNICATION WITH STAKEHOLDERS (CONT'D)

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 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 renewal of Shareholders' mandate for recurrent related party transactions of a revenue or trading nature,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.

Due to Covid-19 pandemic, the 15th AGM held on 22 June 2021 was convened fully virtual in line with Securities Commission Guidance Note on the Conduct of General Meetings for listed issuers issued on 24 May 2021.

All the resolutions put forward at the 15th AGM were voted by poll in accordance with paragraph 8.29A of the MMLR via real-time Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn. Bhd. through its TIIH Online website at https://tiih.online.

Tricor Investor & Issuing House Services Sdn. Bhd. was appointed as the Poll Administrator and Scrutineer Solutions Sdn. Bhd. as Independent Scrutineer to oversee the polling processes at the 15th AGM. All ordinary resolutions were passed by a majority of votes by members present either in person or by proxy.

At the 15th AGM of the Company, the Board shared with the shareholders the Board's responses to questions submitted in advance by the Minority Shareholders Watch Group. The external auditors, Messrs KPMG PLT were invited to attend the 15th AGM pursuant to Section 285 Companies Act 2016, so as to respond to any question which might be raised in respect of the audit of the financial statements.

Answers to the queries raised by shareholders prior to the AGM were shared with shareholders during the meeting and at the same time, the Managing Directors addressed the live questions posed by shareholders through the query box.

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 12 April 2022.

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 2021, 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 12 April 2022.

ADDITIONAL COMPLIANCE INFORMATION AS AT 31 DECEMBER 2021

1. Utilisation of Proceeds from Corporate Proposal

On 15 March 2021, the Private Placement has been completed following the listing and quotation for 96,480,900 placement shares, representing approximately 10% of the total number of issued shares of Dayang, on the Main Market of Bursa Securities. The gross proceeds of RM132,342,850.53 were raised from placing out 96,480,900 shares at placement price of RM1.3717 share.

The status of utilisation of proceeds from the placement proceeds as at 31 December 2021 were as follows: -

Details	Amount raised from Private Placement (RM'000)	Actual Utilisation (RM'000)
Early redemption of part of the Sukuk Murabahah and coupon payments	75,537	75,537
Working Capital	54,000	3,000
Estimated expenses for the placement share issue	2,806	2,806
	132,343	81,343

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 2021 were as follows:

	Group (RM'000)	Company (RM'000)
Audit fees	500	92
Non-Audit fees:		
Tax fee	189	30
Other advisory fee	25	15
Total	214	45

3. Material Contracts

There were no material contracts entered into by the Company and/or its subsidiaries during the financial year ended 31 December 2021 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 32 to the financial statements on pages 158.

AUDIT COMMITTEE REPORT

The members of the Audit Committee are as follows:

Koh Ek Chong	Chairman (Independent Non-Executive Director)
Gordon Kab @ Gudan Bin Kab	Member (Independent Non-Executive Director)
Ali Bin Adai	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 2021 ("FY21")

A total of eight (8) meetings were held during FY2021 with three (3) private meetings 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 the Internal Auditor 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	8 / 8
Gordon Kab @ Gudan Bin Kab	8 / 8
Ali Bin Adai	8 / 8

The minutes of each Audit Committee meetings were recorded and tabled to the Audit Committee for adoption at the following quarterly AC 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 2021:

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 Financial Reporting Standards and other legal requirements.

- Reviewed the Group's unaudited quarterly financial results 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 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

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

The following activities were performed by the Audit Committee during the financial year 2021 (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.

- Discussed and considered the significant accounting adjustments arising from the final audit with the external auditors.

- Assessed the independence and suitability of the external auditors.

- 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 2021 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 were 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.

AUDIT COMMITTEE REPORT

INTERNAL AUDIT FUNCTION (CONT'D)

During the year under review, the audit activities were carried out included inter alia, the following:-

Evaluation of the system of internal controls and key operating processes based on the approval annual plan.

a. Evaluation of the efficiency of processes, functions and current practices and provided suitable recommendation to the Audit Committee.

b. Compliance with statutory requirements, laws, Group policies and guidelines.

c. Evaluation of the risk management framework and recommend improvements on the adequacy and effectiveness of management's risk processes.

d. Recommendation of appropriate controls to overcome deficiencies and enhance operations.

e. Follow-up auditors on the status of implementation of the agreed corrective actions.

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

For the financial year 2021, an amount of RM78,056 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 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 the 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 principle 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

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

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:-

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.

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 Organization Structure

The Group has a well-defined organizational 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 businesses 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.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

INTERNAL CONTROLS SYSTEM (CONT'D)

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

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 regularly updated to reflect changing risks or resolve operational deficiencies. Regular reviews are 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.

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

Quality Management System which complies with ISO 9001:2015 Quality Management Systems Requirements is implemented in one of the Companies in the Group. Quality Assurance and Quality Control (QAQC) Department is tasked to audit the operating units to ensure compliance to the ISO standards.

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

The Corporate HSSE Department is responsible for setting the overall direction on HSSE implementation within the Group. It also monitors performance to ensure HSSE risks are managed to as low as reasonably practicable.

Yearly HSSE meeting was organized by the HSSE Department attended by key personnel represented from each operation units to communicate the FY21 HSSE plan. For the year 2021, there was no enormous campaign and activity done due to Covid-19 pandemic. Furthermore, with strict Standard Operating Procedures being implemented especially on social distancing, it has restricted the movement of DESB Management to travel offshore locations and yards. With that, HSSE Department introduced the Safety Reconnect Session, whereby the engagement session with the crew onsite (offshore, onshore & yards) was done via virtual and it is led by DESB Top Management. During this session, DESB Management cascaded relevant HSSE knowledge and project progress update. On site personnel also able to highlight their HSSE issues and Management will duly support to settle it for them from time to time.

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

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

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

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 submit 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 the FY21, 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 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 2021, 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.

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 12 April 2022.

FINANCIAL STATEMENTS

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the year ended 31 December 2021.

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 6 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
Loss for the year attributable to:		
Owners of the Company	316,585	376,408
Non-controlling interests	119,095	-
	435,680	376,408

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year under review, except as disclosed in the financial statements.

DIVIDEND

Since the end of previous financial year, the Company declared an interim single-tier exempt dividend of RM0.015 per ordinary share totalling RM17,366,576 in respect of the year ended 31 December 2021 on 11 November 2021 and was paid on 10 December 2021.

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

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 Shahruddin*
Datuk Ling Suk Kiong*
Joe Ling Siew Loung @ Lin Shou Long*
Gordon Kab @ Gudan bin Kab*
Jeanita Anak Gamang*
Koh Ek Chong
Datuk Hasmi bin Hasnan*
Chin Hsiun

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

DIRECTORS OF THE COMPANY (CONT'D)

Directors who served during the financial year until the date of this report are (cont'd):

Hasmawati binti Sapawi
Chen King Yu

* 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
Datuk Mohd Jafni bin Mohd Alias (Demised on 9 June 2021)
Alias bin Mat Lazin
Chin Chee Kong
Choi Meng Yee
Jamalludin bin Obeng (Appointed on 1 October 2021)
Ruziah binti Mohd Amin (Appointed on 18 June 2021)
Datuk Selva Kumar A/L Mookiah (Appointed on 18 June 2021)
Tuan Haji Zakaria bin Kasah (Appointed on 18 June 2021)
Dato' Gerald Hans Issac (Resigned on 23 March 2021)
Sitinur binti Mokhtar (Resigned on 23 March 2021)
Emily Hii San San (alternate Director to Datuk Hasmi bin Hasnan) (Vacated on 24 March 2022)

DIRECTORS' INTEREST 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 1.1.2021	**Bought**	**Sold**	**At 31.12.2021**
Interests in the Company				
Ali bin Adai - own	1,000	-	-	1,000
Tengku Dato' Yusof bin Tengku Ahmad Shahruddin - own	62,630,160	-	(25,000,000)	37,630,160
Datuk Ling Suk Kiong - own	81,579,763	-	-	81,579,763
- others	44,550	-	-	44,550
Joe Ling Siew Loung @ Lin Shou Long - own	45,810,207	-	-	45,810,207
Gordon Kab @ Gudan bin Kab - own	8,250	-	-	8,250
Datuk Hasmi bin Hasnan - own	1,057,030	-	-	1,057,030
Deemed interests in the Company				
Datuk Ling Suk Kiong	61,218,187	-	(42,000,000)	19,218,187
Joe Ling Siew Loung @ Lin Shou Long - own	61,218,187	-	(42,000,000)	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	2,000,000	-	2,000,097
Gordon Kab @ Gudan bin Kab - own	45,367	-	-	45,367
Datuk Hasmi bin Hasnan - own	290,202	-	-	290,202

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

DIRECTORS' INTEREST IN SHARES (CONT'D)

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 (cont'd):

	Number of ordinary shares			
	At 1.1.2021	**Bought**	**Sold**	**At 31.12.2021**
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

By virtue of their interest and deemed interest in the shares of the Company, Datuk Ling Suk Kiong and Datuk Hasmi bin Hasnan are 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 year, no Director of the Company has received nor become entitled to receive any benefit (other than those fees and other benefits included in the aggregate amount of remuneration received or due and receivable by Directors as shown in the financial statements of the Company and of its subsidiaries) 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 32 to the financial statements).

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.

ISSUE OF SHARES AND DEBENTURES

On 15 March 2021, the Company has issued 96,480,900 new ordinary shares at an issue price of RM1.3717 per share.

Saved as disclosed, there were no other changes in the issued and paid up capitals 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 whilst the total amount of insurance effected for Directors of a subsidiary is amounted to RM35,000,000 (sum insured) and RM70,464 (premium paid) respectively.

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

INDEMNITY AND INSURANCE COSTS (CONT'D)

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.

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 impairment loss on property, plant and equipment, and impairment loss on goodwill of RM120,422,247 and RM229,344,676 respectively for the Group and impairment loss on investment in a subsidiary of RM341,362,585 for the Company, the financial performance of the Group and of the Company for the financial year ended 31 December 2021 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.

SIGNIFICANT EVENTS DURING THE YEAR

The details of the significant events that subsisted during the year are disclosed in Note 33 to the financial statements.

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

AUDITORS

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

The auditors' remuneration is disclosed in Note 22 to the financial statements.

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

……………………………………………………………………

Tengku Dato' Yusof Bin Tengku Ahmad Shahruddin
Director

……………………………………………………………………

Datuk Ling Suk Kiong
Director

Miri,

Date: 12 April 2022

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

		Group		Company	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Assets					
Property, plant and equipment	3	1,072,073	1,266,273	4	8
Right-of-use assets	4	36,618	40,740	-	-
Intangible asset	5	-	-	-	-
Investment in subsidiaries	6	-	-	990,601	1,331,964
Deposits	7	10,879	12,000	-	-
Goodwill	8	424,282	653,627	-	-
Deferred tax assets	9	8,153	7,080	-	-
Total non-current assets		1,552,005	1,979,720	990,605	1,331,972
Inventories	10	8,189	6,586	-	-
Contract assets	11	174,825	197,116	-	-
Trade and other receivables	12	118,685	96,648	13,047	13,200
Other investments	13	37,404	28,606	-	-
Deposits and prepayments	14	8,299	9,219	241	239
Current tax assets		5,287	3,391	-	-
Cash and cash equivalents	15	418,596	424,217	70,171	99,866
Total current assets		771,285	765,783	83,459	113,305
Total assets		2,323,290	2,745,503	1,074,064	1,445,277
Equity					
Share capital	16	891,288	761,751	891,288	761,751
Retained earnings/ (Accumulated losses)	16	357,380	691,927	(754,786)	(361,011)
Other reserves	16	63,290	38,289	-	-
Total equity attributable to owners of the Company		1,311,958	1,491,967	136,502	400,740
Non-controlling interests	6	182,757	287,023	-	-
Total equity		1,494,715	1,778,990	136,502	400,740
Liabilities					
Loans and borrowings	17	396,531	526,056	347,590	496,991
Lease liabilities	18	4,631	8,031	-	-
Deferred tax liabilities	9	76,322	75,612	-	-
Total non-current liabilities		477,484	609,699	347,590	496,991
Loans and borrowings	17	129,476	180,251	81,900	81,900
Lease liabilities	18	3,405	3,662	-	-
Trade and other payables	19	217,451	164,455	507,893	465,558
Current tax liabilities		759	8,446	179	88
Total current liabilities		351,091	356,814	589,972	547,546
Total liabilities		828,575	966,513	937,562	1,044,537
Total equity and liabilities		2,323,290	2,745,503	1,074,064	1,445,277

The notes on pages 90 to 159 are an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

		Group		Company	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Revenue	20	667,736	731,443	21,808	4,200
Cost of services		(586,388)	(499,269)	-	-
Gross profit		81,348	232,174	21,808	4,200
Other income	21	7,642	6,124	-	-
Administrative expenses		(106,423)	(108,336)	(4,033)	(4,113)
Other expenses	21	(353,601)	(10,634)	(341,363)	(186,854)
Loss on impairment of financial instruments		(11,799)	(257)	-	-
Results from operating activities	22	(382,833)	119,071	(323,588)	(186,767)
Finance income	23	8,127	11,031	2,340	4,456
Finance costs	23	(34,988)	(41,632)	(54,290)	(56,928)
Net finance costs		(26,861)	(30,601)	(51,950)	(52,472)
(Loss)/Profit before tax		(409,694)	88,470	(375,538)	(239,239)
Tax expense	24	(25,986)	(55,908)	(870)	(495)
(Loss)/Profit for the year		(435,680)	32,562	(376,408)	(239,734)
Other comprehensive income/(expense) net of tax					
Items that are or may be reclassified subsequently to profit or loss					
Foreign currency translation		39,235	(18,703)	-	-
Other comprehensive income/(expense) for the year		39,235	(18,703)	-	-
Total comprehensive (expense)/income for the year		(396,445)	13,859	(376,408)	(239,734)
(Loss)/Profit for the year attributable to:					
Owners of the Company		(316,585)	56,412	(376,408)	(239,734)
Non-controlling interests	6	(119,095)	(23,850)	-	-
(Loss)/Profit for the year		(435,680)	32,562	(376,408)	(239,734)
Total comprehensive (expense)/income for the year attributable to:					
Owners of the Company		(291,584)	44,485	(376,408)	(239,734)
Non-controlling interests		(104,861)	(30,626)	-	-
Total comprehensive (expense)/income for the year		(396,445)	13,859	(376,408)	(239,734)
Diluted/Basic (loss)/earnings per share (sen)	26	(27.81)	5.32		

The notes on pages 90 to 159 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

	Attributable to owners of the Company					
	Non-distributable		*Distributable*			
Group	**Share capital RM'000**	**Other reserves RM'000**	**Retained earnings RM'000**	**Subtotal RM'000**	**Non-controlling interests RM'000**	**Total equity RM'000**
At 1 January 2020	761,751	50,483	622,300	1,434,534	330,597	1,765,131
Profit for the year	-	-	56,412	56,412	(23,850)	32,562
Foreign currency translation differences for foreign operations	-	(11,927)	-	(11,927)	(6,776)	(18,703)
Total comprehensive income for the year	-	(11,927)	56,412	44,485	(30,626)	13,859
Dilution of non-controlling interest in a subsidiary	-	-	12,812	12,812	(12,812)	-
Changes in ownership interests in a subsidiary	-	(267)	403	136	(136)	-
At 31 December 2020	761,751	38,289	691,927	1,491,967	287,023	1,778,990
	(Note 16)	(Note 16)				
At 1 January 2021	761,751	38,289	691,927	1,491,967	287,023	1,778,990
Loss for the year	-	-	(316,585)	(316,585)	(119,095)	(435,680)
Foreign currency translation differences for foreign operations	-	25,001	-	25,001	14,234	39,235
Total comprehensive expense for the year	-	25,001	(316,585)	(291,584)	(104,861)	(396,445)
Issuance of ordinary shares under private placement	132,343	-	-	132,343	-	132,343
Share issue expense	(2,806)	-	-	(2,806)	-	(2,806)
Dilution of non-controlling interest in a subsidiary	-	-	(595)	(595)	595	-
Dividends to owners of the Company	-	-	(17,367)	(17,367)	-	(17,367)
At 31 December 2021	891,288	63,290	357,380	1,311,958	182,757	1,494,715
	(Note 16)	(Note 16)				

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

Company	Share capital RM'000	*Non-distributable* Accumulated losses RM'000	Total equity RM'000
At 1 January 2020	761,751	(121,277)	640,474
Loss/Total comprehensive expense for the year	-	(239,734)	(239,734)
At 31 December 2020/1 January 2021	761,751	(361,011)	400,740
Loss/Total comprehensive expense for the year	-	(376,408)	(376,408)
Issuance of ordinary shares under private placements	132,343	-	132,343
Share issue expense	(2,806)	-	(2,806)
Dividends to owners of the Company (Note 27)	-	(17,367)	(17,367)
At 31 December 2021	891,288	(754,786)	136,502
	(Note 16)		

The notes on pages 90 to 159 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2021

		Group		Company	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash flows from operating activities					
(Loss)/Profit before tax		(409,694)	88,470	(375,538)	(239,239)
Adjustments for:					
Depreciation of right-of-use assets	4	4,133	3,964	-	-
Depreciation of property, plant and equipment	3	151,071	103,706	4	3
Impairment loss on investment in a subsidiary	22	-	-	341,363	186,854
Impairment loss on property, plant and equipment	3	120,422	7,259	-	-
Impairment loss on financial assets		11,799	257	-	-
Impairment loss on goodwill	8	229,345	-	-	-
Inventories written off	22	133	-	-	-
Dividend income	20	-	-	(17,608)	-
Loss/(Gain) on disposal of property, plant and equipment	22	2,253	(6)	-	-
Finance costs	23	34,988	41,632	54,290	56,928
Finance income	23	(8,127)	(11,031)	(2,340)	(4,456)
Property, plant and equipment written off		47	173	-	-
Unrealised foreign exchange loss/(gain)	22	3,544	(3,845)	-	-
Operating profit before changes in working capital		139,914	230,579	171	90
Changes in working capital:					
Inventories		(1,736)	825	-	-
Contract assets		22,291	29,085	-	-
Trade and other payables		59,292	(78,030)	(22,269)	(24,718)
Trade and other receivables, deposits and prepayments		(30,689)	232,139	151	143
Repayment from a subsidiary		-	-	-	148,989
Cash generated from/(used in) operations		189,072	414,598	(21,947)	124,504
Income tax paid		(35,933)	(81,385)	(780)	(625)
Interest paid		(464)	(738)	-	-
Interest received		8,127	11,031	2,340	4,456
Net cash from/(used in) operating activities		160,802	343,506	(20,387)	128,335
Cash flows from investing activities					
Acquisition of property, plant and equipment	(iii)	(40,635)	(52,698)	-	(6)
Acquisition of right-of-use assets	4	(11)	-	-	-
Proceeds from disposal of property, plant and equipment		224	6	-	-
Dividend received		-	-	17,608	-
Net movement of deposits with original maturity exceeding three months		(8,798)	(28,606)	-	-
Net cash (used in)/from investing activities		(49,220)	(81,298)	17,608	(6)

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Cash flows from financing activities					
Dividends paid to owners of the Company		(17,367)	-	(17,367)	-
Repayment of term loans		(43,413)	(29,452)	-	-
Repayment of revolving credit		-	(1,748)	-	-
Repayment of term loan - Islamic		(2,357)	(1,964)	-	-
Repayment of hire purchase liability		(5)	-	-	-
Payment of lease liabilities		(3,657)	(3,110)	-	-
Advances from a subsidiary		-	-	46,098	63,939
Proceeds from issuance of shares, net of expenses		129,537	-	129,537	-
Repayment of sukuk		(156,900)	(81,900)	(156,900)	(81,900)
Term loans interest paid		(12,010)	(4,100)	-	-
Coupon payments arising from Sukuk		(25,630)	(37,568)	(25,630)	(37,568)
Guarantee fee payment arising from Sukuk		(2,654)	(3,292)	(2,654)	(3,292)
Net movement in pledged deposits		76,353	(81,066)	80,265	(69,001)
Net cash (used in)/from financing activities		(58,103)	(244,200)	53,349	(127,822)
Net increase in cash and cash equivalents		53,479	18,008	50,570	507
Effect of exchange rate movements		4,310	(4,307)	-	-
Cash and cash equivalents at 1 January		281,861	268,160	4,109	3,602
Cash and cash equivalents at 31 December	(i)	339,650	281,861	54,679	4,109

Notes:

(i) Cash and cash equivalents

Cash and cash equivalents included in the statements of cash flows comprise the following amounts in the statements of financial position:

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Fixed deposits placed with original maturities not exceeding three months (excluding deposits pledged)	15	276,654	212,587	51,526	-
Cash on hand and at banks	15	88,474	81,809	3,153	4,109
Less: Overdrafts	17	(25,478)	(12,535)	-	-
Cash and cash equivalents		339,650	281,861	54,679	4,109

STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2021

Notes (cont'd):

(ii) Cash outflows from leases as a lessee

	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Included in net cash from operating activities:				
Payment relating to short-term leases	78,095	74,561	-	-
Payment relating to leases of low-value assets	121	121	-	-
Interest paid in relation to lease liabilities	464	738	-	-
Included in net cash from financing activities:				
Payment of lease liabilities	3,657	3,110	-	-
	82,337	78,530	-	-

(iii) Acquisition of property, plant and equipment

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM40,635,000 (2020: RM52,698,000) of which RM316,000 (2020: Nil) was acquired by means of hire purchase.

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

Notes (cont'd):

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

	At 1.1.2020 RM'000	Acquisition of new leases RM'000	Net changes from financing cash flows RM'000	Foreign exchange movement RM'000	Other changes RM'000	At 31.12.2020/ 1.1.2021 RM'000	Acquisition via hire purchase liability RM'000	Net changes from financing cash flows RM'000	Foreign exchange movement RM'000	Other changes RM'000	At 31.12.2021 RM'000
Group											
Sukuk	659,916	-	(81,900)	-	875	578,891	-	(156,900)	-	7,499	429,490
Secured term loans	132,948	-	(29,452)	(2,069)	-	101,427	-	(43,413)	2,739	-	60,753
Hire purchase liabilities	-	-	-	-	-	-	316	(5)	-	-	311
Revolving credits	1,748	-	(1,748)	-	-	-	-	-	-	-	-
Term loan - Islamic	15,418	-	(1,964)	-	-	13,454	-	(2,357)	-	(1,122)	9,975
Lease liabilities	-	14,803	(3,110)	-	-	11,693	-	(3,657)	-	-	8,036
Total liabilities from financing activities	810,030	14,803	(118,174)	(2,069)	875	705,465	316	(206,332)	2,739	6,377	508,565

	At 1.1.2020 RM'000	Net changes from financing cash flows RM'000	Other changes RM'000	At 31.12.2020/ 1.1.2021 RM'000	Net changes from financing cash flows RM'000	Other changes RM'000	At 31.12.2021 RM'000
Company							
Amount due to a subsidiary (Note 19)	388,675	63,939	-	452,614	46,098	-	498,712
Sukuk	659,916	(81,900)	875	578,891	(156,900)	7,499	429,490
	1,048,591	(17,961)	875	1,031,505	(110,802)	7,499	928,202

The notes on pages 90 to 159 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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 as well as the principal place of business of the Company 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 2021 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "group entities").

The Company is principally engaged in investment holding while the principal activities of the subsidiaries are as stated in Note 6 to the financial statements.

These financial statements were authorised for issue by the Board of Directors on 12 April 2022.

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"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The following are the accounting standards, amendments and interpretations of the MRFSs 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, *Leases – Covid-19-Related Rent Concessions beyond 30 June 2021*	1 April 2021
Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018-2020)*	1 January 2022
Amendments to MFRS 3, *Business Combinations – Reference to the Conceptual Framework*	1 January 2022
Amendments to MFRS 9, *Financial Instruments (Annual Improvements to MFRS Standards 2018–2020)*	1 January 2022
Amendments to Illustrative Examples accompanying MFRS 16, *Leases (Annual Improvements to MFRS Standards 2018–2020)*	1 January 2022
Amendments to MFRS 116, *Property, Plant and Equipment – Proceeds before Intended Use*	1 January 2022
Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract*	1 January 2022
Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018–2020)*	1 January 2022
MFRS 17, *Insurance Contracts*	1 January 2023
Amendments to MFRS 17, *Insurance Contracts – Initial application of MFRS 17 and MFRS 9 – Comparative Information*	1 January 2023
Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Disclosures of Accounting Policies*	1 January 2023
Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*	1 January 2023
Amendments to MFRS 112, *Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*	1 January 2023
Amendments to MFRS 10, *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*	Yet to be determined

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1. Basis of preparation (cont'd)

(a) Statement of compliance (cont'd)

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

- from the annual period beginning on 1 January 2022 for those amendments that are effective for annual periods beginning on or after 1 April 2021 and 1 January 2022, except for Amendments to MFRS 1 and Amendments to MFRS 141, which are assessed as presently not applicable to the Group.

- from the annual period beginning on 1 January 2023 for the accounting standard and amendments that are effective for annual periods beginning on or after 1 January 2023, except for MFRS 17 and Amendments to MFRS 17 which are assessed as presently not applicable to the Group.

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, other than as disclosed in Note 2.

(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 3.3 - change in estimated useful lives and residual values of property, plant and equipment;
- Note 6 - impairment testing of investment in subsidiaries;
- Note 8 - impairment testing of goodwill; and
- Note 9 - recognition of deferred tax assets.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by Group entities, unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has right, to variable returns from its involvement with entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive.

The Group also considers it has ***de facto*** power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investments includes transaction costs.

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(iii) Acquisitions of non-controlling interests

The Group accounts all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Significant accounting policies (cont'd)

(a) Basis of consolidation (cont'd)

(iv) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as a financial asset depending on the level of influence retained.

(v) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(vi) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments or a financial instrument designated as a hedge of currency risk, which are recognised in other comprehensive income.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the foreign currency translation reserve ("FCTR") in equity.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Significant accounting policies (cont'd)

(b) Foreign currency (cont'd)

(ii) Operations denominated in functional currencies other than Ringgit Malaysia

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period, except for goodwill and fair value adjustments arising from business combinations before 1 January 2011 (the date when the Group first adopted MFRS) which are treated as assets and liabilities of the Company. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve ("FCTR") in equity. However, if the operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

(c) Financial instruments

(i) Recognition and initial measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

An embedded derivative is recognised separately from the host contract where the host contract is not a financial asset, and accounted for separately if, and only if, the derivative is not closely related to the economic characteristics and risks of the host contract and the host contract is not measured at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

(ii) Financial instrument categories and subsequent measurement

Financial assets

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group or the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Significant accounting policies (cont'd)

(c) Financial instruments (cont'd)

(ii) Financial instrument categories and subsequent measurement (cont'd)

Financial assets (cont'd)

Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets [see Note 2(k)(i)] where the effective interest rate is applied to the amortised cost.

Financial assets are subject to impairment assessment [see Note 2(k)(i)].

Financial liabilities

Financial liabilities of the Group and the Company are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

(iii) Regular way purchase or sale of financial assets

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date or settlement date accounting in the current year.

Trade date accounting refers to:

(a) the recognition of an asset to be received and the liability to pay for it on the trade date, and

(b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

Settlement date accounting refers to:

(a) the recognition of an asset on the day it is received by the Group or the Company, and

(b) derecognition of an asset and recognition of any gain or loss on disposal on the day that is delivered by the Group or the Company.

Any change in the fair value of the asset to be received during the period between the trade date and the settlement date is accounted in the same way as it accounts for the acquired asset.

Generally, the Group or the Company apply settlement date accounting unless otherwise stated for the specific class of asset.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Significant accounting policies (cont'd)

(c) Financial instruments (cont'd)

(iv) Financial guarantee contracts

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

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

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

Liabilities arising from financial guarantees are presented together with other provisions.

(v) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(vi) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group or the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

(d) Property, plant and equipment

(i) Recognition and measurement

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

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the assets to working condition for their intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs [see Note 2(n)]. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Significant accounting policies (cont'd)

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

(i) Recognition and measurement (cont'd)

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

The gains and losses on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" or "administrative expenses" respectively in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Dry docking expenditures are capitalised.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

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	15 - 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

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period, and adjusted as appropriate.

The depreciation policy for dry docking expenditures included in the marine vessels are stated in Note 2(p).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Significant accounting policies (cont'd)

(e) Leases

(i) Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

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.

(ii) Recognition and initial measurement

(a) As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the respective Group entities' incremental borrowing rate. Generally, the Group entities use their incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group is reasonably certain to exercise; and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Significant accounting policies (cont'd)

(e) Leases (cont'd)

(ii) Recognition and initial measurement (cont'd)

(a) As a lessee (cont'd)

The Group excludes variable lease payments that linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

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.

(b) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

If an arrangement contains lease and non-lease components, the Group applies MFRS 15 to allocate the consideration in the contract based on the stand-alone selling prices.

The Group recognises assets held under a finance lease in its statement of financial position and presents them as a receivable at an amount equal to the net investment in the lease. The Group uses the interest rate implicit in the lease to measure the net investment in the lease.

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.

(iii) Subsequent measurement

(a) As a lessee

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Significant accounting policies (cont'd)

(e) Leases (cont'd)

(iii) Subsequent measurement (cont'd)

(b) As a lessor

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of "revenue".

The Group recognises finance income over the lease term, based on a pattern reflecting a constant periodic rate of return on the Group's net investment in the lease. The Group aims to allocate finance income over the lease term on a systematic and rational basis. The Group applies the lease payments relating to the period against the gross investment in the lease to reduce both the principal and the unearned finance income. The net investment in the lease is subject to impairment requirements in MFRS 9, *Financial Instruments* [see Note 2(k)(i)].

(f) Intangible assets

(i) Goodwill

Goodwill arises on business combinations is measured at cost less any accumulated impairment losses.

(ii) Other intangible assets

Intangible assets, other than goodwill, that are acquired by the Group, which have finite useful lives, are measured at cost less any accumulated amortisation and any accumulated impairment losses.

(iii) Amortisation

Goodwill with indefinite useful lives are not amortised but are tested for impairment annually and whenever there is an indication that they may be impaired.

Other intangible assets are amortised from the date that they are available for use. Amortisation is based on the cost of an asset less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets.

(g) Contract asset/Contract liability

A contract asset is recognised when the Group's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment in accordance to MFRS 9, Financial Instruments [see Note 2(k)(i)].

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

(h) Contract cost

(i) Incremental cost of obtaining a contract

The Group recognises incremental costs of obtaining contracts when the Group expects to recover these costs.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Significant accounting policies (cont'd)

(h) Contract cost (cont'd)

(ii) Costs to fulfil a contract

The Group recognises a contract cost that relate directly to a contract or to an anticipated contract as an asset when the cost generates or enhances resources of the Group, will be used in satisfying performance obligations in the future and it is expected to be recovered.

These contract costs are initially measured at cost and amortised on a systematic basis that is consistent with the pattern of revenue recognition to which the asset relates. An impairment loss is recognised in the profit and loss when the carrying amount of the contract cost exceeds the expected revenue less expected cost that will be incurred. Where the impairment condition no longer exists or has improved, the impairment loss is reversed to the extent that the carrying amount of the contract cost does not exceed the amount that would have been recognised had there been no impairment loss recognised previously.

(i) Inventories

Inventories are measured at the lower of cost and net realisable value.

Cost of inventories is measured based on the first in first out basis, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(j) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group or the Company in the management of their short-term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(k) Impairment

(i) Financial assets

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost, debt investments measured at fair value through other comprehensive income, contract assets and lease receivables. Expected credit losses are a probability-weighted estimate of credit losses.

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balance and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables, contract assets and lease receivables are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information, where available.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Significant accounting policies (cont'd)

(k) Impairment (cont'd)

(i) Financial assets (cont'd)

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

The Group and the Company estimate the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost and debt securities at fair value through other comprehensive income are credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or fully) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's or the Company's procedures for recovery amounts due.

(ii) Other assets

The carrying amounts of other assets (except for inventories, contract assets and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value-in-use and its fair value less costs of disposal. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Significant accounting policies (cont'd)

(k) Impairment (cont'd)

(ii) Other assets (cont'd)

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

(l) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) State plans

Contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(m) Revenue and other income

(i) Revenue from contracts with customers

Revenue from sales of goods and services in the ordinary course of business is recognised when the Group satisfies a performance obligation ("PO") by transferring control of a promised good or service to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO.

The transaction price is allocated to each PO in the contract on the basis of the relative stand-alone selling prices of the promised goods or services. The individual standalone selling price of a good or service that has not previously been sold on a stand-alone basis, or has a highly variable selling price, is determined based on the residual portion of the services with observable stand-alone selling prices. A discount or variable consideration is allocated to one or more, but not all, of the performance obligations if it relates specifically to those performance obligations.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Significant accounting policies (cont'd)

(m) Revenue and other income (cont'd)

(i) Revenue from contracts with customers (cont'd)

The transaction price is the amount of consideration in the contract to which the Group expects to be entitled in exchange for transferring the promised goods or services. The transaction price may be fixed or variable and is adjusted for time value of money if the contract includes a significant financing component. Consideration payable to a customer is deducted from the transaction price if the Group does not receive a separate identifiable benefit from the customer. When consideration is variable, the estimated amount is included in the transaction price to the extent that it is highly probable that a significant reversal of the cumulative revenue will not occur when the uncertainty associated with the variable consideration is resolved.

The Group transfers control of a service at a point in time unless one of the following over time criteria is met:

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

Topside maintenance services

Topside maintenance services involve regular maintenance and upgrading works on substructures on the main deck, helideck, electrical and instrumentations on existing and new platforms, as well as fabrication operations and hook-up commissioning services. Topside maintenance services are recognised in profit or loss on varying terms depending on the contracts, such as lump sum, unit rate, fee and reimbursable.

Catering services

Income from catering services is recognised in profit or loss when the services are performed and transferred to a customer.

Management services income

Management fees are charged monthly by the Company to its subsidiaries based on services rendered and recognised in profit or loss when charged.

(ii) Other income

The following are descriptions of principal activities from which the Group or the Company generate their other revenue:

(a) Vessel charter income

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.

(b) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Significant accounting policies (cont'd)

(m) Revenue and other income (cont'd)

(ii) Other income (cont'd)

The following are descriptions of principal activities from which the Group or the Company generate their other revenue (cont'd):

(c) Interest income

Interest income is recognised in profit or loss as it accrues using the effective interest method, except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

(n) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(o) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Significant accounting policies (cont'd)

(o) Income tax (cont'd)

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against the unutilised tax incentive can be utilised.

(p) Repairs and maintenance

Repairs and maintenance costs are recognised in the statement of profit or loss in the period they are incurred. Dry docking expenditures are capitalised and depreciated over a period of 5 years.

(q) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(r) Earnings per ordinary share

The Group presents basic and diluted earnings per share data for its ordinary shares ("EPS").

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

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held for the effects of all dilutive potential ordinary shares.

(s) Operating segments

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

(t) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Issue expenses

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Significant accounting policies (cont'd)

(t) Equity instruments (cont'd)

(ii) Ordinary shares

Ordinary shares are classified as equity.

(iii) Repurchase, disposal and reissue of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares in the statement of changes in equity.

Where treasury shares are distributed as share dividends, the cost of the treasury shares is applied in the reduction of the share premium account or distributable reserves, or both.

Where treasury shares are sold or reissued subsequently, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity, and the resulting surplus or deficit on the transaction is presented in share premium.

(iv) Distributions of assets to owners of the Company

The Group measures a liability to distribute assets as a dividend to the owners of the Company at the cost value of the assets to be distributed.

(u) Fair value measurements

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

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

Level 3: unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

3. Property, plant and equipment

Group	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
Cost						
At 1 January 2020	40,919	1,831,575	18,164	114,690	16,037	2,021,385
Additions	-	22,375	4,408	20,284	488	47,555
Disposals	-	-	-	-	-	-
Write-offs	-	-	(489)	(25,036)	(317)	(25,842)
Reclassification	-	-	-	14	(122)	(108)
Transfer	-	-	-	-	140	140
Effect of movements in exchange rate	-	(30,628)	-	-	-	(30,628)
At 31 December 2020/1 January 2021	40,919	1,823,322	22,083	109,952	16,226	2,012,502
Additions	116	16,498	2,627	7,971	164	27,376
Disposals	-	(3,846)	-	(401)	-	(4,247)
Write-offs	-	-	-	(873)	(1)	(874)
Effect of movements in exchange rate	-	62,759	-	-	-	62,759
At 31 December 2021	41,035	1,898,733	24,710	116,649	16,389	2,097,516

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

Group (cont'd)	Subtotal RM'000	Office equipment RM'000	Motor vehicles RM'000	Cabin field and workshop equipment RM'000	Others RM'000	Building under construction RM'000	Total RM'000
Cost (cont'd)							
At 1 January 2020	2,021,385	6,386	10,601	15	1,538	144	2,040,069
Additions	47,555	970	266	-	-	3,907	52,698
Disposals	-	-	(93)	-	-	-	(93)
Write-offs	(25,842)	(2,935)	(10)	(15)	(1,408)	-	(30,210)
Reclassification	(108)	108	-	-	-	-	-
Transfer	140	-	-	-	-	(140)	-
Effect of movements in exchange rate	(30,628)	-	-	-	-	-	(30,628)
At 31 December 2020/1 January 2021	2,012,502	4,529	10,764	-	130	3,911	2,031,836
Additions	27,376	360	537	-	938	11,740	40,951
Disposals	(4,247)	-	(623)	-	-	-	(4,870)
Write-offs	(874)	-	-	-	-	-	(874)
Effect of movements in exchange rate	62,759	-	-	-	-	-	62,759
At 31 December 2021	2,097,516	4,889	10,678	-	1,068	15,651	2,129,802

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
Accumulated depreciation and impairment loss						
At 1 January 2020						
Accumulated depreciation	10,242	541,307	9,424	101,220	10,523	672,716
Accumulated impairment loss	-	9,299	-	-	-	9,299
	10,242	550,606	9,424	101,220	10,523	682,015
Depreciation for the year (Note 22)	2,046	90,917	1,889	6,723	860	102,435
Impairment loss charge for the year (Note 22)	-	7,259	-	-	-	7,259
Disposals	-	-	-	-	-	-
Write-offs	-	-	(318)	(25,036)	(313)	(25,667)
Reclassification	-	-	-	72	(135)	(63)
Effect of movements in exchange rate	-	(13,559)	-	-	-	(13,559)
At 31 December 2020						
Accumulated depreciation	12,288	618,665	10,995	82,979	10,935	735,862
Accumulated impairment loss	-	16,558	-	-	-	16,558
	12,288	635,223	10,995	82,979	10,935	752,420

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

Group (cont'd)	Subtotal RM'000	Office equipment RM'000	Motor vehicles RM'000	Cabin field and workshop equipment RM'000	Others RM'000	Building under construction RM'000	Total RM'000
Accumulated depreciation and impairment loss (cont'd)							
At 1 January 2020							
Accumulated depreciation	672,716	5,543	9,489	15	1,225	-	688,988
Accumulated impairment loss	9,299	-	-	-	-	-	9,299
	682,015	5,543	9,489	15	1,225	-	698,287
Depreciation for the year (Note 22)	102,435	632	372	-	267	-	103,706
Impairment loss charge for the year (Note 22)	7,259	-	-	-	-	-	7,259
Disposals	-	-	(93)	-	-	-	(93)
Write-offs	(25,667)	(2,937)	(10)	(15)	(1,408)	-	(30,037)
Reclassification	(63)	63	-	-	-	-	-
Effect of movements in exchange rate	(13,559)	-	-	-	-	-	(13,559)
At 31 December 2020							
Accumulated depreciation	735,862	3,301	9,758	-	84	-	749,005
Accumulated impairment loss	16,558	-	-	-	-	-	16,558
	752,420	3,301	9,758	-	84	-	765,563

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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
Accumulated depreciation and impairment loss (cont'd)						
At 1 January 2021						
Accumulated depreciation	12,288	618,665	10,995	82,979	10,935	735,862
Accumulated impairment loss	-	16,558	-	-	-	16,558
	12,288	635,223	10,995	82,979	10,935	752,420
Depreciation for the year (Note 22)	2,051	136,137	2,363	8,455	765	149,771
Impairment loss charge for the year (Note 22)	-	120,422	-	-	-	120,422
Disposals	-	(1,369)	-	(401)	-	(1,770)
Write-offs	-	-	-	(827)	-	(827)
Effect of movements in exchange rate	-	23,893	-	-	-	23,893
At 31 December 2021						
Accumulated depreciation	14,339	777,326	13,358	90,206	11,700	906,929
Accumulated impairment loss	-	136,980	-	-	-	136,980
	14,339	914,306	13,358	90,206	11,700	1,043,909

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

Group (cont'd)	Subtotal RM'000	Office equipment RM'000	Motor vehicles RM'000	Cabin field and workshop equipment RM'000	Others RM'000	Building under construction RM'000	Total RM'000
Accumulated depreciation and impairment loss (cont'd)							
At 1 January 2021							
Accumulated depreciation	735,862	3,301	9,758	-	84	-	749,005
Accumulated impairment loss	16,558	-	-	-	-	-	16,558
	752,420	3,301	9,758	-	84	-	765,563
Depreciation for the year (Note 22)	149,771	763	265	-	272	-	151,071
Impairment loss charge for the year (Note 22)	120,422	-	-	-	-	-	120,422
Disposals	(1,770)	-	(623)	-	-	-	(2,393)
Write-offs	(827)	-	-	-	-	-	(827)
Effect of movements in exchange rate	23,893	-	-	-	-	-	23,893
At 31 December 2021							
Accumulated depreciation	906,929	4,064	9,400	-	356	-	920,749
Accumulated impairment loss	136,980	-	-	-	-	-	136,980
	1,043,909	4,064	9,400	-	356	-	1,057,729

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
Net carrying amount						
At 31 December 2020	28,631	1,188,099	11,088	26,973	5,291	1,260,082
At 31 December 2021	26,696	984,427	11,352	26,443	4,689	1,053,607

Group (cont'd)	Subtotal RM'000	Office equipment RM'000	Motor vehicles RM'000	Cabin field and workshop equipment RM'000	Others RM'000	Building under construction RM'000	Total RM'000
Net carrying amount							
At 31 December 2020	1,260,082	1,228	1,006	-	46	3,911	1,266,273
At 31 December 2021	1,053,607	825	1,278	-	712	15,651	1,072,073

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

Company	Note	Furniture and fittings RM'000
Cost		
At 1 January 2020		24
Additions		6
At 31 December 2020/1 January 2021 and 31 December 2021		30
Accumulated depreciation		
At 1 January 2020		19
Depreciation for the year	22	3
At 31 December 2020/1 January 2021		22
Depreciation for the year	22	4
At 31 December 2021		26
Net carrying amount		
At 31 December 2020		8
At 31 December 2021		4

3.1 Securities

Twenty-four (2020: Twenty-four) marine vessels with a total carrying amount of RM883 million (2020: RM1,173 million) are pledged to licensed banks or financial institutions for certain banking facilities granted to the Group [see Notes 17.3(c)(ii), 17.3(c)(iii) and 17.4].

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

The crude oil prices remained depressed throughout 2021, resulting in volatility in charter hire rates and the expiring and/or expired charter contracts are identified as indications that the carrying amount of marine vessels, onboard equipment and dry docking expenditures may be impaired.

The Group has applied a combination of the value-in-use ("VIU") approach and the fair value less cost of disposal ("FVLCOD") 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:

i) Average marine vessels utilisation rate ranging from 63% to 69% (2020: 68% to 79%);
ii) Average daily charter rate ranging from RM5,950 to RM78,000 (2020: RM5,950 to RM82,500);
iii) Daily operating costs ranging from RM800 to RM16,500 (2020: RM800 to RM16,500);
iv) Average growth rate of 5% in every 5 years (2020: average growth rate of 2% and subsequently a growth rate of 5% in every 5 years);

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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)

v) Salvage value based on market value of scrap steel plates at USD565 (2020: USD550) per tonne multiplied by the lightweight of the vessels; and
vi) Pre-tax discount rate of 10% (2020: 10%).

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 vessels was performed by an independent valuer not connected with the Group, who have appropriate qualifications and recent experience in the fair value measurement of the vessels in the relevant industry.

The following table shows the valuation technique used in the determination of fair values classified within Level 3, as well as the significant unobservable inputs used in the valuation model.

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 transaction of similar vessels of similar age and specifications. In valuing the vessels, the independent valuer had taken into consideration the prevailing market conditions and have made adjustments for differences such as age, size and specification where necessary before arriving at the most appropriate fair value for the vessels.	(i) Valuation based on comparison to market value of the type of vessel fitted with the same fittings/equipment of similar nature or as closed in similarity of which recently transacted around the region. (ii) Useful lives and residual values (see Note 3.3).	(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).

Following the assessment, the Group has recognised a net impairment loss of RM120.4 million (2020: impairment loss of RM7.3 million) (see Note 22) on eleven (2020: three) vessels in the profit or loss, as the estimated recoverable amounts of these vessels are lower (2020: lower) than their carrying amounts.

Impairment loss sensitivity analysis

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

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

Impairment loss sensitivity analysis (cont'd)

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 RM5.1 million (2020: RM15.5 million).
- A 5% (2020: 5% to 30%) decrease in average utilisation rate used would have increased in the impairment loss by RM15.1 million (2020: RM33.3 million).

3.3 Change in estimates

During the financial year ended 31 December 2021, the Group conducted a review on some of its vessels and has changed the estimated useful lives of these vessels from the initial 25 years to 15 years on the assumption that the Board of Directors expect to dispose these vessels at the end of year 15. In addition, the Group has also estimated the residual values of all the vessels using the fair value derived from the independent appraisers. As a result of the change in estimates, the expected useful lives of these vessels have decreased and their estimated residual values has increased. The effect of these changes on depreciation expense, recognised in cost of services, in current and future periods is as follows:

	2021 RM'000	2022 RM'000	2023 RM'000	2024 RM'000	2025 RM'000	Future RM'000
(Decrease)/ Increase in depreciation expense	41,256	39,637	6,192	(16,436)	(35,527)	(357,943)

3.4 Marine vessels subject to operating lease

The Group leases marine vessels to third parties. Some of these leases also include extension option clauses which are subject to negotiation with the lessee 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 lessee, depending on the Group's assessment on the credit worthiness of the respective lessee, regardless of the lease period. These leases do not include residual value guarantees.

The following is recognised in profit or loss:

	2021 RM'000	2020 RM'000
Group		
Vessel charter income	102,991	149,822

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

3.4 Marine vessels subject to operating lease

The operating lease payments to be received are as follows:

	2021 RM'000	2020 RM'000
Group		
Less than one year	16,070	12,282
Total undiscounted lease payments	16,070	12,282

4. Right-of-use assets - Group

	Land RM'000	Buildings RM'000	Total RM'000
Cost			
At 1 January 2020	32,804	-	32,804
Additions	-	14,802	14,802
At 31 December 2020/1 January 2021	32,804	14,802	47,606
Additions	11	-	11
At 31 December 2021	32,815	14,802	47,617
Accumulated depreciation			
At 1 January 2020	2,902	-	2,902
Depreciation for the year (Note 22)	445	3,519	3,964
At 31 December 2020/ 1 January 2021	3,347	3,519	6,866
Depreciation for the year (Note 22)	445	3,688	4,133
At 31 December 2021	3,792	7,207	10,999
Net carrying amount			
At 31 December 2020	29,457	11,283	40,740
At 31 December 2021	29,023	7,595	36,618

The Group leases a number of buildings for a period between 3 years to 6 years, some with 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

4. Right-of-use assets - Group (cont'd)

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.

5. Intangible asset - Group

	Charter contracts RM'000
Cost	
At 1 January 2020, 31 December 2020/1 January 2021 and 31 December 2021	50,105
Accumulated amortisation	
At 1 January 2020, 31 December 2020/1 January 2021 and 31 December 2021	50,105
Net carrying amount	
At 31 December 2020/1 January 2021 and 31 December 2021	-

5.1 The intangible asset arose from the existing charter contracts between Perdana Petroleum Berhad and its customers, which expired in 2018.

5.2 Amortisation

The amortisation of charter contracts is recognised in profit or loss throughout the existing charter contracts period as mentioned in Note 5.1.

6. Investment in subsidiaries - Company

	Note	2021 RM'000	2020 RM'000
At 1 January		1,518,818	1,518,818
Less: Allowance for impairment loss	6.1	(528,217)	(186,854)
At 31 December		990,601	1,331,964

6.1 Accumulated impairment loss

In the current financial year, the Company recognised impairment loss of RM341.4 million (2020: RM186.9 million) as other expense in profit or loss for a subsidiary based on the estimated recoverable amount of RM372 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

Details of the subsidiaries are as follows:

Name of company	Principal activities	Place of incorporation	Effective ownership interest and voting interest 2021 %	2020 %
Direct subsidiaries				
Dayang Enterprise Sdn. Bhd. ("DESB")	Provision of offshore topside maintenance services, minor fabrication works and offshore hook-up and commissioning services	Malaysia	100	100
DESB Marine Services Sdn. Bhd. ("DMSSB")	Chartering of marine vessels and catering of food and beverage	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	63.72	63.77
Subsidiaries of PPB				
Intra Oil Services Berhad	Provision of marine support services for the oil and gas industry	Malaysia	63.72	63.77
Ampangship Marine Sdn. Bhd.	Provision of marine support services for the oil and gas industry	Malaysia	63.72	63.77
Perdana Nautika Sdn. Bhd.	Provision of marine support services for the oil and gas industry	Malaysia	63.72	63.77
Perdana Neptune Limited	Provision of leasing business activities in Labuan	Federal Territory of Labuan, Malaysia	63.72	63.77
Perdana Pluto Limited	Provision of leasing business activities in Labuan	Federal Territory of Labuan, Malaysia	63.72	63.77
Perdana Saturn Limited	Provision of leasing business activities in Labuan	Federal Territory of Labuan, Malaysia	63.72	63.77
Perdana Earth Limited	Provision of leasing business activities in Labuan	Federal Territory of Labuan, Malaysia	63.72	63.77
Perdana Mars Limited	Provision of leasing business activities in Labuan	Federal Territory of Labuan, Malaysia	63.72	63.77
Perdana Jupiter Limited	Inactive	Federal Territory of Labuan, Malaysia	63.72	63.77
Petra Offshore Limited	Inactive	Federal Territory of Labuan, Malaysia	63.72	63.77
Perdana Marine Offshore Pte. Ltd.*	Inactive	The Republic of Singapore	63.72	63.77
Perdana Uranus Limited	Inactive	Federal Territory of Labuan, Malaysia	63.72	63.77

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

Details of the subsidiaries are as follows:

Name of company	Principal activities	Place of incorporation	Effective ownership interest and voting interest 2021 %	2020 %
Subsidiary of Perdana Jupiter Limited				
Mount Santubong Limited	Making strategic investments in shipping and shipping-related assets and businesses	Federal Territory of Labuan, Malaysia	63.72	63.77

* *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:

2021	**Perdana Petroleum Berhad RM'000**
NCI percentage of ownership interest and voting interest	36.28%
Carrying amount of NCI	182,757
Loss allocated to NCI	119,095

Summarised financial information before intra-group elimination

2021	**Perdana Petroleum Berhad RM'000**
As at 31 December	
Non-current assets	738,415
Current assets	84,747
Non-current liabilities	(206,898)
Current liabilities	(90,031)
Net assets	526,233
Year ended 31 December	
Revenue	153,468
Loss for the year	(328,267)
Total comprehensive expense	(289,032)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

Summarised financial information before intra-group elimination (cont'd)

	Perdana Petroleum Berhad RM'000
2021 (cont'd)	
Cash flows from operating activities	44,256
Cash flows used in investing activities	(3,984)
Cash flows used in financing activities	(67,659)
Net decrease in cash and cash equivalents	(27,387)
2020	
NCI percentage of ownership interest and voting interest	36.23%
Carrying amount of NCI	287,023
Loss allocated to NCI	23,850

Summarised financial information before intra-group elimination

	Perdana Petroleum Berhad RM'000
2020	
As at 31 December	
Non-current assets	1,043,632
Current assets	111,961
Non-current liabilities	(169,562)
Current liabilities	(170,766)
Net assets	815,265
Year ended 31 December	
Revenue	208,348
Loss for the year	(65,834)
Total comprehensive expense	(84,538)
Cash flows from operating activities	81,533
Cash flows used in investing activities	(15,809)
Cash flows used in financing activities	(52,741)
Net increase in cash and cash equivalents	12,983

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

7. Deposits

		Group	
	Note	2021 RM'000	2020 RM'000
Security deposit	7.1	10,879	12,000

7.1 Security deposit is a deposit held by a creditor over the tenure of an Islamic term loan (see Note 17.1).

8. Goodwill

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

	Group RM'000
Marine Offshore Support Services	
At 1 January 2020/31 December 2020 and 1 January 2021	653,627
Less: Allowance for impairment loss	(229,345)
At 31 December 2021	424,282

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 ("FVLCOD") approach, whichever is higher, and comparing this to the carrying amount of the CGU. Where the value-in-use 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 value-in-use. 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 value-in-use method was as follows:

	Group	
	2021 RM'000	2020 RM'000
Recoverable amount	1,307,656	2,035,658

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

8. Goodwill (cont'd)

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 2 years to 18 years. The value-in-use calculation is based on the following key assumptions:

i) Average marine vessels utilisation rate ranging from 63% to 69% (2020: 68% to 79%);
ii) Average daily charter rate ranging from RM5,950 to RM78,000 (2020: RM5,950 to RM82,500);
iii) Daily operating costs ranging from RM800 to RM16,500 (2020: RM800 to RM16,500);
iv) Average growth rate of 5% in every 5 years (2020: average growth rate of 2% and subsequently a growth rate of 5% in every 5 years);
v) Salvage value based on market value of scrap steel plates at USD565 (2020: USD550) per tonne multiplied by the lightweight of the vessels; and
vi) Pre-tax discount rate of 10% (2020: 10%).

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% (2020: 0.5%) in the discount rate used would have increased in the impairment loss by RM61 million (2020: RM75.4 million).
- A 5% (2020: 2% to 24%) decrease in average utilisation rate used would have increased in the impairment loss by RM95.9 million (2020: RM99 million).

9. Deferred taxation

Recognised deferred tax assets/(liabilities)

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

	Assets		Liabilities		Net	
Group	**2021 RM'000**	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Property, plant and equipment	-	-	(76,907)	(75,866)	(76,907)	(75,866)
Capital allowances carried forward	586	46	-	-	586	46
Tax losses carried forward	5,451	8,490	-	-	5,451	8,490
Other provision	2,701	(1,202)	-	-	2,701	(1,202)
Deferred tax assets/(liabilities)	8,738	7,334	(76,907)	(75,866)	(68,169)	(68,532)
Set-off of tax	(585)	(254)	585	254	-	-
Net deferred tax assets /(liabilities)	8,153	7,080	(76,322)	(75,612)	(68,169)	(68,532)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

9. Deferred taxation (cont'd)

Recognised deferred tax assets/(liabilities) (cont'd)

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

Group	At 1.1.2020 RM'000	Recognised in profit or loss RM'000	At 31.12.2020/ 1.1.2021 RM'000	Recognised in profit or loss RM'000	At 31.12.2021 RM'000
Property, plant and equipment	(75,982)	116	(75,866)	(1,041)	(76,907)
Capital allowances carried forward	7,629	(7,583)	46	540	586
Tax losses carried forward	10,356	(1,866)	8,490	(5,533)	5,451
Other provision	35	(1,237)	(1,202)	6,397	2,701
	(57,962)	(10,570)	(68,532)	363	(68,169)
		(Note 24)		(Note 24)	

Recognised deferred tax assets

The Group recognises deferred tax assets resulting from temporary differences and unutilised tax losses of a subsidiary, which exceed the deferred tax liabilities only to the extent that, on the subsidiary's business planning, the realisation of these assets is assessed as probable.

In the current financial year, the Group recognised deferred tax assets of RM8.2 million (2020: RM7.1 million) cumulatively. The management has applied the following key assumptions in arriving at the projected taxable profits:

i) Revenue based on average utilisation rate ranging from 61% to 66% (2020: 55% to 78%);
ii) Average daily charter rate from RM28,000 to RM60,000 (2020: RM28,000 to RM64,000);
iii) Vessel operating costs for 2022 were budgeted based on operating expenditure and increase by 3% in every subsequent year;
iv) Charter hire costs from other subsidiaries of the Group were budgeted based on actual costs incurred with an average increase of 8% in 2022 and remain constant in the subsequent year; and
v) Administrative expenses for 2022 were budgeted based on 2021's actual costs incurred in the current year and remain constant in the subsequent year.

The estimation of future taxable profits requires management to make judgments, estimates and assumptions about future events that are inherently uncertain. Accordingly, the deferred tax assets recognised are subject to estimation uncertainty and may be adjusted in subsequent periods as a result of changes in the accounting estimates.

Unrecognised deferred tax assets

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

	Group	
	2021 RM'000	2020 RM'000
Unabsorbed capital allowances	502	454
Unutilised tax losses	13,762	13,075
	14,264	13,529

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

9. Deferred taxation (cont'd)

Deferred tax assets of the Group of RM3.4 million (2020: RM3.2 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 except that in the case of a dormant company, such allowances and losses will not be available to the Company if there is a change of 50% or more in the shareholdings thereof.

Pursuant to the current tax legislations, unutilised tax losses from a year of assessment ("YA") can be carried forward up to 10 consecutive years of assessment. Unutilised tax losses of RM9.0 million, RM4.1 million and RM0.7 million will expire in YA2028, YA2029 and YA2030 respectively.

10. Inventories – Group

Inventories represent fuel, various oils and lubricants and spare parts. None of the inventories are carried at net realised value.

	2021 RM'000	2020 RM'000
Materials and consumables - at cost	8,189	6,586
Recognised in profit or loss:		
Inventories recognised as part of cost of services	20,400	18,748
Inventories written off	133	-

11. Contract assets - Group

	2021 RM'000	2020 RM'000
Contract assets	174,825	197,116

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

11.1 Impairment assessment on contract assets

Credit risks on contract assets arose from topside maintenance projects 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, 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

11. Contract assets - Group (cont'd)

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

	2021 RM'000	2020 RM'000
Contract assets at beginning of the period transferred to trade receivables	177,310	213,586

12. Trade and other receivables

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Trade					
Trade receivables		120,691	89,924	-	-
Less: Allowance for impairment losses	12.1	(12,083)	(284)	-	-
		108,608	89,640	-	-
Non-trade					
Amount due from subsidiaries	12.2	-	-	13,024	12,984
Other receivables		11,520	8,451	23	216
Less: Allowance for impairment losses	12.1	(1,443)	(1,443)	-	-
		10,077	7,008	23	216
		10,077	7,008	13,047	13,200
Total		118,685	96,648	13,047	13,200

12.1 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.

12.2 Amount due from subsidiaries is unsecured, interest free and repayable on demand.

13. Other investments - Group

	2021 RM'000	2020 RM'000
Fixed deposits with original maturities exceeding three months	37,404	28,606

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

14. Deposits and prepayments

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Deposits	2,965	5,015	204	204
Prepayments	5,334	4,204	37	35
	8,299	9,219	241	239

Included in the Group's deposits in the previous financial year was placement of fund of USD293,000 in a Sinking Fund Account, which was established with a financial institution and was held as a security for a loan. During the current financial year, the Group has withdrawn the deposits upon settlement of the loan.

15. Cash and cash equivalents

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Fixed deposits with original maturities not exceeding three months	276,654	212,587	51,526	-
Cash on hand and at banks	88,474	81,809	3,153	4,109
	365,128	294,396	54,679	4,109
Deposits pledged with licensed banks (Note 15.1)	53,468	129,821	15,492	95,757
Total cash and cash equivalents	418,596	424,217	70,171	99,866

15.1 Deposits pledged as security:

a. Deposits of RM4.3 million (2020: RM80.5 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 17.3).

b. Deposits of RM11.2 million (2020: RM15.2 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 17.3).

c. Deposits of RM38.0 million (2020: RM34.1 million) of the Group is pledged as security for the banking facilities of a subsidiary.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

16. Capital and reserves

16.1 Share capital

	Group and Company			
	2021		2020	
	Amount RM'000	Number of shares	Amount RM'000	Number of shares
Ordinary shares				
Issued and fully paid shares with no par value classified as equity instruments:				
Opening balances	761,751	1,061,290,818	761,751	1,061,290,818
Issuance of shares under private placement, net share issue expense [Note (ii)]	129,537	96,480,900	-	-
	129,537	96,480,900	-	-
Closing balances	891,288	1,157,771,718	761,751	1,061,290,818
	[Note (ii)]			

Notes

(i) 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.

(ii) On 15 March 2021, the Company issued 96,480,900 new ordinary shares via private placement at an issue price of RM1.3717 per share.

16.2 Reserves

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Non-distributable:-				
Other reserves (Note 16.3)	63,290	38,289	-	-
Distributable/(Non-distibutable):-				
Retained earnings/(Accumulated losses)	357,380	691,927	(754,786)	(361,011)
	420,670	730,216	(754,786)	(361,011)

16.3 Other reserves

Other reserves comprise of translation reserve and other capital reserve. The foreign currency translation reserve arose from the translation of the financial statements of foreign subsidiaries whose presentation currency differs from the presentation currency of the Group's financial statements, of which is RM, whilst 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

17. Loans and borrowings

		Group		Company	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Non-current					
Term loan – Islamic (secured)	17.1	7,618	11,097	-	-
Term loan - Commodity Murabahah Financing – I (secured)	17.2	7,917	14,638	-	-
Sukuk (secured)	17.3	347,590	496,991	347,590	496,991
Term loans (secured)	17.4	33,153	3,330	-	-
Hire purchase liability		253	-	-	-
		396,531	526,056	347,590	496,991
Current					
Term loan – Islamic (secured)	17.1	2,357	2,357	-	-
Term loan - Commodity Murabahah Financing – I (secured)	17.2	7,312	4,818	-	-
Sukuk (secured)	17.3	81,900	81,900	81,900	81,900
Term loans (secured)	17.4	12,371	78,641	-	-
Overdrafts (secured)		25,478	12,535	-	-
Hire purchase liability		58	-	-	-
		129,476	180,251	81,900	81,900
Total		526,007	706,307	429,490	578,891

17.1 Term loan - Islamic

In August 2019, the Group fully settled an existing term loan via refinancing with this Islamic term loan, amounting to RM16.5 million, which is repayable over a tenure of seven (7) years. The Islamic term loan is secured by a RM10.9 million (2020: RM12.0 million) security deposit (see Note 7) that is exchangeable in the form of a bank guarantee at any time during the tenure of the facility.

17.2 Term loan - Commodity Murabahah Financing - I

On 8 October 2014, a subsidiary accepted a term loan facility denominated in United States Dollar (USD) with a nominal value of USD20,000,000 (equivalent to RM70,030,000).

17.3 Sukuk Murabahah

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

17. Loans and borrowings (cont'd)

17.3 Sukuk Murabahah (cont'd)

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:

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

17. Loans and borrowings (cont'd)

17.3 Sukuk Murabahah (cont'd)

c) Securities

Tranche 1 Sukuk Murabahah is 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 eighteen (18) 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 eighteen (18) 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 eleven (11) vessels;
(vii) the assignment over all contract proceeds of the vessel owners of the eighteen (18) 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 eighteen (18) vessels;
(ix) the corporate guarantees from two (2) subsidiaries of the Company; and
(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 15).

Tranche 2 Sukuk Murabahah is 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.

17.4 Secured term loans

The term loans are secured by:

(i) fixed charge over certain vessels of the Group (see Note 3.1);
(ii) assignment and charges over insurance proceeds and revenue of certain vessels of the Group; and
(iii) security deposits placed in Retention Accounts.

During the current financial year, the Group has fully settled two of the term loans.

17.5 Significant covenants on loans and borrowings

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

(i) book equity not less than USD100 million;
(ii) debt to equity ratio of not greater than 1.2 times;
(iii) debt service coverage ratio of at least 1.25 times;
(iv) tangible net worth equal to or more than RM500 million;
(v) unencumbered cash not less than USD7 million or the equivalent in any other currency; and
(vi) total interest-bearing debts at no more than 2.5 times its book equity.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

17. Loans and borrowings (cont'd)

17.5 Significant covenants on loans and borrowings (cont'd)

In the previous financial year, a subsidiary of the Group did not meet certain covenant of a term loan with a total carrying amount of RM49.2 million. As a result, the non-current portion of the term loan of RM40.6 million was reclassified to current liability as at 31 December 2020.

18. Lease liabilities - Group

	2021 RM'000	2020 RM'000
Current	3,405	3,662
Non-current	4,631	8,031
Lease liabilities	8,036	11,693

	Future minimum lease payment RM	Interest RM	Present value of minimum lease RM
2021			
Non-current			
Between one and five years	4,987	356	4,631
Current			
Less than one year	3,693	288	3,405
	8,680	644	8,036
2020			
Non-current			
Between one and five years	8,675	644	8,031
Current			
Less than one year	4,126	464	3,662
	12,801	1,108	11,693

19. Trade and other payables

		Group		Company	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Trade					
Trade payables		145,775	97,132	-	-
Trade accruals		50,148	35,153	-	-
		195,923	132,285	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

19. Trade and other payables (cont'd)

		Group		Company	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Non-trade					
Other payables		6,852	12,671	17	225
Accrued expenses		14,676	19,499	9,164	12,719
Amount due to a subsidiary	19.1	-	-	498,712	452,614
		21,528	32,170	507,893	465,558
Total		217,451	164,455	507,893	465,558

19.1 Amount due to a subsidiary is unsecured, subject to interest at 5.60% (2020: 5.60%) per annum and repayable on demand.

20. Revenue

	Note	2021 RM'000	2020 RM'000
Group			
Revenue from contracts with customers	20.1	564,745	581,621
Other revenue - vessel charter income		102,991	149,822
		667,736	731,443
Company			
Revenue from contracts with customers	20.1	4,200	4,200
Other revenue - dividend income from a subsidiary		17,608	-
		21,808	4,200

20.1 Disaggregation of revenue from contracts with customers

	2021 RM'000	2020 RM'000
Group		
Type of contracts		
Topside maintenance services		
- Lump sum	316,333	332,548
- Unit rate	192,183	204,832
- Reimbursable	53,740	38,634
Catering services	2,489	5,607
	564,745	581,621

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

20. Revenue (cont'd)

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

	2021 RM'000	2020 RM'000
Geographical market		
Malaysia	564,745	581,621
Timing and recognition		
At a point in time	56,229	44,241
Over time	508,516	537,380
	564,745	581,621
Company		
Major service line		
Management services	4,200	4,200
Geographical market		
Malaysia	4,200	4,200
Timing and recognition		
Over time	4,200	4,200

20.2 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 are delivered and accepted by the customers at their premises.	Credit periods of 30 days from invoice date.
Catering services	Revenue is recognised at a point in time when the services are performed and accepted by the customers.	Credit period of 30 days from invoice date.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

20. Revenue (cont'd)

20.2 Nature of services (cont'd)

The following information reflects the typical transactions as follows (cont'd):

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's performance as the Company performs.	Credit periods of 30 days from invoice date.

The following table shows revenue from 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 more than one year.

	2021 RM'000	2020 RM'000
Topside maintenance services	350,773	129,245

The Group applies exemption on disclosure of information on remaining performance obligations that have original expected durations of one year or less.

21. Other income/(expenses)

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Other income				
Gain on foreign exchange	101	3,845	-	-
OGovernment subsidy	1,717	-	-	-
Insurance claim received	2,321	-	-	-
Others	3,503	2,279	-	-
	7,642	6,124	-	-
Other expenses				
Loss on foreign exchange	3,544	1,594	-	-
Impairment loss on property, plant and equipment (Note 3.2)	120,422	7,259	-	-
Impairment loss on goodwill (Note 8)	229,345	-	-	-
Tax penalty	58	1,256	-	-
Impairment loss on investment in a subsidiary (Note 6)	-	-	341,363	186,854
Others	232	525	-	-
	353,601	10,634	341,363	186,854

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

22. Results from operating activities

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Results from operating activities is arrived at after charging/(crediting):					
Auditors' remuneration:					
- Audit fees					
- KPMG PLT		495	495	92	92
- Others		5	5	-	-
- Non-audit fees					
- KPMG PLT		25	25	15	15
- Affiliates of KPMG PLT		189	348	30	11
Material expenses/(income)					
Depreciation of property, plant and equipment	3	151,071	103,706	4	3
Depreciation of right-of-use assets	4	4,133	3,964	-	-
Impairment loss on property, plant and equipment	3	120,422	7,259	-	-
Impairment loss on investment in a subsidiary	6	-	-	341,363	186,854
Impairment loss on goodwill	8	229,345	-	-	-
Impairment loss on financial assets		11,799	257	-	-
Inventories written off	10	133	-	-	-
Net gain on foreign exchange					
- Realised		(96)	1,594	-	-
Personnel expenses (including key management personnel):					
- Contributions to the Employees Provident Fund		12,009	11,978	127	100
- Wages, salaries and others		193,926	192,156	1,065	857
Property, plant and equipment written off		47	173	-	-
Loss/(Gain) on disposal of property, plant and equipment		2,253	(6)	-	-
Net loss/(gain) on foreign exchange - Unrealised		3,544	(3,845)	-	-
Expenses arising from leases:					
Expenses relating to short-term leases		78,095	74,561	-	-
Expenses relating to low-value assets		121	121	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

23. Finance (costs)/income

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Recognised in profit or loss				
Interest expense of financial liabilities:				
- Loans	(2,269)	(4,240)	-	-
- Amount due to a subsidiary	-	-	(22,035)	(20,274)
- Lease liabilities	(464)	(738)	-	-
Profit payments of Sukuk	(32,255)	(36,654)	(32,255)	(36,654)
	(34,988)	(41,632)	(54,290)	(56,928)
Interest income of financial assets:				
- Short term deposits	7,956	10,911	2,340	4,456
- Current accounts	171	120	-	-
	8,127	11,031	2,340	4,456
Net finance costs recognised in profit or loss	(26,861)	(30,601)	(51,950)	(52,472)

24. Tax expense

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Income tax expense				
Malaysian - current year	26,795	44,065	881	649
- prior year	(446)	1,273	(11)	(154)
	26,349	45,338	870	495
Deferred tax expense (Note 9)				
- Reversal and origination of temporary differences	(556)	6,546	-	-
- Under provision in prior year	193	4,024	-	-
	(363)	10,570	-	-
Tax expense	25,986	55,908	870	495
Reconciliation of tax expense				
(Loss)/Profit for the year	(435,680)	32,562	(376,408)	(239,734)
Tax expense	25,986	55,908	870	495
(Loss)/Profit excluding tax	(409,694)	88,470	(375,538)	(239,239)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

24. Tax expense (cont'd)

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Reconciliation of tax expense (cont'd)				
Income tax calculated using Malaysian tax rate of 24% (2020: 24%)	(98,327)	21,228	(90,129)	(57,417)
Tax effect under Labuan Business Activity Act 1990	(28,391)	1,973	-	-
Movement in unrecognised deferred tax assets	176	(2,169)	-	-
Non-deductible expenses	153,135	31,071	95,236	58,066
Non-taxable income	(354)	(1,492)	(4,226)	-
	26,239	50,611	881	649
(Over)/Under provision in prior year	(253)	5,297	(11)	(154)
Tax expense	25,986	55,908	870	495

25. Compensations to key management personnel

Compensations to key management personnel are as follows:

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Directors:				
- Fees	2,110	2,290	1,706	1,729
- Remuneration	9,497	11,567	29	286
	11,607	13,857	1,735	2,015
Other key management personnel:				
- Short term employee benefits	1,392	2,650	521	191
	12,999	16,507	2,256	2,206

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

26. Diluted/Basic (loss)/earnings per ordinary share - Group

Diluted/Basic (loss)/earnings per ordinary share

The calculation of diluted/basic (loss)/earnings per ordinary share at 31 December 2021 was based on the (loss)/profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, calculated as follows:

	Group	
	2021 RM'000	**2020 RM'000**
(Loss)/Profit attributable to ordinary shareholders	(316,585)	56,412
Weighted average number of ordinary shares		
Weighted average number of ordinary shares at 31 December ('000)	1,138,211	1,061,291
Diluted/Basic (loss)/earnings per share (sen)	(27.81)	5.32

27. Dividend

Dividends recognised by the Company was:

	Sen per share	**Total amount RM'000**	**Date of payment**
2021			
Interim 2021 ordinary	1.5	17,367	10 December 2021

28. 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 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

28. Operating segments (cont'd)

Other non-reportable segments comprise investment holding and equipment hire. None of these segments met the quantitative thresholds for reporting segments in 2021 and 2020.

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.

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.

	Topside Maintenance Services		Marine Offshore Support Services		Total	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Segment profit/(loss)	78,972	144,108	(216,469)	(11,958)	(137,497)	132,150
Included in the measure of segment profit/ (loss) are:						
Revenue from external customers	562,256	576,014	105,480	155,429	667,736	731,443
Inter-segment revenue	-	-	126,216	137,370	126,216	137,370
Depreciation and amortisation	(8,130)	(8,256)	(137,017)	(91,677)	(145,147)	(99,933)
Finance costs	(362)	(644)	(6,916)	(13,120)	(7,278)	(13,764)
Finance income	31,050	34,144	1,020	1,015	32,070	35,159
Impairment loss on property, plant and equipment	-	-	120,422	7,259	120,422	7,259
Unrealised foreign exchange (loss)/gain	-	-	(3,544)	3,845	(3,544)	3,845
Segment assets	1,329,667	1,266,651	1,183,227	1,428,203	2,512,894	2,694,854

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

28. Operating segments (cont'd)

Reconciliation of reportable segment revenues, profit or loss, assets and other material items

	2021 RM'000	2020 RM'000
Total (loss)/profit for reportable segments	(137,497)	132,150
Other non-reportable segments	(272,197)	(43,680)
Consolidated (loss)/profit before tax	(409,694)	88,470

	External revenue RM'000	Depreciation and amortisation RM'000	Finance costs RM'000	Finance income RM'000	Segment assets RM'000
2021					
Total reportable segments	667,736	(145,147)	(7,278)	32,070	2,512,894
Other non-reportable segments	-	(10,057)	(54,310)	2,657	157,094
Goodwill	-	-	-	-	424,282
Elimination of inter-segment transactions or balances	-	-	26,600	(26,600)	(770,980)
Consolidated total	667,736	(155,204)	(34,988)	8,127	2,323,290
2020					
Total reportable segments	731,443	(99,933)	(13,764)	35,159	2,694,854
Other non-reportable segments	-	(7,737)	(56,944)	4,948	178,255
Goodwill	-	-	-	-	653,627
Elimination of inter-segment transactions or balances	-	-	29,076	(29,076)	(781,233)
Consolidated total	731,443	(107,670)	(41,632)	11,031	2,745,503

Major customers

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

	Revenue 2021 RM'000	Revenue 2020 RM'000	Segment
Companies under common control of:			
- Customer A	389,132	411,665	Topside maintenance services and marine offshore support services
- Customer B	66,954	77,379	Topside maintenance services

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

29. Financial instruments

29.1 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
2021			
Financial assets			
Group			
Deposits	7,14	13,844	13,844
Trade and other receivables	12	118,685	118,685
Other investments	13	37,404	37,404
Cash and cash equivalents	15	418,596	418,596
Company			
Trade and other receivables	12	13,047	13,047
Deposits	14	204	204
Cash and cash equivalents	15	70,171	70,171
Financial liabilities			
Group			
Loans and borrowings	17	(526,007)	(526,007)
Lease liabilities	18	(8,036)	(8,036)
Trade and other payables	19	(217,451)	(217,451)
Company			
Loans and borrowings	17	(429,490)	(429,490)
Trade and other payables	19	(507,893)	(507,893)
2020			
Financial assets			
Group			
Deposits	7,14	17,015	17,015
Trade and other receivables	12	96,648	96,648
Other investments	13	28,606	28,606
Cash and cash equivalents	15	424,217	424,217
Company			
Trade and other receivables	12	13,200	13,200
Deposits	14	204	204
Cash and cash equivalents	15	99,866	99,866

29. Financial instruments (cont'd)

29.1 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
2020 (cont'd)			
Financial liabilities			
Group			
Loans and borrowings	17	(706,307)	(706,307)
Lease liabilities	18	(11,693)	(11,693)
Trade and other payables	19	(164,455)	(164,455)
Company			
Loans and borrowings	17	(578,891)	(578,891)
Trade and other payables	19	(465,558)	(465,558)

29.2 Net gains and losses arising from financial instruments

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Net gains/(losses) arising on:				
Financial assets measured at amortised cost	(7,216)	9,754	2,340	4,456
Financial liabilities measured at amortised cost	(34,988)	(38,104)	(54,290)	(56,928)
	(42,204)	(28,350)	(51,950)	(52,472)

29.3 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 prior periods.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

29. Financial instruments (cont'd)

29.3 Financial risk management (cont'd)

(a) Credit risk (cont'd)

Trade receivables

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.

At each reporting date, the Group or the Company assess whether any of the trade receivables 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 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 three (2020: one) counterparties of RM81,481,642 (2020: RM28,967,461).

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.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

29. Financial instruments (cont'd)

29.3 Financial risk management (cont'd)

(a) Credit risk (cont'd)

Trade receivables (cont'd)

Recognition and measurement of impairment losses (cont'd)

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
2021			
Current (Not past due)	93,393	(99)	93,294
1-30 days past due	2,398	(57)	2,341
31-90 days past due	14,837	(2,310)	12,527
91-365 days past due	9,779	(9,333)	446
More than 365 days past due	284	(284)	-
	120,691	(12,083)	108,608
2020			
Current (Not past due)	29,012	-	29,012
1-30 days past due	27,535	-	27,535
31-90 days past due	9,358	-	9,358
91-365 days past due	23,735	-	23,735
More than 365 days past due	284	(284)	-
	89,924	(284)	89,640

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

29. Financial instruments (cont'd)

29.3 Financial risk management (cont'd)

(a) Credit risk (cont'd)

Trade receivables (cont'd)

Recognition and measurement of impairment losses (cont'd)

The movement in the allowance for impairment in respect of trade receivables during the year are as follows.

	Lifetime ECL RM'000	Credit impaired RM'000	Total RM'000
Balance at 1 January 2020	297	-	297
Amount written off	(280)	-	(280)
Net remeasurement of loss allowance	257	-	257
Balance at 31 December 2020/1 January 2021	284	-	284
Net remeasurement of loss allowance	-	11,799	11,799
Balance at 31 December 2021	284	11,799	12,083

Cash and cash equivalents and other investment

The cash and cash equivalents and other investment 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.

Financial guarantees

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 RM45.5 million (2020: RM62.2 million) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

29. Financial instruments (cont'd)

29.3 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, there was no indication that any subsidiary would default on repayment.

Inter-company loans and advances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured advances to subsidiaries and monitors the results of the subsidiaries regularly.

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 one (2020: one) subsidiary of RM13.0 million (2020: RM12.9 million).

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.

The following table provides information about the exposure to credit risk and ECLs for subsidiaries' loans and advances.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

29. Financial instruments (cont'd)

29.3 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)

Company

	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
2021			
Low credit risk	13,024	-	13,024
2020			
Low credit risk	12,984	-	12,984

(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 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 for 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.

29. Financial instruments (cont'd)

29.3 Financial risk management (cont'd)

(b) Liquidity risk (cont'd)

Maturity analysis

	Note	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
Group							
2021							
Term loan – Islamic (secured)		9,975	4.09	11,859	2,714	9,145	-
Term loan – Commodity Murabahah Financing – I (secured)		15,229	1.82 - 1.88	15,563	7,550	8,013	-
Sukuk (secured)		429,490	3.62 - 4.99	493,976	101,523	392,453	-
Term loans (secured)		45,524	1.88 - 3.65	47,575	13,126	34,449	-
Trade and other payables		217,451	-	217,451	217,451	-	-
Lease liabilities		8,036	4.00	8,681	3,693	4,350	638
Overdrafts		25,478	2.25 - 3.00	25,478	25,478	-	-
Finance lease liabilities		311	2.04	343	70	273	-
		751,494		820,926	371,605	448,683	638
2020							
Term loan – Islamic (secured)		13,454	4.09	15,656	2,714	10,857	2,085
Term loan – Commodity Murabahah Financing – I (secured)		19,456	1.89 - 3.45	20,099	5,150	14,949	-
Sukuk (secured)		578,891	3.67 - 6.50	691,868	108,896	582,972	-
Term loans (secured)	29.3(b)(i)	81,971	1.98 - 3.85	86,023	39,405	46,618	-
Trade and other payables		164,455	-	164,455	164,455	-	-
Lease liabilities		11,693	4.00	12,801	4,126	7,764	911
Overdrafts		12,535	2.25 - 3.00	12,842	12,842	-	-
		882,455		1,003,744	337,588	663,160	2,996

29. Financial instruments (cont'd)

29.3 Financial risk management (cont'd)

(b) Liquidity risk (cont'd)

Maturity analysis (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					
2021					
Sukuk	429,490	3.62 - 4.99	493,976	101,523	392,453
Trade and other payables	9,181	-	9,181	9,181	-
Amount due to a subsidiary	498,712	5.60	526,641	526,641	-
Financial guarantee	-	-	45,525	45,525	-
	937,383		1,075,323	682,870	392,453
2020					
Sukuk	578,891	3.67 - 6.50	691,868	108,896	582,972
Trade and other payables	12,944	-	12,944	12,944	-
Amount due to a subsidiary	452,614	5.60	477,960	477,960	-
Financial guarantee	-	-	62,152	62,152	-
	1,044,449		1,244,924	661,952	582,972

29.3 (b)(i) In the previous financial year, included in contractual cash flows of under 1 year was non-current portion of a borrowing which had been reclassified to current liabilities as a result of breach of certain covenant and clause as stipulated in the agreement of a term loan.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

29. Financial instruments (cont'd)

29.3 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 Ringgit Malaysia ("RM").

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:

		Denominated in	
Group	**USD RM'000**	**SGD RM'000**	**RM RM'000**
2021			
Financial assets			
Cash and cash equivalents	181	-	-
Related company balances	53,140	5,709	29,710
	53,321	5,709	29,710
Financial liabilities			
Trade and other payables	(1,629)	(30,696)	(5)
Related company balances	(328,076)	(19,155)	(70,121)
	(329,705)	(49,851)	(70,126)
Net currency exposure	(276,384)	(44,142)	(40,416)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

29. Financial instruments (cont'd)

29.3 Financial risk management (cont'd)

(c) Market risk (cont'd)

(i) Currency risk (cont'd)

Exposure to foreign currency risk (cont'd)

Group	Denominated in USD RM'000	SGD RM'000	RM RM'000
2020			
Financial assets			
Cash and cash equivalents	228	-	-
Related company balances	53,240	5,708	25,798
	53,468	5,708	25,798
Financial liabilities			
Trade and other payables	(238,629)	(4,029)	(3)
Related company balances	(278,231)	(18,698)	(56,447)
	(516,860)	(22,727)	(56,450)
Net currency exposure	(463,392)	(17,019)	(30,652)

Currency risk sensitivity analysis

A 10% (2020: 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 variable, in particular interest rates, remained constant.

Group	Profit or loss 2021 RM'000	2020 RM'000
USD	27,638	46,339
SGD	4,414	1,701
RM	4,042	3,065

A 10% (2020: 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

29. Financial instruments (cont'd)

29.3 Financial risk management (cont'd)

(c) Market risk (cont'd)

(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.

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	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Fixed rate instruments				
Financial assets				
- Other investment	37,404	28,606	-	-
- Deposits placed with licensed banks	330,122	342,408	67,018	95,757
Financial liabilities				
- Term loan - Islamic (secured)	(9,975)	(13,454)	-	-
- Hire purchase liability	(311)	-	-	-
- Lease liabilities	(8,036)	(11,693)	-	-
	349,204	345,867	67,018	95,757
Floating rate instruments				
Financial liabilities				
- Overdrafts (secured)	(25,478)	(12,535)	-	-
- Term loan – Commodity Murabahah Financing – I (secured)	(15,229)	(19,456)	-	-
- Term loans (secured)	(45,524)	(81,971)	-	-
- Sukuk (secured)	(429,490)	(578,891)	(429,490)	(578,891)
	(515,721)	(692,853)	(429,490)	(578,891)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

29. Financial instruments (cont'd)

29.3 Financial risk management (cont'd)

(c) Market risk (cont'd)

(ii) Interest rate risk (cont'd)

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.

	2021 Profit or loss		2020 Profit or loss	
	100bp increase RM'000	100bp decrease RM'000	100bp increase RM'000	100bp decrease RM'000
Group				
Floating rate instruments	(5,157)	5,157	(6,928)	6,928
Company				
Floating rate instruments	(4,295)	4,295	(5,789)	5,789

(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.

29.4 Fair value information

The carrying amounts of cash and cash equivalents, 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

29. Financial instruments (cont'd)

29.4 Fair value information (cont'd)

2021	Fair value of financial instruments not carried at fair value Level 3 RM'000	Total fair value RM'000	Carrying amount RM'000
Group			
Financial assets			
Deposits	10,879	10,879	10,879
Financial liabilities			
Non-current			
Term loan - Islamic (secured)	(7,618)	(7,618)	(7,618)
Term loan – Commodity Murabahah Financing - I (secured)	(7,917)	(7,917)	(7,917)
Sukuk (secured)	(347,590)	(347,590)	(347,590)
Hire purchase liability	(253)	(253)	(253)
Term loans (secured)	(33,153)	(33,153)	(33,153)
Company			
Financial liabilities			
Non-current			
Sukuk (secured)	(347,590)	(347,590)	(347,590)
2020			
Group			
Financial assets			
Deposits	10,674	10,674	12,000
Financial liabilities			
Non-current			
Term loan - Islamic (secured)	(11,097)	(11,097)	(11,097)
Term loan – Commodity Murabahah Financing - I (secured)	(14,638)	(14,638)	(14,638)
Sukuk (secured)	(496,991)	(496,991)	(496,991)
Term loans (secured)	(3,330)	(3,330)	(3,330)
Company			
Financial liabilities			
Non-current			
Sukuk (secured)	(496,991)	(496,991)	(496,991)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

29. Financial instruments (cont'd)

29.4 Fair value information (cont'd)

Policy on transfer between levels

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

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year (2020: no transfer in either directions).

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

Fair values of financial instruments not carried at fair value

Type	Description of valuation technique and inputs used
Deposit	Discounted cash flows using a rate of 1.90% (2020: 1.90%) at the reporting date.
Term loans (secured)	Discounted cash flows using a rate of 4.00% (2020: 4.00%) at the reporting date
Term loan – Islamic (secured)	Discounted cash flows using a rate of 4.09% (2020: 4.09%) at the reporting date
Term loan - Commodity Murabahah Financing - I (secured)	Discounted cash flows using a rate of 1.86% (2020: 1.91%) at the reporting date
Sukuk (secured)	Discounted cash flows using a coupon rate of 5.88% (2020: 5.77%) at the reporting date

30. 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.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

31. Capital commitments

	Group 2021 RM'000	Group 2020 RM'000
Property, plant and equipment		
Approved and contracted for	15,066	28,766

32. 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 or common significant influence. 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.

Significant related party transactions, other than compensations to key management personnel (see Note 25) and those disclosed elsewhere in the financial statements, are as follows:

Transactions with subsidiaries

	Company 2021 RM'000	Company 2020 RM'000
Interest expense	22,035	20,274
Management fees	(4,200)	(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 interests

	Group 2021 RM'000	Group 2020 RM'000
Rental of premises paid	2,557	2,557
Provision of services	14,266	13,442

Significant party balances related to the above transactions are disclosed in the statements of financial position as well as Notes 12 and 19 to the financial statements.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

33. Significant events during the year

Material litigation

On 7 August 2018, Tengku Dato' Ibrahim Petra Bin Tengku Indra Petra, Datin Che Nariza Hajjar Hashim, Wong Fook Heng and Tiong Young Kong (the "Plaintiffs") filed a claim for indemnification of legal fees they incurred in defending the prior suits (and the appeals emanated therefrom) brought by the subsidiary of the Group, Perdana Petroleum Berhad. ("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 (and the appeals emanated therefrom) since 2009. The total amount to be paid by PPB to the Plaintiffs including the costs and the allocator fee was RM2,652,447. The said amount was fully settled in September 2019.

On 27 June 2019, PPB filed a notice of appeal to the Court of Appeal against the decision made by the High Court. PPB's solicitors attended court on 13 August 2019 for case management and updated the court on the current progress of the appeal. This matter came up for e-review on 30 October 2019 before the Deputy Registrar of the Court of Appeal. The Court of Appeal was informed that PPB yet to obtain the grounds of judgement from the High Court and that PPB issued several reminders to the High Court. Court of Appeal adjourned the matter to 17 December 2019 for further e-review and for PPB to update the Court of Appeal on the availability of the said grounds of judgement.

PPB received the ground of judgment from the High Court in January 2020 and all the parties agreed that PPB would file its supplementary record of appeal in the Court of Appeal by 2 March 2020.

The Appeal came up for e-review on 13 February 2020 and the Court of Appeal fixed the Appeal for further e-review on 5 March 2020 for PPB to update the Court of Appeal on the status of filing of the said supplementary record of appeal. The case management had subsequently been fixed on 21 September 2020 and the hearing for the full e-Appellate was scheduled to take place on 21 June 2021.

The hearing proceeded on 21 June 2021 and was adjourned for decision to 16 August 2021. On 16 August 2021, the decision was pronounced in favor of PPB wherein, the appeal was allowed by the Court of Appeal with the Order of the High Court dated 29 May 2019 being set aside and cost of RM30,000 was awarded to the PPB. As a result, the Plaintiffs would be required to refund the judgment sum of RM2,652,447 to PPB together with the costs of RM30,000.

The Court of Appeal Order and the Certificate of Allocator were sealed and perfected by the Registry of the Court of Appeal on 4 October 2021 upon issuance of the sealed Order and Certificate of Allocator. Upon the extraction of the court sealed documents, PPB's solicitors proceeded to demand for refund / payment of the sums due under the Court Order and the Certificate of Allocator together with RM30,000 costs granted by the Court of Appeal through the Plaintiff's solicitor. However, the Plaintiffs failed and/or refused to refund the sums due under the Court of Appeal Order. The Plaintiff's solicitors wrote to PPB's solicitors on 5 November 2021 enquiring as to whether PPB could withhold the execution of the Court of Appeal Order pending disposal of the Plaintiff's application for leave to appeal to the Federal Court filed on 15 September 2021. PPB's solicitors responded in the negative. The Plaintiff's leave application in the Federal Court is fixed for hearing on 16 February 2022 and all the relevant cause papers have been filed in court.

Given that the Plaintiffs have yet to refund the amount due under the Court of Appeal Order, PPB has instructed their solicitors to proceed to execute the Court of Appeal Order. Accordingly, a notice of demand was issued on 17 November 2021 for payment within 14 days. As the Plaintiffs failed, refused and/or neglected to satisfy the notice of demand, PPB has instructed its solicitors to commence bankruptcy proceedings against the Plaintiffs. PPB's solicitors have prepared the Bankruptcy Notices which are now being served on the Plaintiffs. Upon the service of the Notices, PPB's solicitors will file the requisite Creditors' Petition in the Bankruptcy Court. The leave application in the Federal Court was originally fixed for hearing on 18 February 2022. Subsequently, it was rescheduled by the Federal Court to 12 May 2022 in its re-arrangement of cases due to pandemic. In so far as this is concerned, all cause papers and documents are completed and up to-date.

STATEMENT BY DIRECTORS AND STATUTORY DECLARATION

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 82 to 159 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2021 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 Shahruddin
Director

……………………………………..........…...........….

Datuk Ling Suk Kiong
Director

Miri,

Date: 12 April 2022

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 82 to 159 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 12 April 2022.

……………………………………..........…...........….

Datuk Ling Suk Kiong

Before me:

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

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 2021 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 82 to 159.

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 2021, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the ***Auditors' Responsibilities for the Audit of the Financial Statements*** section of our 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 2(m) (revenue and other income) and Note 20 (revenue).

Key audit matter	How our audit addressed the key audit matter
Dayang 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: i) We evaluated the design, implementation and operating effectiveness of controls over the preparation of manual journals relating to sales to ascertain that they are sufficient and appropriate to prevent, deter and detect any fraud, error and mistakes. ii) We inspected all new contracts secured during the year to assess the performance obligations and the transaction prices in accordance with MFRS 15.

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

Key Audit Matters (cont'd)

1. Revenue recognition from topside maintenance services (cont'd)
Refer to Note 2(m) (revenue and other income) and Note 20 (revenue).

Key audit matter (cont'd)	How our audit addressed the key audit matter (cont'd)
Revenue recognised from topside maintenance services segment, which is approximately RM562 million, representing 84% 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 MFRS 15. Hence, revenue recognition has been considered as the key audit matter.	Our audit procedures included, amongst others (cont'd): iii) We ascertained the fulfillment of the performance obligations by inspecting the progress/milestone reports, job completion tickets and other relevant documents (for example, timesheets, vessel daily reports, daily status reports, equipment movement notices, etc.). iv) We assessed whether the Group's revenue recognition based on over time or point in time is appropriate as per the terms in the contracts with customers. v) We tested journal entries for revenue and revenue related accounts based on specific high risk criteria set to ascertain whether there are any unusual, unauthorised or unsupported entries made against the revenue of year 2021. vi) We sent confirmations for trade receivables balances and performed alternative test on non-replies by sighting to underlying service orders, work completion forms and other underlying source documents. vii) We assessed the completeness, accuracy and appropriateness of disclosures as required by MFRS 15.

2. Impairment testing of goodwill
Refer to Note 2(f) (intangible assets) and Note 8 (goodwill).

Key audit matter (cont'd)	How our audit addressed the key audit matter (cont'd)
The Group has goodwill of RM424.3 million as at 31 December 2021 relating to the acquisition of Perdana Petroleum Berhad ("Perdana") in 2015. Perdana incurred consecutive losses for the financial years 2015 to 2021, hence, increased the risk that the carrying amount of goodwill and other assets (in this case marine vessels) may be impaired. The amount of goodwill and marine vessels (being 56% of total assets) is material to the financial statements.	Our audit procedures included, amongst others: i) We evaluated the design and implementation of the Group controls over the preparation of the valuation model used to assess recoverable amount of the cash generating units. ii) We reviewed the value-in-use estimations entailing the estimated future cash flows from continuing use of marine vessels. We evaluated the key assumptions used by the Group by considering the accuracy of the Group's past forecasts, including any long term hires already contracted by the Group.

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

Key Audit Matters (cont'd)

2. Impairment testing of goodwill (cont'd)
Refer to Note 2(f) (intangible assets) and Note 8 (goodwill). (cont'd)

Key audit matter (cont'd)	How our audit addressed the key audit matter (cont'd)
Also, it requires us to exercise a significant level of judgement in evaluating management's impairment testing. As disclosed in Note 8 to the financial statements, the estimation of recoverable amount involved forecasting and discounting the future cash flows of the cash generating unit attached to the goodwill. The estimated recoverable amount is dependent upon significant management judgement and estimate, in respect of the estimated utilisation rate, daily charter hire rate, growth rate, daily operating costs, salvage value and discount rate. We focused on this area as a key audit matter due to the degree of management 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.	Our audit procedures included, amongst others (cont'd): iii) We evaluated the sensitivity of the impairment calculation to changes in the key assumptions used. • We challenged the key assumptions used in the projected cash flows, to determine if these are appropriate in the Group's circumstances. iv) We evaluated the valuation methodology and significant inputs used in the valuation by the independent valuer. v) 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 testing of marine vessels
Refer to Notes 2(d) (property, plant and equipment) and Notes 3.2 (Impairment testing of marine vessels).

Key audit matter (cont'd)	How our audit addressed the key audit matter (cont'd)
The Group's main customers are oil and gas companies involved in upstream exploration activities. The volatility of crude oil prices in 2021 have continued to affect the business activities of the industry in which the Group operates. This gives rise to the risk that the carrying amounts of the Group's marine vessels might be stated above their recoverable amounts.	Our audit procedures included, amongst others: i) We evaluated the design and implementation of the management controls over the preparation of the valuation model used to assess recoverable amount of the marine vessels. ii) We evaluated the key assumptions (i.e. vessel utilisation rates, daily charter rates, daily operating costs, growth rates, salvage value and discount rate) used by the management by considering the accuracy of the Group's past forecasts and future business plans, including any long-term charter hires already contracted by the Group.

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

Key Audit Matters (cont'd)

3. Impairment testing of marine vessels (cont'd)
Refer to Notes 2(d) (property, plant and equipment) and Notes 3.2 (Impairment testing of marine vessels).

Key audit matter (cont'd)	How our audit addressed the key audit matter (cont'd)
During the current financial year ended 31 December 2021, the Group recognised an impairment loss on marine vessels amounting to RM120 million. 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. This was a key audit matter due to the degree of management 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.	Our audit procedures included, amongst others (cont'd): iii) We evaluated the valuation methodology and significant inputs used in the valuation by the independent valuer. iv) We also considered the adequacy of the Group's disclosures about the key assumptions to which the outcome of the impairment assessment was most sensitive.

We have determined that there are no key audit matters in the audit of the separate financial statements of the Company to communicate in our auditors' report.

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.

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

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

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the 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.

- 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.

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

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)

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 6 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

Tai Yoon Foo
Approval Number: 02948/05/2022 J
Chartered Accountant

Kuching,

Date: 12 April 2022

ANALYSIS OF SHAREHOLDINGS AS AT 31 MARCH 2022

Total number of Issued Shares : 1,157,771,718 ordinary shares
Voting Rights : One vote per ordinary share

1. DISTRIBUTION OF SHAREHOLDERS

Size of Holdings	No of Holders	%	No of Shares	%
1 – 99	200	1.616	6,930	0.000
100 – 1,000	1,956	15.811	1,283,637	0.110
1001 – 10,000	6,637	53.649	33,371,086	2.882
10,001 – 100,000	3,016	24.379	95,784,655	8.273
100,001 – 57,888,584 (*)	559	4.518	725,817,967	62.690
57,888,585 and above (**)	3	0.024	301,507,443	26.042
TOTAL	12,371	100.00	1,157,771,718	100.00

Remark: (*) – Less than 5% of Issued Shares
(**) – 5% and above of Issued Shares

2. DIRECTORS' INTEREST

No	Name	Direct	%	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%	65,262,944	5.64%
3.	Tengku Dato' Yusof Bin Tengku	37,630,160	3.25%	-	0.00%
4.	Joe Ling Siew Loung @ Lin Shou Long	45,810,207	3.96%	102,032,500	8.81%
5.	Jeanita Anak Gamang	-	0.00%	-	0.00%
6.	Ali Bin Adai	1,000	0.00%	-	0.00%
7.	Gordon Kab @ Gudan Bin Kab	8,250	0.00%	-	0.00%
8.	Koh Ek Chong	-	0.00%	-	0.00%
9.	Hasmawati Binti Sapawi	-	0.00%	-	0.00%
10.	Chin Hsiun	-	0.00%	-	0.00%
11.	Chen King Yu	-	0.00%	-	0.00%

3. SUBSTANTIAL SHAREHOLDERS

		No of Ordinary Shares Held			
No	Name	Direct	%	Indirect	%
1.	Naim Holdings Berhad	280,401,447	24.22%	-	0.00%
2.	Datuk Ling Suk Kiong	82,579,763	7.13%	65,262,944[(a)]	5.64%
3.	Urusharta Jamaah Sdn Bhd	93,769,296	8.10%	-	0.00%
4.	Joe Ling Siew Loung @ Lin Shou Long	45,810,207	3.96%	102,032,500[(b)]	8.81%
5.	Datuk Hasmi Bin Hasnan	1,057,030	0.09%	280,401,447[(c)]	24.22%
6.	Datin Wong Siew Hong	234,550	0.02%	147,608,157[(d)]	12.75%
7.	Datuk Abdul Hamed Bin Haji Sepawi	-	0.00%	280,401,447[(c)]	24.22%

Notes:
(a) Deemed interest by virtue of the interest of his spouse and 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 Empire Sdn. Bhd., spouse and child.

ANALYSIS OF SHAREHOLDINGS AS AT 31 MARCH 2022

TOP THIRTY SHAREHOLDERS
(Without aggregating securities from different securities accounts belonging to the same Registered Holder)

No.	Name	No of shares held	%
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.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD URUSHARTA JAMAAH SDN. BHD. (1)	65,655,996	5.670
4.	LING SUK KIONG	49,289,763	4.257
5.	NAIM HOLDINGS BERHAD	44,550,000	3.847
6.	TENGKU YUSOF BIN TENGKU AHMAD SHAHRUDDIN	37,630,160	3.250
7.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (AFFIN-HWG)	37,489,000	3.238
8.	KENANGA NOMINEES (TEMPATAN) SDN BHD LING SUK KIONG	32,290,000	2.788
9.	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 14)	26,037,400	2.248
10.	KENANGA NOMINEES (TEMPATAN) SDN BHD JOE LING SIEW LOUNG @ LIN SHOU LONG	23,180,520	2.002
11.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD URUSHARTA JAMAAH SDN. BHD. (2)	20,000,000	1.727
12.	JOE LING SIEW LOUNG @ LIN SHOU LONG	19,593,750	1.692
13.	CARTABAN NOMINEES (TEMPATAN) SDN BHD PBTB FOR TAKAFULINK DANA EKUITI	14,675,900	1.267
14.	VOGUE EMPIRE SDN BHD	11,718,187	1.012
15.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LBF)	10,082,000	0.870
16.	LEMBAGA TABUNG ANGKATAN TENTERA	10,052,350	0.868
17.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (AHAM EQUITY FUND)	9,918,200	0.856
18.	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR EASTSPRING INVESTMENTSSMALL-CAP FUND	8,736,700	0.754
19.	MAYBANK NOMINEES (TEMPATAN) SDN BHD MTRUSTEE BERHAD FOR PRINCIPAL DALI EQUITY GROWTH FUND (UT-CIMB-DALI) (419455)	8,438,100	0.728
20.	YII MING SUNG	8,362,700	0.722
21.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LEEF)	8,070,800	0.697
22.	VOGUE EMPIRE SDN BHD	7,500,000	0.647
23.	CARTABAN NOMINEES (TEMPATAN) SDN BHD PAMB FOR PRULINK DANA UNGGUL	7,440,900	0.642
24.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD UNIVERSAL TRUSTEE (MALAYSIA) BERHAD FOR PRINCIPAL DALI EQUITY FUND	7,399,800	0.639
25.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (DR)	7,141,100	0.616
26.	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR MANULIFE INVESTMENT SHARIAH PROGRESS FUND	6,517,400	0.562
27.	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR EASTSPRING INVESTMENTSDANA AL-ILHAM	6,302,700	0.544
28.	AMANAHRAYA TRUSTEES BERHAD AC PRINCIPAL DALI ASIA PACIFIC EQUITY GROWTH FUND	6,249,400	0.539
29.	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR MANULIFE INVESTMENT PROGRESS FUND (4082)	5,937,700	0.512
30.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD URUSHARTA JAMAAH SDN. BHD. (MAYBANK 2)	5,738,200	0.495

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 16th Annual General Meeting ("AGM") of the Company will be conducted on a virtual basis through live streaming from the broadcast venue at Naim Holdings Berhad, 10th Floor, Wisma Naim, 2 ½ Mile, Rock Road, 93200 Kuching, Sarawak, Malaysia ("Broadcast Venue") on Thursday, 19 May 2022 at 10.00 a.m. to transact the following businesses:-

AGENDA

ORDINARY BUSINESS

1. **Adoption of Financial Statements** **(Please refer to Explanatory Note A)**

   To receive the Audited Financial Statements for the financial year ended 31st December 2021 together with the Reports of the Directors and the Auditors thereon.

2. **Re-election of Directors**

   (a) To re-elect the following directors who retires in accordance with Article 93 of the Company's Constitution and being eligible, has offered themselves for re-election:-

   (i) Datuk Hasmi Bin Hasnan **Ordinary Resolution 1**
   (ii) Datuk Ling Suk Kiong **Ordinary Resolution 2**
   (iii) Joe Ling Siew Loung @ Lin Shou Long **Ordinary Resolution 3**
   (iv) Koh Ek Chong **Ordinary Resolution 4**

3. **Approval of Directors' Fee & Allowance**

   (a) To approve the payment of Directors' Fees of RM2,109,685.91 for the financial year ended 31 December 2021. **Ordinary Resolution 5**

   (b) 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 to be held in 2023. **Ordinary Resolution 6**

4. **Re-Appointment of Auditors** **Ordinary Resolution 7**

   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.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following Ordinary Resolutions:

5. **Retention of Independent Non-Executive Director** **Ordinary Resolution 8**

   "THAT subject to the passing of Ordinary Resolution 4, approval be and is hereby given to Mr. Koh Ek Chong to continue to serve as an Independent Non-Executive Director of the Company until the conclusion of the next AGM.

6. **Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Shareholders' Mandate")** **Ordinary Resolution 9**

   "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 of the Circular to Shareholders dated 21 April 2022, be and is hereby renewed, provided that:

NOTICE OF ANNUAL GENERAL MEETING

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 shareholders.

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 authorized to complete and do all such acts and things (including executing all such documents as may be required) as may be considered expedient or necessary to give effect to the Proposed Shareholders' Mandate."

7. **Authority to Issue Shares** **Ordinary Resolution 10**

"THAT pursuant to Section 75 and 76 of the Companies Act 2016 and subject always to the approval of the relevant authorities, the Directors be and are hereby empowered to issue shares in the Company from time to time and upon such terms and conditions and for such purposes 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 ten percent (10%) of the issued share capital of the Company for the time being and that the Directors be and are hereby empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

8. To transact any other ordinary business of which due notice shall have been given.

BY ORDER OF THE BOARD

BONG SIU LIAN (MAICSA 7002221)
SSM Practising Certificate No. 201908001493

Company Secretary

Miri, Sarawak
Dated this 21 April 2022

NOTES:

1. VIRTUAL MEETING

The 16th AGM of the Company will be conducted entirely on a virtual basis through live streaming and online remote voting via Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn. Bhd. which are available on its TIIH Online website at https://tiih.online. Please follow the procedures provided in the Administrative Details for the 16th AGM in order to register, participate and vote remotely via the RPV.

Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting. Members will not be allowed to attend the meeting in person at the Broadcast Venue on the day of the meeting.

NOTICE OF ANNUAL GENERAL MEETING

2. APPOINTMENT OF PROXY

a. A proxy may but need not be a member of the Company but shall be of full age.

b. 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.

c. 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.

d. 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 16th AGM.

e. Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.

f. Last date and time for lodging the proxy form is **Wednesday, 18 May 2022 at 10.00 a.m.**

g. 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.

h. 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.

NOTICE OF ANNUAL GENERAL MEETING

i. For the purpose of determining who shall be entitled to participate in the AGM via RPV, the company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, the **Record of Depositors** as at **12 May 2022**. Only a member who name appears on this Record of Depositors shall be entitled to participate in the AGM via RPV.

3. A member who has appointed a proxy or attorney or authorised representative to participate at the 16th AGM via RPV must request his/her proxy or attorney or authorised representative to register himself/herself for RPV via TIIH Online website at https://tiih.online. Procedures for RPV can be found in the Information for Shareholders on 16th AGM.

4. The Notice of the 16th AGM together with the Form of Proxy, Administrative Details, Annual Report 2021 and Circular to Shareholders are published on the Company's website at www.desb.net or Bursa Malaysia's website at www.bursamalaysia.com.

Please follow the procedures provided in the Administrative Details for the 16th AGM in order to register, participate and/or vote remotely.

5. 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.

EXPLANATORY NOTES

A. Agenda 1

The Audited Financial Statements 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.

B. Ordinary Resolutions 1 - 4

Article 93 of the Company's constitution provides that one third (1/3) of the Directors of the Company for the time being shall retire by rotation at the AGM of the Company. All Directors shall retire from office once at least in each three (3) years but shall be eligible for re-election.

The Directors retiring under Artcile 93 of the Constitution are as follows:-

(1) Datuk Hasmi Bin Hasnan;
(2) Datuk Ling Suk Kiong;
(3) Joe Ling Siew Loung @ Lin Shou Long; and
(4) Mr. Koh Ek Chong

The respective profiles of the above Directors are set out in the Board of Directors Profile on page 12 to 17.

The details of interest in securities of the Company (if any) held by the Directors are stated on page 78 to 79 the Annual Report.

C. Ordinary Resolution 7

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.

NOTICE OF ANNUAL GENERAL MEETING

D. Ordinary Resolution 8 – Retention of Independent Non-Executive Directors

Mr. Koh Ek Chong has served as Independent Non-Executive Director for a cumulative term of nine (9) years. The Joint Remuneration & Nomination Committee and the Board have carried out an evaluation and assessment and concluded that Mr. Koh Ek Chong continues to be independent and objective in all board deliberations. He continues to comply with the relevant criteria and provisions under the definition of independence of the Main Market Listing Requirements of Bursa Securities. He is not related to any directors and major shareholders of the Company and hence he is not under the influence of other directors and major shareholders. Upon the recommendation by Joint Remuneration & Nomination Committee, the Board of Directors recommended that Mr. Koh Ek Chong to be retained as an Independent Non-Executive Director of the Company until the conclusion of the next AGM.

E. Ordinary Resolution 9 – Proposed Shareholders' Mandate

The proposed Resolution 9, if passed, will empower the Company and 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 21 April 2022 for further information.

F. Ordinary Resolution 10 – Authority to Issue Shares

This ordinary resolution, if passed, will empower the Directors of the Company from the date of this Annual General Meeting, authority to issue and allot Ordinary Shares from the unissued capital of the Company up to an aggregate of ten percent (10%) of the issued and paid-up share capital of the Company for the time being, for such purposes as the Directors consider in their absolute discretion to be in the best interest of the Company. This authority will, unless revoked or varied by the Company in a General Meeting, expire at the next Annual General Meeting of the Company.

The general mandate sought for issue of shares is a renewal of the mandate that was approved by shareholders on 22 June 2021. The purpose of the renewal of the general mandate is to provide flexibility to the Company for any possible fund-raising exercise, including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital and/or acquisitions.

ADMINISTRATIVE DETAILS FOR THE SIXTEEN ANNUAL GENERAL MEETING ("16TH AGM") OF DAYANG ENTERPRISE HOLDINGS BHD

Date	:	**Thursday, 19 May 2022**
Time	:	**10.00 a.m.**
Broadcast Venue	:	**(a) Naim Holdings Berhad, 10th Floor, Wisma Naim, 2 ½ Mile, Rock Road, 93200 Kuching, Sarawak, Malaysia.** **(b) Online Meeting Platform: TIIH Online website at https://tiih.online, provide by TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN. BHD.**

Virtual Annual General Meeting

As part of our continuing safety and precautionary measures, the Company will conduct its 16th AGM on **a virtual basis through live streaming and online remote voting** via Remote Participation and Voting ("RPV") facilities which are available on Tricor & Issuing House Services Sdn Bhd's ("Tricor") **TIIH Online** website at https://tiih.online.

The venue of the 16th AGM is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the Meeting to be at the main venue of the meeting. No shareholder/proxy(ies) from the public will be physically present at the meeting venue.

We **strongly encourage** you to attend the 16th AGM via the RPV facilities. You may also consider appointing the Chairman of the Meeting as your proxy to attend and vote on your behalf at the 16th AGM.

Remote Participation and Voting

- The RPV facilities are available on Tricor's **TIIH Online** website at https://tiih.online.
- Shareholders are to attend, speak (in the form of real time submission of typed texts) and vote (collectively, "participate") remotely at the 16th AGM using RPV facilities from Tricor.
- Kindly refer to Procedures for RPV as set out below for the requirements and procedures.

Procedures to Remote Participation and Voting via RPV Facilities

- Please read and follow the procedures below to engage in remote participation through live streaming and online remote voting at the 16th AGM using the RPV facilities:

Before the 16th AGM Day

Procedure	Action
i. Register as a user with TIIH Online Website	• Using your computer, access to website at https://tiih.online and register as a user under the "e-Services" select "Create Account by **Individual Holder**". 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. You will receive an e-mail to notify you that the remote participation is available for registration at TIIH Online.
ii. Submit your request to attend 16th AGM remotely	• **Registration is open from Thursday, 21 April 2022 until the day of 16th AGM on Thursday, 19 May 2022**. Shareholder(s) or proxy(ies) or corporate representative(s) or attorney(s) are required to pre-register their attendance for the 16th AGM to ascertain their eligibility to participate the 16th AGM using the RPV. • Login with your user ID (i.e. e-mail address) and password and select the corporate event: **(Registration) Dayang 16th AGM** • Read and agree to the Terms & Conditions and confirm the Declaration. • Select "Register for Remote Participation and Voting". • Review your registration and proceed to register.

ADMINISTRATIVE DETAILS FOR THE SIXTEEN ANNUAL GENERAL MEETING ("16TH AGM") OF DAYANG ENTERPRISE HOLDINGS BHD

Procedure	Action
	• System will send an **e-mail to notify** that your registration for remote participation is received and will be verified. • After verification of your registration against the Record of Depositors as at 12 May 2022, the system will send you an **e-mail after 18 May 2022 to approve or reject** your registration for remote participation. ***(Note: Please allow sufficient time for approval of new user of TIIH Online and registration for the RPV).***

On the 16th AGM Day

Procedure	Action
i. Login to TIIH Online Website	• Login with your user ID and password for remote participation at the 16th AGM at any time from 9.00 a.m. i.e. 1 hour before the commencement of meeting at 10.00 a.m. on Thursday, 19 May 2022.
ii. Participate through Live Streaming	• Select the corporate event: **(Live Stream Meeting) Dayang 16th AGM** to engage in the proceedings of the 16th AGM remotely. If you have any question for the Chairman/Board, you may use the query box to transmit your question. The Chairman/Board will try to respond to questions submitted by remote participants during the 16th AGM. If there is time constraint, the responses will be e-mailed to you at the earliest possible, after the meeting.
iii. Online remote voting	• Voting session commences from 10:00 a.m. on Thursday, 19 May 2022 until a time when the Chairman announces the end of the session. • Select the corporate event: **(Remote Voting) Dayang 16th AGM** or if you are on the live stream meeting page, you can select "**GO TO REMOTE VOTING PAG**E" button below the Query Box. • Read and agree to the Terms & Conditions and confirm the Declaration. • Select the CDS account that represents your shareholdings. • Indicate your votes for the resolutions that are tabled for voting. • Confirm and submit your votes.
iv. End of remote participation	• Upon the announcement by the Chairman on the conclusion of the 16th AGM, the Live Streaming will end.

Note to users of the RPV facilities:

(i) Should your registration for RPV be approved, we will make available to you the rights to join the live stream meeting and to vote remotely. Your login to TIIH Online on the day of meeting will indicate your presence at the virtual meeting.

(ii) The quality of your connection to the live broadcast is dependent on the bandwidth and stability of the internet at your location and the device you use.

(iii) In the event you encounter any issues with logging-in, connection to the live stream meeting or online voting on the meeting day, kindly call Tricor Help Line at 011-40805616 / 011-40803168 / 011-40803169 / 011-40803170 for assistance or e-mail to tiih.online@my.tricorglobal.com for assistance.

Entitlement to Participate and Appointment of Proxy

- Only members whose names appear on the Record of Depositors as at 12 May 2022 shall be eligible to attend, speak and vote at the 16th AGM or appoint a proxy(ies) and/or the Chairman of the Meeting to attend and vote on his/her behalf.

- In view that the 16th AGM will be conducted on a virtual basis, a member can appoint the Chairman of the Meeting as his/her proxy and indicate the voting instruction in the Form of Proxy.

ADMINISTRATIVE DETAILS FOR THE SIXTEEN ANNUAL GENERAL MEETING ("16TH AGM") OF DAYANG ENTERPRISE HOLDINGS BHD

- If you wish to participate in the 16th AGM yourself, please do not submit any Form of Proxy for the 16th AGM. You will not be allowed to participate in the 16th 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 16th AGM whether in hard copy or by electronic means shall be deposited or submitted in the following manner not later than **Wednesday, 18 May 2022 at 10.00 a.m.**:

  (i) In Hard copy:

  a) 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;

  b) By fax at 03-2783 9222 or e-mail to is.enquiry@my.tricorglobal.com

  (ii) By Electronic form:

  All shareholders 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 Shareholders	
Register as a User with TIIH Online Website	• Using your computer, please access the website at https://tiih.online. Register as a user under the "e-Services". Please refer to the tutorial guide posted on the homepage for assistance. • If you are already a user with TIIH Online, you are not required to register again.
Proceed with submission of form of proxy	• 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 16th 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.
ii. Steps for corporation or institutional shareholders	
Register as a User with TIIH Online Website	• 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. Note: The representative of a corporation or institutional shareholder 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 form of proxy	• Login to TIIH Online at https://tiih.online • Select the corporate exercise name: **"Dayang 16th AGM: Submission of Proxy Form"**

ADMINISTRATIVE DETAILS FOR THE SIXTEEN ANNUAL GENERAL MEETING ("16TH AGM") OF DAYANG ENTERPRISE HOLDINGS BHD

Procedure	Action
	• 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. • Login to TIIH Online, select corporate exercise name: **"Dayang 16th AGM: Submission of Proxy Form".** • 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.

Voting at Meeting

- The voting at the 16th AGM will be conducted on a poll pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia"). The Company has appointed Tricor to conduct the poll voting electronically ("e-voting") via Tricor e-Vote application ("Tricor e-Vote App") and Scrutineer Solutions Sdn Bhd as Independent Scrutineers to verify the poll results.

- Shareholders can proceed to vote on the resolutions before the end of the voting session which will be announced by the Chairman of the Meeting and submit your votes at any time from the commencement of the 16th AGM at 10.00 a.m. Kindly refer to "Procedures to Remote Participation and Voting via RPV Facilities" provided above for guidance on how to vote remotely via TIIH Online.

Results of the voting

- The resolutions proposed at the 16th AGM and the results of the voting will be announced at the 16th AGM and subsequently via an announcement made by the Company through Bursa Malaysia at www.bursamalaysia.com.

No Breakfast / Lunch Pack, Door Gift or Food Voucher

- There will be no distribution of breakfast/lunch packs, door gifts or food vouchers during the 16th AGM since the meeting is being conducted on a virtual basis.

Pre-Meeting Submission of Questions to the Board of Directors

- The Board recognises that the 16th AGM is a valuable opportunity for the Board to engage with shareholders. In order to enhance the efficiency of the proceedings of the 16th AGM, shareholders may in advance, before the 16th AGM, submit questions to the Board of Directors via Tricor's TIIH Online website at https://tiih.online, by selecting "e-Services" to login, post your questions and submit it electronically no later than Wednesday, 18 May 2022. The Board of Directors will endeavour to address the questions received at the 16th AGM.

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 BHD ("the Company") hereby appoint:-

First Proxy

Full Name	NRIC No./Passport No.	Proportion of Shareholdings represented	
		No. of Shares	%

and
Second Proxy

Full Name	NRIC No./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 16th Annual General Meeting ("AGM") of the Company will be conducted entirely through live streaming from the broadcast venue at Naim Holdings Berhad, 10th Floor, Wisma Naim, 2 ½ Mile, Rock Road, 93200 Kuching, Sarawak, Malaysia ("Broadcast Venue") on Thursday, 19 May 2022 at 10.00 a.m. or any adjournment thereof, in the manner indicated below:

Resolutions		**FOR**	**AGAINST**
Ordinary Resolution 1	Re-election of Director : Datuk Hasmi Bin Hasnan		
Ordinary Resolution 2	Re-election of Director : Datuk Ling Suk Kiong		
Ordinary Resolution 3	Re-election of Director : Joe Ling Siew Loung @ Lin Shou Long		
Ordinary Resolution 4	Re-election of Director : Koh Ek Chong		
Ordinary Resolution 5	Approval payment of Directors' Fees of RM2,109,685.91 for the financial year ended 31 December 2021		
Ordinary Resolution 6	Approval of meeting allowance of RM500.00 per meeting for Non-Executive Directors for the period from May 2022 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		
Ordinary Resolution 8	Retention of Mr. Koh Ek Chong as Independent Director		

Special Businesses

Ordinary Resolution 9	Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading nature		
Ordinary Resolution 10	Authority to allot and issue Shares		

(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 …………………… 2022

…………………………………………………………
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.

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Notes:-

IMPORTANT NOTICE

1. **VIRTUAL MEETING**
   The 16th AGM of the Company will be conducted entirely on a virtual basis through live streaming and online remote voting via Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn. Bhd. which are available on its TIIH Online website at https://tiih.online. Please follow the procedures provided in the Administrative Details for the 16th AGM in order to register, participate and vote remotely via the RPV.
   Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting. Members will not be allowed to attend the meeting in person at the Broadcast Venue on the day of the meeting.
2. **APPOINTMENT OF PROXY**
   a. A proxy may but need not be a member of the Company but shall be of full age.
   b. 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.
   c. 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.
   d. 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 16th AGM.
   e. Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.
   f. Last date and time for lodging the proxy form is **Wednesday, 18 May 2022** at **10.00 a.m.**
   g. 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.

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   h. 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.
   i. For the purpose of determining who shall be entitled to participate in the AGM via RPV, the company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, the **Record of Depositors** as at **12 May 2022**. Only a member who name appears on this Record of Depositors shall be entitled to participate in the AGM via RPV.
3. A member who has appointed a proxy or attorney or authorised representative to participate at the 16th AGM via RPV must request his/her proxy or attorney or authorised representative to register himself/herself for RPV via TIIH Online website at https://tiih.online. Procedures for RPV can be found in the Information for Shareholders on 16th AGM.
4. The Notice of the 16th AGM together with the Form of Proxy, Administrative Details, Annual Report 2021 and Circular to Shareholders are published on the Company's website www.desb.net or Bursa Malaysia's website at www.bursamalaysia.com.
5. 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.

DAYANG ENTERPRISE HOLDINGS BHD
Company No. 200501030106 (712243-U)

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