CHAIRMAN'S STATEMENT

DEAR VALUED SHAREHOLDERS,

On behalf of the Board of Directors, it is my honour and privilege to present the Annual Report for Dayang Enterprise Holdings Bhd ("the Group") for the financial year ended 31 December 2022.

The opening of economic activities around the world have been the main catalyst and contributed positively to our local economy and industries especially for the oil and gas sector. During the financial year 2022, we have seen the gap of imbalance between supply and demand for oil and gas becoming narrower and this has resulted in strong price recovery for crude oil and increase in production levels to meet pent-up demand as the economy recovers.

As a result, the Group recorded a higher revenue of RM984.2 million for the financial year ended 2022 (FY2022), compared to RM667.7 million in 2021. The overall profitability of the Group was significantly improved with higher utilisation rate of its vessels at 60% for the year compared to 44% recorded in 2021. The performance of the Group was also boosted by the turnaround of Perdana Petroleum Berhad ("PPB") which recorded a profit after tax of RM11.4 million in 2022 compared to a net loss after tax of RM328.3 million in 2021.

The Group remained on a strong footing both financially and operationally, thus enabling the Group to pursue new growth opportunities. For the year under review, the Group generated RM175.5 million of operating cash flow which contributed to a cash reserve of RM452.8 million.

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

As a result of better performance, I am happy to report that the Board of Directors approved its 1st interim dividend of 1.5 sen per share of RM17.367 million which was distributed on 14 December 2022 and a 2nd interim dividend of 1.5 sen per share of RM17.367 million which was distributed on 17 March 2023.

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

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

Yours sincerely,

Datuk Hasmi Bin Hasnan
Executive Chairman

CHAIRMAN'S STATEMENT (CONT'D)

MANAGEMENT DISCUSSION AND ANALYSIS

DEAR VALUED SHAREHOLDERS,

Toward the end of 2021, the Group realised that there could be a potential strong recovery in the oil and gas industry when the crude oil price became more stable based on its uptrend trajectory after experiencing an unprecedented low level due to the economic contraction and energy market imbalances in 2022. Together with the expected full economic recovery, we were expecting that the financial year 2022 would be a better year despite some lingering economic challenges.

With the positive economic outlook and the return for demand for oil and its related products, the Group performed relatively well during the year. For financial year 2022, the Group recorded a total revenue of RM984.18 million representing an increase of 47.39% against a revenue of RM667.74 million recorded in 2021. The Topside Maintenance division contributed revenue of RM634.85 million compared to RM419.51 million reported in 2021, representing a 64.51% of Group revenue compared to 62.83% recorded in 2021. While Integrated Hook-Up and Commissioning ("IHUC") division has reported a revenue of RM204.24 million representing a 20.75% of Group revenue. For Marine division, it has recorded a turnaround with marginal profits for the year after suffering a string of losses for more than 5 years. The profit was achieved with higher utilisation rate of 60% compared to 44% recorded in 2021. During the year, the Group has declined an award to construct and deliver five (5) Anchor Handling Tug Supply ("AHTS") with a contract value of more than RM1 billion for 15 years contract period due to unattractive financial returns.

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

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

Financial Review

For the financial year 2022, the Group has returned into black with profit after tax of RM125.34 million compared to a loss after tax of RM435.68 million recorded in 2021. The turnaround was mainly driven by higher work orders and improved productivity at all divisions.

The fundamentals of the Group remained strong with its financial position healthier due to strong operating cashflow.

Prospects

Fellow shareholders,

Moving forward, we are cautiously optimistic that the outlook for the financial year 2023 would be good with improving economic activities locally and internationally. The Groups' operations are expected to be busy with potentially new tenders coming from both for maintenance, construction and modification and hook-up and commissioning contracts. We are expecting our clients to roll-up significant capital development expenditure to increase their production both for crude oil and gas while continuing to emphasise on maintenance activities to improve productivity. Concurrently, the Group is exploring new market segment within the industry to further strengthen our offshore support vessel position in the industry.

Thank you.

Tengku Dato' Yusof Bin Tengku Ahmad Shahruddin
Group Managing Director

SUSTAINABILITY STATEMENT

ABOUT THIS SUSTAINABILITY STATEMENT

FOCUS TOWARDS EXCELLENCE

We are pleased to present Dayang's Annual Sustainability Statement. Dayang's purpose of playing a leadership role in driving social and economic development across the region is aligned with the fundamental Environmental, Social, Governance (ESG) principles of sustainable and ethical business practices. In this statement, you will find many shared values between our various stakeholders and the communities in which we operate through our day-to-day business activities. Our theme **"Focus Towards Excellence"** highlights our efforts to continue progress towards a sustainable future. The theme has been consistent and is our driving force towards excellence. With the ongoing material and technology advancements in the industry, we provide engineering and value-added design as a key component of our services and sustainability progress. At Dayang, sustainability is the way we manage and operate our business to best serve our customers, care for the environment, secure profits and drive long-term prosperity.

We are pleased to present our sustainability performance, which summarises our ESG performance, accomplishments, and challenges over the past year. The 2022 edition of the Sustainability Statement ("SS") increases our disclosure of key ESG areas and cross-references supplementary materials in our Annual Report 2022.

Scope

Dayang's SS for the year 2022 has been prepared in accordance with the Global Reporting Initiatives ("GRI") standards. This report covers the reporting period from 1 January 2022 to 31 December 2022 with five years of human resources segment and three years comparative historical data for the other segments.

Our daily operations aligned with our business performance encompass People, Planet and Profit as below:

OPERATION BUSINESS PERFORMANCE COMMITMENT

Our Business Focuses Into 3 Core Segments

1. Delivering a superior customer experience and meeting customers' expectations.
2. Adhering to corporate governance and other regulatory requirements.
3. Embracing accountable business practices.

Our Community Segment Plays An Critical Role

1. Driving positive and sustainable changes among our adopted schools and other education initiatives.
2. Enabling the inclusion of women's participation and special needs students.
3. Engaging our people to support the community through corporate giving and volunteer programmes.

Our People Are Our Essence

1. Our people are proud to work for our Company, where we nurture care and equal opportunities in a workplace that celebrates diversity, inclusivity, and collaboration.
2. Inspiring and developing our people to reach their fullest potential.

Our Environment Sharing

1. Through the thoughtfulness of our impacts, we are dedicated to minimizing our environmental footprint across our value chain.
2. We accomplish climate change progression by reducing energy consumption in our network and monitoring our noise, water, and dust indicators.

REPORTING STANDARDS - REPORTING SCOPE AND BOUNDARIES

Our SS focuses on Dayang's sustainability practices, in which we focus and highlight more on the ESG impacts of our activities and initiatives. Throughout this statement, we demonstrate our full commitment to integrating sustainability practices and preparing this statement pursuant to Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("MMLR"), Sustainability Reporting Guide and toolkits 3rd Edition issued by Bursa Malaysia, and guidelines issued by the GRI standards.

The contents of this Statement encompass the Group's key business operations, which comprise our core services. Through this report, we aim to provide our stakeholders with updated ESG information about Dayang. We assure our stakeholders that we are reporting fully, honestly, and transparently, and through increased transparency and disclosure, we build trust and strengthen the relationship with our stakeholders. This Statement emphasizes the Group's commitment towards ensuring that its business operations are carried out sustainably and responsibly, taking cognizance of the ESG implications it is exposed to.

We value stakeholders' feedback on this report, which can be channel to www.desb.net.

We have sought external assurance for the past four years for this sustainability reporting. We will continue to improve our data collection and management system. The scope of our coverage remains the same; however, when Bursa requires enhancement, we enhance it accordingly.

SUSTAINABILITY STATEMENT (CONT'D)

ABOUT DAYANG

Location of Headquarters & Registered Office
Sublot 5 – 10, Lot 46, Block 10,
Jalan Taman Raja, MCLD,
98000 Miri Sarawak, Malaysia

Vision

- To be a profitable leader in providing value-added services in a timely manner through an efficient and integrated approach.

Mission

- To create and develop critical path resources of the Group to achieve our objectives.
- To maximize shareholder's value.
- To be a responsible corporate citizen.

WHO WE ARE

Dayang Enterprise Holdings Bhd ("Dayang") is an investment holding company that owns three wholly owned subsidiaries: Dayang Enterprise Sdn Bhd ("DESB"), DESB Marine Services Sdn Bhd ("DMSSB") and Fortune Triumph Sdn Bhd ("FTSB").

In August 2015, Dayang completed a takeover and acquired 98.01% of the issued and paid-up share capital of Perdana Petroleum Berhad ("PPB"), a company listed on the Main Board of Bursa Malaysia Securities Berhad. As of 31st March 2023, Dayang holds a controlling stake of 63.67% in PPB. The principal activity of PPB is the provision of marine support services for the oil and gas industry.

Dayang's operations began with DESB in 1980. Initially, the company traded hardware materials and supplied manpower for the offshore oil and gas industry. Over time, the company expanded its services to include maintenance, fabrication, hook-up and commissioning, and charter of marine vessels.

In June 2017, DESB was accredited with an MS ISO 9001:2015-Quality Management System certification by SIRIM QAS International Sdn Bhd, demonstrating the company's emphasis on quality.

As of 2022, Dayang had 2,161 employees and recorded total group revenue of RM984.2 million for the financial year ended 31 December 2022. The company is widely recognised as a reputable provider of maintenance and support services within the oil and gas industry.

SUSTAINABILITY STATEMENT (CONT'D)

OUR ESG APPROACH

As Dayang aims to achieve sustained growth and success, we are committed to creating value for our shareholders while also positively impacting the communities in which we operate.

Our approach is guided by our Operating Philosophy, which emphasises a **Focus Towards Excellence** throughout the organisation. We are proactive in monitoring and reducing our environmental impact, practicing ethical governance, and investing in ways that promote sustainable economic growth.

Aligned with the goals of the Malaysian government, we have adopted ten of the United Nations Sustainable Development Goals (SDGs) that the Group pledges to support directly or indirectly. These SDGs are:

SUSTAINABLE DEVELOPMENT GOALS

SDG	GOALS	SDG	GOALS
3 GOOD HEALTH AND WELL-BEING	Ensure healthy lives and promote wellbeing for all at all ages.	5 GENDER EQUALITY	Achieve gender equality and empower all women and girls.
4 QUALITY EDUCATION	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.	8 DECENT WORK AND ECONOMIC GROWTH	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.
10 REDUCED INEQUALITIES	Reduce inequality within and among countries.	11 SUSTAINABLE CITIES AND COMMUNITIES	Make cities and human settlements inclusive, safe, resilient and sustainable.
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Ensure sustainable consumption and production patterns.	13 CLIMATE ACTION	Take urgent action to combat climate change and its impacts.
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.	17 PARTNERSHIPS FOR THE GOALS	Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development.

We value transparency and stakeholder engagement and welcome feedback on our sustainability practices.

SUSTAINABILITY STATEMENT (CONT'D)

OUR VALUE CHAIN

Dayang's business comprises four core areas:

- Provision of Maintenance Services
- Fabrication Operations
- Hook Up & Commissioning
- Charter of Marine Vessels

BUSINESS FOUR CORE AREAS

Provision of Maintenance Services

Dayang's business comprises four core areas:

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

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

Fabrication Operations

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

In 2022, we proudly announce that our newly built Integrated Fabrication/Warehouse/Yard Building fabrication yard in Bintulu was certified fit for occupancy and operation.

Hook-Up & Commissioning

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

Charter of Marine Vessels

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

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

REVIEW OF OPERATIONS

BUSINESS AND OPERATIONS REVIEW

Key Highlights For 2022

Market

Market Capitalistion: RM**1.52** billion

Business

Revenue
RM**984,183,000**

Profit Before Tax
RM**196,324,000**

Profit After Tax (PAT)
RM**125,337,000**

Basic Earnings Per Share
10.47sen

Net Tangible Assets per Share
RM**1.25**

OUR APPROACH TO DRIVING SUSTAINBILITY

Our approach to sustainability is based on our core values of excellence, united we achieve, integrity, humility and building relationships, supported by policies and procedures at the Group level. We consistently embed sustainability into the core of our business. The following value-added sustainability framework forms the basis of Dayang's steps to strengthen our approach to sustainability. We aim to work with contractors and suppliers that perform in an economically, environmentally, and socially responsible way.

SUSTAINABILITY STRATEGY

1. As a Public Listed Company

- As a Public Listed Company, we are proactive in addressing sustainability matters mainly on the economic value creation for the shareholders and stakeholders;
- We plan to elevate sustainability in the Group governance by engaging in direct Board oversight and accountability over environmental and social issues, ensuring more diversity and special expertise on the Board, and linking executive and other employees' compensation to sustainability goals.
- We intend to engage in robust regular dialogues with key company stakeholders on sustainability challenges, including employees, investors, suppliers, and consumers.
- We are in the process of open reporting on sustainability strategies, goals, and accomplishments.

2. As a service provider

- We are in the process of developing systematic performance improvements to achieve environmental neutrality and other sustainability goals across the entire value chain, including operations, supply chains, and products.
- We always provide quality service to all clients as they are part of our valued stakeholders.

BOARD COMMITMENT TO GOVERNANCE SUSTAINABILITY

As a public listed company, Dayang complies with high standards of corporate governance ("CG") practices and is closely monitored by the Board of Directors as guided by the Malaysian Code on Corporate Governance 4th Edition. The Board is responsible for ensuring that sustainability efforts are embedded in the company's strategic direction. A Corporate Sustainability Committee ("CSC") has been established to oversee the formulation, implementation and management of sustainability matters in line with the strategies. The Board is provided with regular updates by the Managing Director relating to key ESG risks and opportunities.

Its highlights the importance of good governance structures in consistently aligning the company to its principles and standards. The CSC, which governs the company's sustainability agenda, demonstrates the company's commitment to sustainability from the top. The steps taken to embed sustainability into the core of its business, and the governance structures in place to ensure compliance with high standards of corporate governance practices.

STRATEGIES AND DIRECTIONS

Despite the challenging operating environment, Dayang continues to practice prudence and is committed to upholding responsible financing and sustainability in its supply chain while focusing on delivering quality growth.

OUR MATERIALITY ASSESSMENT PROCESS

1. Objectives & Scope

Dayang conducted a materiality assessment involving both top and middle management to identify the objectives and scope of our sustainability reporting. Our reporting scope encompasses all of our employees and operations located in Malaysia.

2. Identification of Relevant Sustainability Matters

The process was initiated with a discussion of sustainability issues relevant to the group and its stakeholders. In generating the list, the group assessed the operating environment and emerging trends affecting our sectors and conducted a study across a broad range of references to identify the relevant sustainability issues.

Moving forward to 2023, we would intensify our efforts to undertake a review of material factors and sustainability matters to ensure that our understanding of both the current and future risks and opportunities facing our markets is adequately addressed, as well as to gather stakeholders' perspectives and ensure we are responding to their needs. As we update our material factors, we will continue to evolve our management approach to ensure that we are addressing them in a holistic and integrated manner. This may involve developing new policies and procedures and implementing various initiatives, measures, and action plans.

SUSTAINABILITY STATEMENT (CONT'D)

OUR MATERIALITY ASSESSMENT PROCESS (CONT'D)

OUR MATERIAL FACTORS

WHY IT MATTERS

The process of materiality assessment shapes a company's sustainability strategy and defines its reporting. It helps a company analyse risk factors and upgrade its business processes for future prospects. Materiality assessment is also an important tool to meet the expectations of stakeholders.

As we monitor, manage, and report on a wide variety of issues, the key to our approach is focusing our resources on material sustainability risks and opportunities that are associated with each material factor.

Understanding our key priorities allows us to set our time, resources, and investment to the best use.

The materiality process involves several steps, including:

- Identification of potential material topics by reviewing GRI aspects, benchmarking against key corporate peers, and analysing past reports, which reflect feedback from customers, community representatives, and employees generally.
- Inventory of aspects and topics most important to external stakeholders, customers, and their supply chain vendors, based upon requests, surveys, and ongoing engagement during the reporting period.

In an effort to navigate the Group towards sustainable business growth and success, we have carried out an assessment of the material sustainability matters that are most significant to the Group as well as to our various stakeholders. This material matters assessment enables us to identify, assess, and prioritise the risks and opportunities arising from the ESG context, so as to take advantage of any potential opportunities in this ever-changing business environment. The materiality factors are based on the priority of the organization.

Material Factors	Description	What Are The Risk	Whta Are The Opportunities	Initiative
Competition	Dayang is exposed to competition within the oil and gas industry	The current risks faced by the Group include, fluctuations in global oil prices, political instability and Petronas License requirements, among others.	Well-implemented, efficient, and proactive maintenance strategies with minimal environmental impact could be one of our competitive strengths.	In 2022, Dayang was awarded a few contracts, including contract extensions, from the Oil Majors. Dayang will continually strive to increase productivity and optimise production costs by implementing comprehensive and timely asset management to secure more contracts.

OUR MATERIALITY ASSESSMENT PROCESS (CONT'D)

OUR MATERIAL FACTORS (CONT'D)

WHY IT MATTERS (CONT'D)

Material Factors	Description	What Are The Risk	What Are The Opportunities	Initiative
Market Stability	A well-facilitated business, supported by an effective and balanced regulatory framework that provides adequate levels of stakeholder protection while facilitating business efficiency and innovation, is imperative for the continued growth and development of our business.	Any event that undermines integrity or stability, such as breaches in regulations or lack of effective corporate governance practices, will impact stakeholder confidence.	Maintaining a healthy approach to ensure market integrity and stability is essential for creating a fair and efficient market where all participants can enjoy equal access. This fosters an environment where price discovery and trading practices are conducted transparently.	Dayang ensures that its dealings with business partners such as customers, suppliers, contractors, subcontractors, competitors, vendors, agents, representatives, and governmental authorities always reflect fair and proper business practices, and comply with the laws and regulations governing free and fair competition and monopolies.

A) Significance - Material Factors (E – Environmental, S – Social, G- Governance)

Materiality	Factors	Why Material	Managing Materiality	Initiative
Very Important	Optimisation/ Resources (E, G)	To help the company become efficient and effective.	Proper resource allocation plans are in place to ensure that all resources are being optimised.	Review the cost optimisation with the organization to deliver higher business value.
Very Important	Market Condition (G)	Market condition affects all businesses in every industry.	Dayang has continued to monitor the oil and gas market and economic trends and has developed strategies to adapt to rising and diminishing customer demand, oil price fluctuations, and many other uncertainties.	As of December 2022, Dayang has outstanding estimated call-out contract's worth around RM1.4 billion. We believe that FY2023 will be similar to FY2022 in the industry and will support the expected economic recovery both domestically and globally. We remain cautiously optimistic about the prospects as we believe our clients will continue to close the gap of the imbalances while optimizing their profitability.

OUR MATERIALITY ASSESSMENT PROCESS (CONT'D)

OUR MATERIAL FACTORS (CONT'D)

A) Significance - Material Factors (E – Environmental, S – Social, G- Governance) (cont'd)

Materiality	Factors	Why Material	Managing Materiality	Initiative
Very Important	Compliance (E, S, G)	Compliance with laws and regulations is one of our main requirements.	We provide adequate training and resources to ensure we meet compliance obligations.	To ensure that our staff are up-to-date with the latest laws and regulations, we provide training either in-house or through outsourcing.
	Safety (E)	Impact on safety of workforce to avoid workplace injuries and customers to ensure safety of products.	The Corporate HSSE Department is responsible for setting the overall direction of HSSE implementation within the Group, and for monitoring performance to ensure that HSSE risks are manageable.	Corporate HSSE Department is committed to ensuring that health, safety, security, and environmental elements are integrated into the Group's operations.
	Quality (S)	It is part of our core business value to satisfy all of our customers.	By obtaining prompt stakeholder feedback to gauge our quality.	With our commitment to quality, we ensure that our project teams and other departments deliver excellent services to our customers.
	Customer Satisfaction (S)	It is important for us to benchmark ourselves and to collaborate closely with customers to achieve mutual success.	Dayang has implemented a Quality Project Plan to ensure ongoing monitoring of customer satisfaction. We also conduct customer surveys using the "Customer Survey Feedback" tool, and the results of those surveys are used to calculate the "Customer Satisfaction Index."	In 2022, the Customer Satisfaction Index was 81.48% on average.
	Reputation (S, G)	To get a more realistic picture of how the business is actually being perceived by others.	We take initiatives to enhance our reputation by providing balanced reporting, ensuring transparency and accuracy in all our communications.	We actively encourage our stakeholders to provide feedback through various channels, such as customer satisfaction surveys and reviews. This allows us to continuously improve and enhance our services to meet their needs and expectations.

OUR MATERIALITY ASSESSMENT PROCESS (CONT'D)

OUR MATERIAL FACTORS (CONT'D)

A) Significance - Material Factors (E – Environmental, S – Social, G- Governance) (cont'd)

Materiality	Factors	Why Material	Managing Materiality	Initiative
Very Important	Procurement (E, G)	It ensures the stable, sustainable procurement and supply of resources.	Dayang has implemented procurement procedures to create a sustainable and ethical supply chain. As part of our commitment, it is compulsory for new suppliers to fill out a Vendor/Subcontractor Pre-Assessment Sheet for our assessment and review.	In 2022, about 95% on average of our supplies were local and we support local industries to create a better and more sustainable future for all.
	Corporate Governance (E, S, G)	To ensure that the company protects the members, officers and management.	We adhere to various regulations and utilize subcommittees to govern our operations effectively.	The management meeting covers updates on corporate governance to ensure compliance with corporate governance regulations.
	Business Model (G)	Business model plays a vital role in challenging market condition of the market and business.	The Board of Directors works together to ensure the Group achieves its business objectives and creates an environment that promotes commitment to the achievement of the Group's vision, mission, strategy, and plans.	The Group's performance has significantly improved, as evidenced by the turnaround from a loss of RM435.7 million in 2021 to a profit of RM125.3 million in 2022. Additionally, in 2022, the Group distributed RM34.73 million as a dividend to shareholders. For more information on the Group's financial performance, please refer to the Financial Highlights section of this annual report.
	Networking/ Stakeholder (E, S, G)	It is important to have new opportunities and positive influence.	Our business involves networking with various parties to ensure smooth and efficient operations.	Utilizing communication tools such as email and social media help streamline communication with our stakeholders and ensure that all parties are kept informed and up-to-date.
	Product Mix (E, S, G)	To have a variety of products that will fit each customer's needs	To be highly competitive we take the initiatives to create a variety of segments. • Provision of maintenance service • Fabrication operations • Hook-up & commissioning	We review the portfolio and look for opportunities to grow our business. The revenue from Topside Maintenance in 2022 representing 64.51% of Group revenue compared to 62.83% recorded in 2021. While Hook-Up and Commissioning ("HUC") Division has reported a revenue of RM204.24 million representing a 20.75% of Group revenue.

OUR MATERIALITY ASSESSMENT PROCESS (CONT'D)

OUR MATERIAL FACTORS (CONT'D)

A) Significance - Material Factors (E – Environmental, S – Social, G- Governance) (cont'd)

Materiality	Factors	Why Material	Managing Materiality	Initiative
Very Important			• Charter of marine vessels • Vessel technical specification	For Marine divisions, it has recorded a turnaround with marginal profits for the year after suffering a string of losses for more than 5 years. The profit was achieved with a higher utilisation rate of 60% compared to 44% recorded in 2021. During the year, the Group declined an award to construct and deliver five (5) AHDS with a contract value of more than RM1 billion for 15 years contract period due to unattractive financial returns.
	Business Ethics/Code (E,S,G)	Maintaining business ethics is our core values	We proactively promote and positively reinforce good behaviour among our employees, and expect all employees to observe high standards of integrity by adhering to the Code of Ethics outlined in the Company's handbook.	All employees are required to comply with the code of conduct set by the organization.
	Anti-Corruption (E,S,G)	This reduces risks of economic imbalance and compliance with laws, international charters and conventions	Anti-Bribery and Corruption Committee, together with sub-working committees at the management level, continuously monitor, brief, and review the company's policies and procedures to ensure accountability, transparency, corporate integrity, non-discrimination, and equal opportunities based on performance.	Since 2020, DAYANG has developed its Anti-Bribery and Corruption Policies and Procedures, which are designed to complement the core principles set out in the Code of Conduct and Code of Ethics included in the Group Employee Handbook and Board Charter.
	Climate Change (E,G)	Climate change would have a significant impact on business	Dayang has been making efforts to gradually reduce its impact on climate change by addressing issues such as diesel consumption and emissions produced, both directly and indirectly.	Dayang has complied the requirements of the Department of Environment ("DOE") for yard operations and also MARPOL requirements for marine vessels.

SUSTAINABILITY STATEMENT (CONT'D)

OUR MATERIALITY ASSESSMENT PROCESS (CONT'D)

OUR MATERIAL FACTORS (CONT'D)

A) Significance - Material Factors (E – Environmental, S – Social, G- Governance) (cont'd)

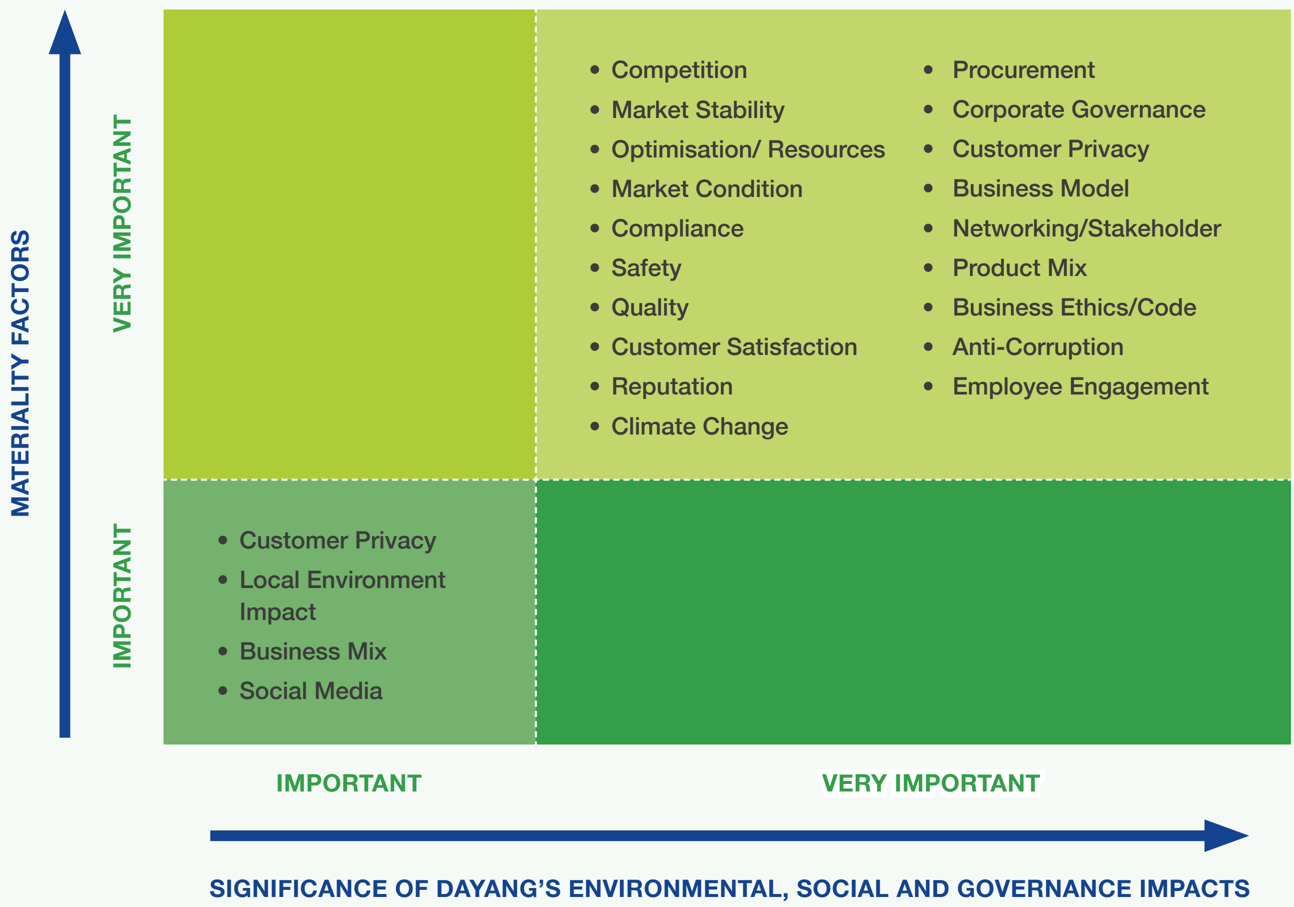
Materiality	Factors	Why Material	Managing Materiality	Initiative
Very Important	Employee Engagement (S)	It is vital to create an engaged organisation. Employee engagement strategies can help improve productivity reduce employee turnover, attract talent and help improve personnel performance.	In Dayang, we continuously invest in upgrading and re-training our talent pool by fostering their skills and competencies to achieve the organization's immediate and long-term aspirations.	In 2022, Dayang organized various training programs, both internally and externally, to enhance the skills and knowledge of our employees. We also conducted surveys and assessments to measure the level of employee engagement and identify areas for improvement. Our goal is to provide a supportive and engaging work environment that empowers our employees to achieve their full potential and contribute to the success of our organization.
Important	Customer Privacy (E, S, G)	We have the responsibility to protect the privacy of our customer data to build customer trust and loyalty.	We continue to review our IT procedures and guidelines to ensure that we maintain a robust cybersecurity system that can protect the company's information and data against cyber threats.	In 2022, we are pleased to report that there were no material breaches or substantiated complaints concerning customer privacy or cyber security. This is a result of our continuous efforts in reviewing and strengthening our IT Procedures and Guidelines, implementing multi-factor authentication, and conducting regular vulnerability assessments to safeguard all information and data of the Company and our customers.
	Local Environment Impact (E)	It safeguards the environmental impact	We monitor and review the environmental compliance strategy and performance.	Meetings are held between the head of departments for discussion.
	Business Mix (G)	Diversification is part of our business model to stay sustainable.	We always look out for synergistic businesses that create better value for our core business.	We review the portfolio and look for opportunities to grow in business.
	Social Media (E,S,G)	The use of social media boosts visibility among potential customers and improves awareness about our brand.	We engage with social media to promote our services and products.	Our company assigns dedicated staff to manage and execute social media marketing strategies.

OUR MATERIALITY ASSESSMENT PROCESS (CONT'D)

Materiality Matrix

Materiality assessment is an important tool to identify the most relevant ESG priorities that are consistent with our business strategy. We identified, assessed, and prioritized material sustainability initiatives through the sustainability working committee. The key areas that matter the most to the Group and our various stakeholders, ranging from "Important" to "Very Important" respectively, are shown in the following Material Matters Matrix. The output of the assessment was plotted on a matrix that illustrates the impact of each material factor on the Group's business, as well as the stakeholders. For the current year, we have maintained the same materiality matrix as it remains relevant to the Group's operations.

Combining the views from stakeholders and Dayang's Management from the preliminary materiality process, the materiality table has been derived to show the different levels of importance of the sustainability matters. The below factors will be further enhanced in the coming years.



Engaging with a diverse range of stakeholder groups is crucial for us to identify, prioritise, and address material matters and integrate them into our business strategies. Our business and functional units have the authority to communicate with their respective stakeholders using preferred communication channels. We conduct regular ongoing engagements, wherever feasible, as they play an integral role in our business growth, stakeholder relationships, and dedication to sustainability.

SUSTAINABILITY STATEMENT (CONT'D)

OUR MATERIALITY ASSESSMENT PROCESS (CONT'D)

STAKEHOLDER ENGAGEMENT

We consider our stakeholders as a crucial aspect of our business. To gain a better understanding of the material issues that impact them, we continually enhance our engagement processes. By addressing the concerns of our stakeholders through suitable communication channels, we can refine our strategies to meet their expectations and concentrate our reporting on matters that matter to them.

The diagram below illustrates our primary stakeholders, the forms of engagement we utilize, and the essential topics of interest that we strive to address.

Stake Holder Group	Engagement Approach	Engagement Focus & Objectives	Matter Discussed
Customer	Monthly meeting and Annual Management Review Meeting	Monthly Meeting to discuss quality/operation issues including changes in the quality system or procedure, if any. Management Review Meeting to review the previous year's quality performance and achievement, including revising and amending any procedure, policy, and objective, if any.	In 2022, we are proud to announced that we have obtained the Certificate of Appreciation form: • Kebabangan Petroleum Operating Company (KPOC) in providing excellent performance and service with good quality and safety delivered. • SEA Hibiscus in recognition of outstanding accomplishment and services. • Sarawak Shell Berhad Sarawak Maintenance & Execution towards the safe delivery of Sarawak 2022 Topsides Major Maintenance Campaign. In the 2022 Sirim Audit, we were issued with 5 Opportunities for Improvement and one (1) Non-Compliance and we will learn from the incidents and continually improve.
	System Audit – HSE/ Operation/ Tendering / QAQC / HRA / Inventory / Manpower/ Procurement Audit	We have implemented internal and external audits to on-going monitoring the delivery of our safety and quality of our operation: For Internal audit- one cycle per year which is conducted by the internal auditor, planned by QAQC Dept. For External Audit - Also one cycle per year, which will be conducted by SIRIM QAS International	
Employee	Meeting with the management & employees, both office & marine crew - employees will raise issues	Sharing & bonding with the management & employee (Formal or Informal)	The assigned Project Manager / Head of the Department will address and resolve all matters raised by the teams/ subordinates.
	a. Cost Optimization - Meeting and discussion	Cost efficiency	Project Managers were to follow up on the project cost to ensure all the cost is in line with the budgeted costing submitted.
	b. Brand Value - Meeting and KPI's	Minimize operation/ project down time and improve turnaround time	Project Managers were to prepare the yearly budget and discussed with Senior Management and submit to Board for final approval.

SUSTAINABILITY STATEMENT (CONT'D)

OUR MATERIALITY ASSESSMENT PROCESS (CONT'D)

STAKEHOLDER ENGAGEMENT (CONT'D)

Stake Holder Group	Engagement Approach	Engagement Focus & Objectives	Matter Discussed
Employee (cont'd)	c. Diesel Usage and Schedule Waste Management	To monitor the diesel consumption and scheduled waste and comply with MARPOL and DOE requirements.	We ensure the vessels meet the requirements of SSEMP under MARPOL requirements. There were zero incidents of spillage or improper disposal in 2022 and the waste management is complying with the procedure guided by the DOE.
	d. Accident Rate - Meeting and engagement	ZERO accident tolerances.	We organized campaigns, engagements and meeting to educate our staff and comply with the Malaysian Occupational Safety and Health Act 1994, Environmental Quality Act 1974, regulation orders and etc. In 2022, we have zero fatalities accidents and lost time injury frequency.
Suppliers/ Subcontractors & Business Partners	Anti-Bribery and Corruption ("ABC") Policy	Ensure the bidders are required to comply with ABC policy and HSSE requirements.	Dayang has adopted Anti- Bribery and Corruption Policy to help the Group and persons associated with the Group to understand the implications of the Section 17A that has been incorporated into the Malaysian Anti Corruption Commission Act 2009.
	HSSE Requirement	HSSE Policies and Procedures	The Management Review Process required that the HSSE policies and procedures and other documents are reviewed by Management at planned intervals to ensure continued system effectiveness and efficiency.
	Invitation to bid	Invite at least 3 bidders (based on the client's requirement) and award to the technically acceptable and commercially lowest bidder.	Dayang's procurement Department strictly proceed the process adheres to the established procurement procedures.
	Establish a Price Agreement (PA) for cost optimization		
	Perform Technical Evaluation	Project Management Team to monitor and ensure the delivery of safe and quality work to clients.	In 2022, Dayang managed to deliver quality and safety services to our clients. Dayang has received several Appreciation Awards from our clients.
	Quarterly assessment of Contractors/ Subcontractors	Regular meetings with suppliers/contractors if there are any issues.	

SUSTAINABILITY STATEMENT (CONT'D)

OUR MATERIALITY ASSESSMENT PROCESS (CONT'D)

STAKEHOLDER ENGAGEMENT (CONT'D)

Stake Holder Group	Engagement Approach	Engagement Focus & Objectives	Matter Discussed
Suppliers/ Subcontractors & Business Partners (cont'd)	Audit/ Site Visit on Contractor/ Subcontractor	Audit and site visit on Contractor/ Subcontractor to assess their capabilities and ensure compliance.	
Regulators	Compliance with local authorities' requirements	Comply with all the authorities' requirements • Regulatory compliance • Labour law • Environmental management and compliance • Occupational Health and Safety	In 2022, our Integrated Fabrication/ Warehouse/ Yard Building has obtained approval from the following authorities, certified fit for occupancy and operation:- • Department of Occupational Safety and Health ("DOSH"); • Department of Environment ("DOE"); and • Atomic Energy Licensing Board ("AELB")
Community	Community development programs	We care about our society and communities.	In 2022, Dayang has contributed: • Donation to fire victim • Donation to Miri Palliative Care • Donation to Wisheland Miri • Donation to Miri Left Lip & Palare Help Association Sarawak (CLAPHS) • Donation to Methodist Victory Home

4. Prioritisation of Material Sustainability Matters

Dayang has undertaken a stakeholder prioritisation and engagement process to engage with its stakeholders. These include ongoing efforts to engage with stakeholders in the usual course of business through the day-to-day operations, as well as specific engagements carried out to seek stakeholders' feedback. The outcome of these engagements was considered in the course of the Group's materiality assessment.

SUSTAINABILITY STATEMENT (CONT'D)

OUR MATERIALITY ASSESSMENT PROCESS (CONT'D)

4. Prioritisation of Material Sustainability Matters (cont'd)

As part of the process in conducting the materiality assessment of sustainability matters, the Group has conducted the specific engagement process as follows:

- To determine the key stakeholders with whom the Group should engage, the Group carried out assessments to identify key stakeholders based on each stakeholder's influence and dependence on the Group.
- To gain an insight into these key stakeholders' concerns, interests and expectations, the Group conducted discussions including on-going sessions throughout the year to gauge stakeholders' concerns pertaining to the list of sustainability matters identified.
- Where applicable, the Group also took into account feedbacks from other stakeholder groups, gathered through various channels and through the ongoing engagements during the course of conducting its business operation.

5. Process Review

The materiality process is undertaken as a crucial element of the Group's journey to identify material sustainability matters. The CSC has reviewed and approved the processes and outcomes of the materiality assessment, including the Group's materiality matrix, which guides the Group in addressing and managing its material sustainability matters in its business operations.

6. Validation

The data is validated by the management before being passed on to a third-party external consultant for review of the sustainability information.

A) ENVIRONMENTAL SUSTAINABILITY

WHY IT MATTERS

Our effort to reduce Greenhouse Gas ("GHG") emissions that contribute to climate change today will enhance our shared prosperity, societal well-being, and business growth in the future. Due to the complex nature of climate change, collaborative efforts by governments, businesses, and individuals are necessary to promote a transition to a sustainable future.

The Group has followed the regulatory standards and guidelines in place by implementing and taking action towards its sustainability initiatives related to its material matters.

SUSTAINABILITY STATEMENT (CONT'D)

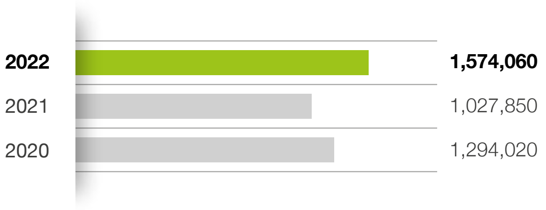
A) ENVIRONMENTAL SUSTAINABILITY (CONT'D)

MONITORING VESSEL EMISSION

Pollution is a critical global issue, and vessel and machine emissions are a key material concern in our industry. As such, we are committed to minimising and mitigating the negative impact of greenhouse gases on society and the environment by managing our vessel emissions. Dayang ensures that its vessels meet the requirements of the Ship Energy Efficiency Management Plan (SEEMP) under the International Convention for the Prevention of Pollution from Ships (MARPOL). We are also taking bold steps towards creating a sustainable future for both our planet and our industry by emphasising scheduled maintenance, testing, and repair work for all vessels and machines.

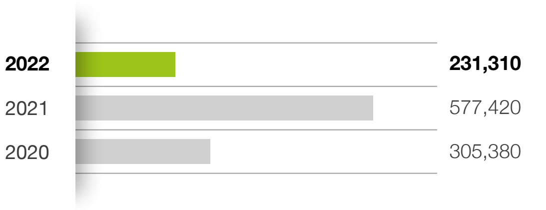
Fuel Consumption (Diesel)

The three years' Vessel's Fuel Consumption are illustrated in the graph below.



Scheduled Waste Disposed (Vessel)

All waste is disposed of by government-approved waste disposal contractors, and there were zero incidents of spillage or improper disposal during the financial year. The graph below illustrates the three-year schedule of waste management.



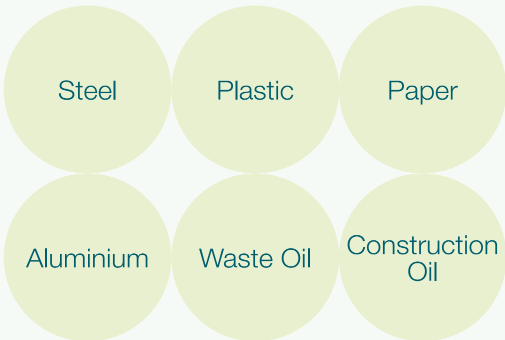
STORAGE AND COLLECTION OF RECYCLABLES

The Group has implemented an initiative for the storage and collection of waste and recyclables. The objective of this initiative is as follows:

- To provide dedicated area and storage for the collection of non-hazardous material for recycling.
- To facilitate the reduction of scheduled waste generated that is hauled and disposed of by licensed disposal companies.
- To designate a dedicated area where on-site sorted waste materials can be stored in separate skids for collection facilities.

The graphic below shows the types of items recycle, reused, and disposed of on site. disposal at site.

Item Reused/Recycled/ Disposed at site



B) SOCIAL SUSTAINABILITY

The Importance of Community

WHY IT MATTERS

The health, safety and overall well-being of our employees and customers are a key priority. We are constantly looking for ways to improve our processes to create a safe working environment. This ensures our that our employees can achieve their full potential, and our assets remain prolific.

Social factors are becoming increasingly important for organizations. They started with Workplace Health and Safety and have evolved to include employee wellbeing and diversity. The social pillar has recently been strengthened by the requirement to assess labour condition risks such as modern slavery in the supply chain. It is easy to overlook supply chain management as it is not entirely within an organisation's control. However, it is crucial to be aware of such factors and how they impact the global community.

SUSTAINABILITY STATEMENT (CONT'D)

B) SOCIAL SUSTAINABILITY (CONT'D)

OUR APPROACH

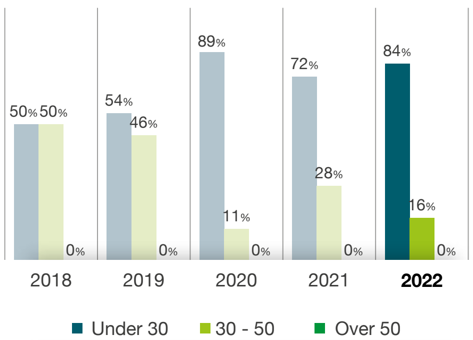
Our initiatives in the community focused on:

- Building a Sustainable Workplace
- Employee Engagement
- Occupational, Health and Safety
  - a) Commitment to Quality
  - b) SHO Continuous Education Programmes
  - c) Management Review for HSSE Policies & Procedures
- Building Sustainable Employee Development
- Contribution Towards Better Communities

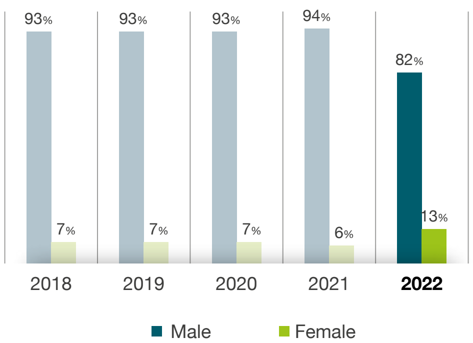
1. Building a Sustainable Workplace

The following graphs are illustrated based on the social segment in the organisation.

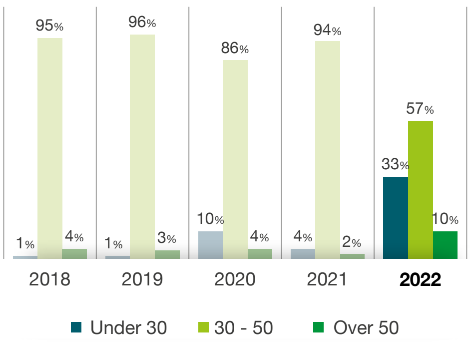
New Hires By Age Group



Total Employee (Gender)



Total Employee (Age)



2. Employee Engagement

At Dayang, employee engagement remains a priority because we care about our employees, and we continue to invest in various activities to improve and measure their engagement levels. These activities provide an opportunity for staff to step away from their daily work routine and focus on strategic planning, team building, and professional development in a relaxed and informal setting. Employee engagement activities help build team cohesion, foster creativity and innovation, develop skills and knowledge, and enhance organizational alignment. They also promote a positive work culture, which further fosters creativity and innovation, and ultimately leads to improved team performance.

MARINE DIVISIONS RETREAT TO BORNEO TROPICAL RAINFOREST

B) SOCIAL SUSTAINABILITY (CONT'D)

OUR APPROACH (CONT'D)

2. Employee Engagement (cont'd)

DAYANG GOLF CHALLENGE 2022

LONG SERVICE AWARD

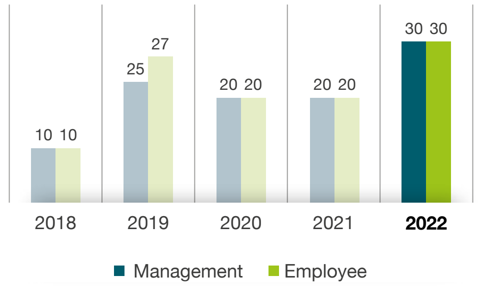
3. Occupational, Health and Safety ("OSH")

The Group is committed to providing its employees with a safe, conducive and healthy workplace. The Corporate Health, Safety, Security and Environment ("HSSE") Department is responsible for ensuring that health, safety, security and environmental elements are integrated into the Group's operation. The department is promoting HSSE awareness and enhances the working culture to pursue the ultimate goal of ensuring no harm to people and protecting the environment where we live and operate.

In addition, the Group's operations comply with the Malaysian Occupational Safety and Health Act 1994, Environmental Quality Act 1974, regulation orders and other Codes of Practice.

The representative in the OSH Committees has increased in tandem with the productivity of the operations.

Breakdown of Representatives in the OSH Committees



To achieve this goal, HSSE meetings are carried out at several levels, including offshore, warehouse yards and offices, as a platform for communication. The meetings include:

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

Various HSSE programs were carried out in 2022 to ensure that employees and contractors are not subjected to conditions that could lead to adverse health effects. Among the programs held include:

HSE LEADERSHIP WORKSHOP

BEST UAUC AWARD

SUSTAINABILITY STATEMENT (CONT'D)

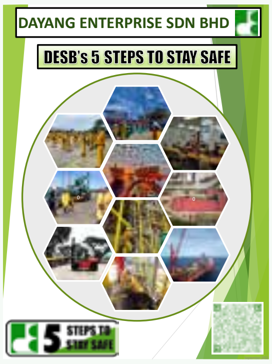
B) SOCIAL SUSTAINABILITY (CONT'D)

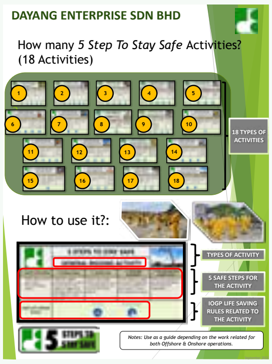
OUR APPROACH (CONT'D)

3. Occupational, Health and Safety ("OSH") (cont'd)

NEAR MISS INCENTIVE

LAUNCHING OF "5 STEP TO STAY SAFE"

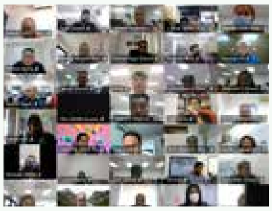




DRILL EVACUATION & DEMONSTRATION WITH BOMBA

SECURITY CHECK @ MIRI WHARF

ENGAGEMENT SESSION WITH CONTRACTOR



ASSURANCE AUDIT TO CONTRACTOR

QHSSE DAY

QHSSE WEEK (LABUAN & BINTULU

WORK CLOSELY WITH DOSH & DOE TO ASSURE COMPLIANCE

B) SOCIAL SUSTAINABILITY (CONT'D)

OUR APPROACH (CONT'D)

3. Occupational, Health and Safety ("OSH") (cont'd)

COMMITMENT TO QUALITY

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

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

The Group is committed to providing a safe work environment and ensures team members are properly trained in all aspects of their work. The Group continuously provides its employees with skills development and training programs that encourage progression and self-enrichment.

Throughout the year, we have conducted a number of HSSE trainings and courses for various groups at different levels of personnel to improve awareness, skills, and knowledge throughout the organization.

SHO CONTINUOUS EDUCATION PROGRAMMES POINT MONITORING

No.	Training/Courses/Seminar
1	AROSHE 2022 - OSHE Sustainability During Pandemic & Endemic
2	ISOSH 2022
3	Safety and Risk Management - Job Hazard Analysis (JSA)
4	Understanding, Evaluating & Implementing Effective HIRARC at Workplace
5	Incident Investigation & Analysis Techniques
6	Developing of HSE Documentation
7	OSHCOF 2023: OSH Performance Indicator
8	Compliance to FMA 1967 and its Regulation
9	OSH Management System: ISO 45001:2018 Interpretation and Implementation
10	Effective Site Inspection and Intervention of OSH Management System at Workplace
11	Basic Occupational First Aid with CPR and AED Certification
12	6th BOSH 2019: "Industrial Transformations: OSH Engagement for future skills and works"
13	Ergonomic Trained Person: Initial ERA
14	OSH Connect Conference and Exhibition 2020 (Virtual Conference)
15	BOSH
16	Safety: From Compliance to Commitment
17	Effective Management & Recovery Strategy For Scheduled Waste

No.	Training/Courses/Seminar
18	Webinar: Back Injury Prevention
19	Competency Lifting Supervisor
20	Pengurusan Dokumentasi Mandatori KKP & Keperluan Dalam Industri
21	LEV Training Compliance To USECHH 2000 Regulation
22	Safety Edge Virtual Conference 2022
23	Understanding And Implementing Of Permit To Work
24	Safe Chemical Handling and Scheduled Wastes Management at Construction Site
25	BOWEC Regulation 1986
26	OSH in Construction Industry
27	Seminar KKP Negara 2021
28	Ergonomic Trained Person: IERA
29	HIRARC
30	COVID-19: Employer Responsibilities for Workplace Safety
31	MAJLIS SAMBUTAN OSHWEEK JKKP SARAWAK 2020
32	Safe Chemical Handling and Scheduled Waste Management at Construction Site
33	Authorized Entrant and Standby person for Confined Space (AESP)
34	HACCP Verification & Internal Audit
35	HACCP Awareness
36	HACCP Inspection & Verification for Site Medic

B) SOCIAL SUSTAINABILITY (CONT'D)

OUR APPROACH (CONT'D)

3. Occupational, Health and Safety ("OSH") (cont'd)

MANAGEMENT REVIEW FOR HSSE POLICIES & PROCEDURES

The Management Review process requires that the HSSE policies, procedures, and other documents are reviewed by the management at planned intervals to ensure continued system effectiveness and efficiency.

I. HSSE Guidelines

1	Guideline on Channel of Communication
2	Guideline on Baggage & Body search
3	Guideline for Hearing Conservation and Noise Control Programme
4	Land Transport Safe Journey Management Guideline

II. HSSE Management System

The contents of HSSE-MS were rearranged to align with Petronas' HSSE-MS which uses the following eight elements:

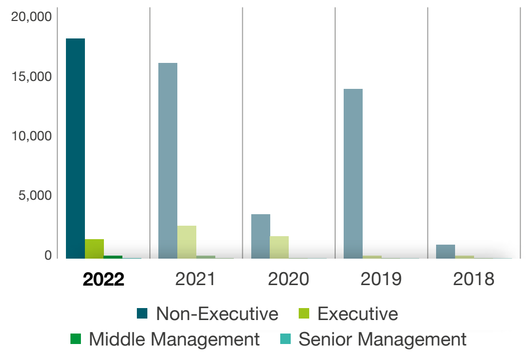
1	Leadership and Commitment	5	Planning and Procedures
2	Policy and Strategic Objectives	6	Implementation and Monitoring
3	Organisation, Responsibilities, Resources, Standards and Documents	7	Assurance
4	Hazards and Effects Management Process	8	Management Review

4. Building Sustainable Employee Development

At Dayang, we embed succession planning considerations in our employee development strategy by identifying potential talent who may provide leadership and management skills for the medium and long-term future. During performance appraisal sessions, leaders and managers engage with identified talent to discuss their career development and training needs. From time to time, the Human Resource Department arranges training for employees to keep them abreast of the latest developments in relevant fields and industries.

The beside graphs illustrate the total training hours of employees and the total investment in employee development by the Group.

Total Training Hours of Employee



CORPORATE EVENTS OF DAYANG IN 2022

TGV SARAWAK INTERVIEWED DATUK JAMES LING SUK KIONG ABOUT DAYANG, A SARAWAK BASED OIL AND GAS COMPANY

SUSTAINABILITY STATEMENT (CONT'D)

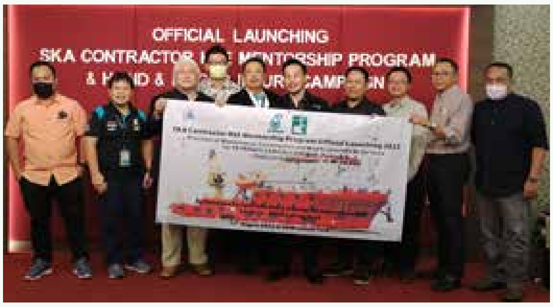
B) SOCIAL SUSTAINABILITY (CONT'D)

OUR APPROACH (CONT'D)

4. Building Sustainable Employee Development (cont'd)

CORPORATE EVENTS OF DAYANG IN 2022 (CONT'D)

FINGER INJURY PREVENTION CAMPAIGN



TRAINING ORGANISED BY SARAWAK CORRIDOR OF RENEWABLE ENERGY

5. Contribution Towards Better Communities

The Group is committed to promoting Corporate Social Responsibility ("CSR") as an integral part of its operations while pursuing business growth to enhance shareholder and stakeholder value. Management recognises that for long-term sustainability, the Group's strategic orientation will need to extend beyond financial parameters. The Group recognises the importance of CSR and, therefore, understands that its strategic orientation will need to be extended beyond financial parameters in the long term.

DONATION TO FIRE VICTIM

DONATION TO METHODIST VICTORY HOME REHABILITATION CENTRE

DONATION TO MIRI PALLIATIVE CARE

B) SOCIAL SUSTAINABILITY (CONT'D)

OUR APPROACH (CONT'D)

5. Contribution Towards Better Communities (cont'd)

DONATION TO WISHESLAND MIRI

FINANCIAL CONTRIBUTION TOWARDS MIRI CLEFT LIP & PALARE HELP ASSOCIATION SARAWAK

GOVERNANCE

WHY IT MATTERS

Our stakeholders are customers, shareholders, employees, and communities with a vested interest in the company's strategies and development plans. They play a critical role in driving economic growth. Despite the challenges posed by the pandemic, we managed to overcome them. All of these individuals are affected by a company's sustainability efforts, and those efforts, in turn, affect society as a whole and the global environment.

COMPLIANCE

We are moving towards a long-term strategy and a clear plan on sustainability, including supporting the global transition, that will distinguish itself by building the confidence of its stakeholders, i.e., consumers, investors, policymakers, and regulators. We are alert to the need for the Group to adapt to shifts and changes in the global landscape.

The Group addresses its sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

The Board, together with Senior Management, takes responsibility for the governance of sustainability in the Group, including setting the Group's sustainability strategies, priorities, and targets. The board takes into account sustainability considerations when exercising its duties, including, among others, the development and implementation of Group strategies, business plans, major plans of action, and risk management. The strategic management of material sustainability matters is discussed and implemented at the senior management level.

The following policies and procedures have been illustrated in the company website.

- Board Charter
- Terms of Reference - Audit Committee
- Terms of Reference - Joint Remuneration & Nomination Committee
- Whistleblowing Policy
- Anti-Bribery and Corruption Policy
- Fit and Proper Policy

ACCELERATIVE STATEMENT

This Sustainability Statement contains certain forward-looking statements based on the Group's current assumptions and expectations, including statements regarding our ESG targets, goals, commitments, and programs, as well as other business plans, initiatives, and objectives.

Having incorporated consideration of sustainability matters, the Group will continue to put effort into managing the ESG risks and opportunities relevant to its businesses, with a specific focus on the Material Sustainability Matters. Ongoing assessment and consideration will also be undertaken to identify and evaluate any emerging ESG risks or opportunities, in addition to the Group's established risk management process which focuses on strategic, operational, and financial risks, to enhance the long-term value creation of the Group.

The Group has taken a great level of measures to identify the critical risks that influence the strategies of the Company. By taking necessary steps with Senior Management and with the Board's input, we foresee mitigating the risk elements.

This Statement has been approved by the Board and is current as of 12 April 2023.

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 2022. It is to be read in conjunction with the Corporate Governance Report ("CG Report") which is available on the corporate website at www.desb.net. The CG Report provides the details on how the Company has applied each Practice as set out in the MCCG during the financial year 2022.

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

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

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

1. BOARD RESPONSIBILITIES (CONT'D)

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

Qualified and Competent Company Secretary

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

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

Access to Information and Advice

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

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

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

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

Board Charter

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

Code of Ethics and Conduct

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

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

1. BOARD RESPONSIBILITIES (CONT'D)

Code of Ethics and Conduct (cont'd)

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

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

Anti-Bribery & Corruption Policies and Procedures

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

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

Whistle Blowing Policy

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

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

Fit and Proper Policy

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

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

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 32 to 57 of this Annual Report.

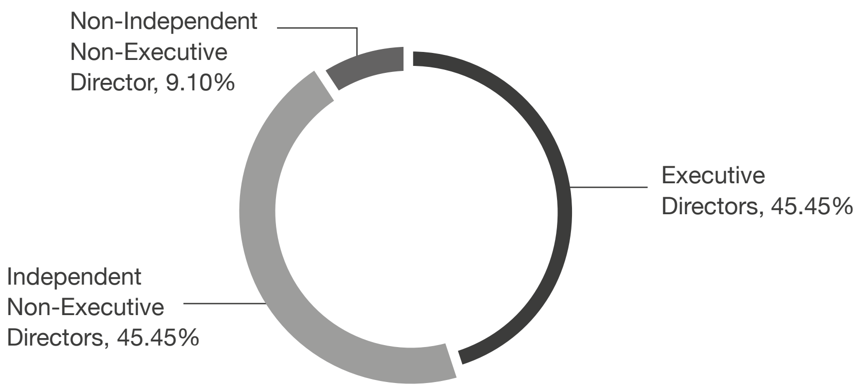
PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

2. BOARD COMPOSITION

Board Balance

The current Board composition comprised as follows:

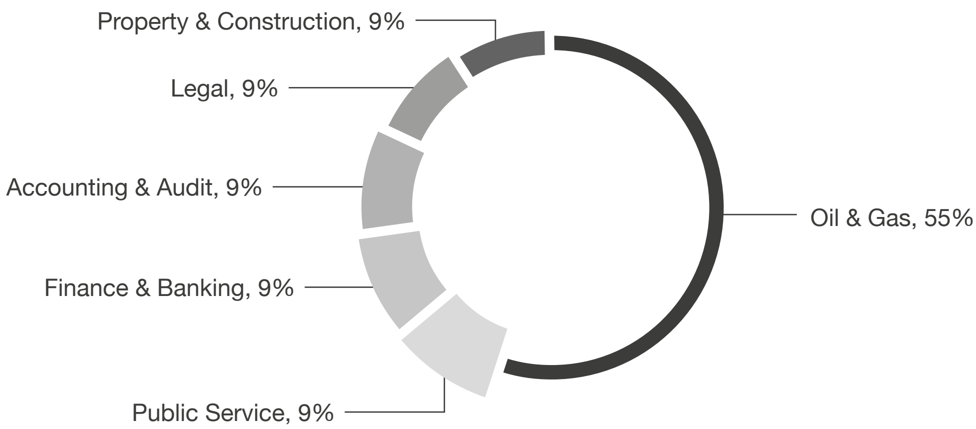
Designation	Number of Directors	Percentage (%)
Executive Directors	5	45.45
Independent Non-Executive Directors	5	45.45
Non-Independent Non-Executive Director	1	9.10
Total	11	100.0



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: -



CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

2. BOARD COMPOSITION (CONT'D)

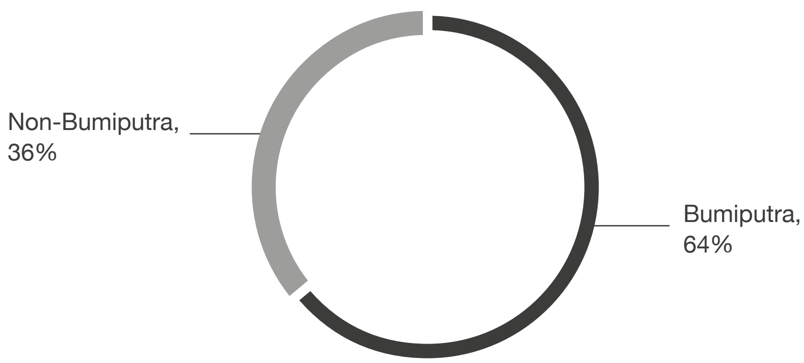
Board Diversity (cont'd)

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

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

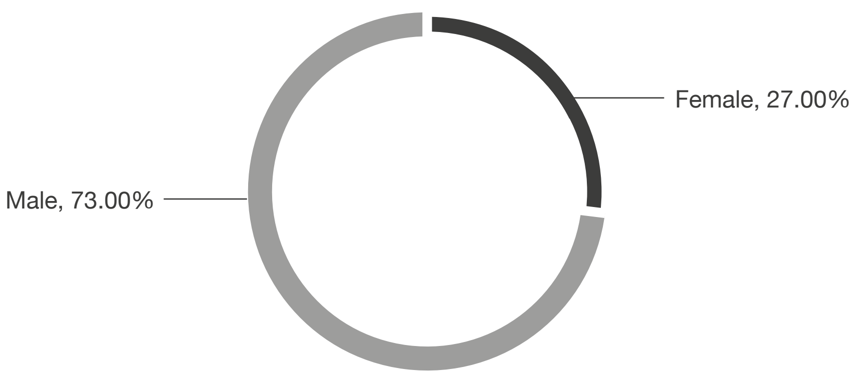
Ethnic Diversity

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



Gender Diversity

The Board acknowledges the recommendation of the MCCG on the establishment of the boardroom gender diversity policy. The Company currently comprises eight (8) male directors representing 73.00% of the Board and three (3) female directors, presenting 27.00% 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.



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

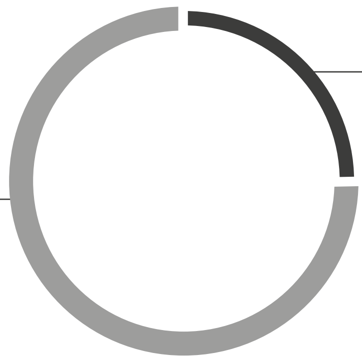
2. BOARD COMPOSITION (CONT'D)

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 14 to 25 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 MCCG provides that the tenure of the independent director shall not exceed a cumulative term limit of nine (9) years. Upon completion of the nine (9) years, an independent director may continue to serve on the board as a non-independent director. The Board must provide justification and seek shareholders' approval via 2-tier voting for retaining a person who has served in that capacity for more than nine (9) years.

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

The Board and JRNC thereby recommended retaining Mr. Koh Ek Chong and Encik Ali Bin Adai to continue to serve as Independent Non-Executive Directors of the Company until the conclusion of the next AGM and seek shareholders' approval at the 17th AGM through a two-tier voting process.

Board Appointment

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

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

2. BOARD COMPOSITION (CONT'D)

Appointment and Retirement of Directors (cont'd)

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

PROCESS OF APPOINTMENT OF DIRECTOR

Nomination of a new director	▶	Evaluation & assessment of the candidate by Joint Remuneration & Nomination Committee	▶	Meeting the candidate, if necessary	▶	If suitable, Joint Remuneration & Nomination Committee recommends the appointment of the candidate to the Board	▶	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 and the newly appointed director at the forthcoming AGM are outlined in the Notice of Meeting (Ordinary Resolution 1 to 5).

Board Effectiveness

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

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

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

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

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

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

2. BOARD COMPOSITION (CONT'D)

Board Effectiveness (cont'd)

The Board met five (5) times during the financial year ended 31 December 2022 where it deliberated and considered a variety of matters affecting the Group's operations including the Group's financial results, business plan and the direction of the Group. All proceedings of the Board meetings are duly minuted by the Company Secretary and signed by the Chairman of the Meeting. The details of attendance of the directors held during the financial year were as follows:-

Name of Director	No of Meetings Attended
Datuk Hasmi Bin Hasnan	5/5
Datuk Ling Suk Kiong	5/5
Tengku Dato' Yusof Bin Tengku Ahmad Shahruddin	5/5
Joe Ling Siew Loung @ Lin Shou Long	5/5
Gordon Kab @ Gudan Bin Kab (Deceased on 23 March 2023)	5/5
Jeanita Anak Gamang	5/5
Ali Bin Adai	4/5
Koh Ek Chong	5/5
Hasmawati Binti Sapawi	5/5
Chin Hsiun	5/5
Chen King Yu (Resigned on 7 July 2022)	3/5
Jamalludin Bin Obeng (Appointed on 18 August 2022)	1/5

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
• Ultimate Guide To RPT Analysis, Probably (Volume 1)	CKM Advisory Sdn Bhd	6-7 April 2022
• Key Disclosure Obligations Of A Listed Company	CKM Advisory Sdn Bhd	13-14 April 2022
• Key Amendments to Listing Requirements 2022	CKM Advisory Sdn Bhd	7 July 2022
• Assessment of the Board, Board Committees, and Individual Directors	Malaysian Institute of Accountants	8 July 2022
• CIPAA Conference 2022	Legal Plus and L2 I-Con	8 July 2022
• Decoding Transactions & RPT Rules	CKM Advisory Sdn Bhd	3 August 2022
• ASSAR In-House Training "Corporate Liability on Corruption And Guidelines on Adequate Procedures with MACC Sarawak	PASB Group Human Resource Department	13 August 2022

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

2. BOARD COMPOSITION (CONT'D)

Directors' Training (cont'd)

For the year under review, the Directors have individually or collectively attended the following courses/seminars (cont'd):

Seminar/Workshop	Organiser	Date
• Conduct of Directors and Common Breaches of Listing Requirements	Malaysian Institute of Accountants	23 August 2022
• 2nd Annual Finance Leaders Asia : Catalysing Reforms	Marcus Evans	12-14 September 2022
• Corporate Directors Training Programme Essential	Corporate Services and Investment Division, State Financial Secretary's Office	27 September 2022
• 1-Day Crisis Communication Workshop (BCOE-900)	DRI Malaysia	27 Oct 2022

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 Corporate Governance Report.

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

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

1. AUDIT COMMITTEE ("AC")

The composition of the Audit Committee meets the Main Market Listing Requirement where all the members of the Committee are Non-Executive Independent Directors. As at 31 March 2023, the members of the Audit Committee comprise the following:

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

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

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

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

1. AUDIT COMMITTEE ("AC")

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

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

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

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

2. RISK MANAGEMENT COMMITTEE AND INTERNAL CONTROL FRAMEWORK

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

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

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

During the financial year under review, the Risk Management Committee met twice with the respective Head of Departments/ Project Teams to identify and discuss the existing and potential critical risk areas faced by the Group and the management action plans to mitigate such risks 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
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
Siti Nazrah Binti Ahmad Zaiden (Chairman) (Appointed on 12 April 2023)	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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

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

The 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 74 to 76 of this Annual Report.

The Group's Statement of Risk Management and Internal Control which has been reviewed by the external auditors, is set out on pages 77 to 80 of this Annual Report.

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 (3) 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	Independent Non-Executive Director

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

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

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

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

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

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

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

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 2022 were as follows:

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

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

4. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE ("CSR")

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

As at 31 March 2023, the members of the CSR Committee are as follows:

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

The activities of Corporate Social Responsibility are included in the Sustainability Report on pages 56 to 57 of the Annual Report.

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

The ABCC was formed on 22 February 2022.

The members of the ABCC are as follows:

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

6. Corporate Sustainability Committee ("CSC")

The CSC was formed on 12 April 2022.

The members of the CSC are as follows:

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

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

The CSC assists the Board to oversee sustainability matters by focusing on matters material to the Group and empower all the business and functional units to regularly engage with their respective stakeholders to ensure that key issues impacting the stakeholders are addressed in the business strategies.

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 Bin Omar who will attend to the needs of the investment community, shareholders, fund managers and analysts.

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

As there may be instances where investors and shareholders may prefer to express their concerns to an Independent Director. Mr Koh Ek Chong has been appointed to play his role as the Independent 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.

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

2. CONDUCT OF GENERAL MEETINGS

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

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

Due to COVID-19 pandemic, the 16th AGM held on 19 May 2022 was convened fully virtual in line with Securities Commission Guidance Note on the Conduct of General Meetings for listed issuers issued on 21 April 2022.

All the resolutions put forward at the 16th 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 16th AGM. All ordinary resolutions were passed by a majority of votes by members present either in person or by proxy.

At the 16th 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 and Shareholders. The external auditors, Messrs KPMG PLT were invited to attend the 16th 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 Deputy 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 2023.

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 2022, 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 Group and the Company 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 2023.

ADDITIONAL COMPLIANCE INFORMATION AS AT 31 DECEMBER 2022

1. Utilisation of Proceeds from Corporate Proposal

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

2. Audit and Non-Audit Fees

The audit and non-audit fee paid or payable to the external auditors, KPMG and its affiliates by the Company and the Group for the financial year ended 31 December 2022 were as follows:

	Group (RM'000)	Company (RM'000)
Audit fees	550.0	100.0
Non-Audit fees:		
Tax fee	605.1	23.7
Other advisory fee	28.0	17.0
Total	633.1	40.7

3. Material Contracts

There were no material contracts entered into by the Company and/or its subsidiaries during the financial year ended 31 December 2022 which involves the interests of the Directors and major shareholders.

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

The details of RRPTs undertaken by the Group during the financial year under review are disclosed in Note 33 to the financial statements on pages 167 to 168.

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 (Deceased on 23 March 2023)	Member (Independent Non-Executive Director)
Ali Bin Adai	Member (Independent Non-Executive Director)
Chin Hsiun (Appointed on 12 April 2023)	Member (Independent Non-Executive Director)

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

MEETINGS OF THE AUDIT COMMITTEE FOR THE FINANCIAL YEAR 2022 ("FY22")

A total of seven (7) meetings were held during FY2022 with two (2) 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 representative of external and internal auditors were invited to the Audit Committee meetings to provide information in terms of financial and internal controls.

The details of attendance of each member are as follows:

Name of Directors	Attendance
Koh Ek Chong	7 / 7
Gordon Kab @ Gudan Bin Kab (Deceased on 23 March 2023)	7 / 7
Ali Bin Adai	6 / 7

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

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

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

The following activities were performed by the Audit Committee during the financial year 2022:

Financial Reporting

- Reviewed the unaudited quarterly reports and annual financial statements of the Group and its subsidiaries with management and external auditor to ensure compliance with the generally accepted accounting principles and Financial Reporting Standards.

- Reviewed the Group's unaudited quarterly financial results together with the business prospects and annual audited financial statements of the Company including the announcements pertaining thereto before recommending to the Board for approval and release to Bursa Securities.

Related Party Transactions

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

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

The following activities were performed by the Audit Committee during the financial year 2022 (cont'd):

Internal Audit

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

External Audit

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

Risk Management and Internal Control

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

INTERNAL AUDIT FUNCTION

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

In its endeavour to provide reasonable assurance on the state of internal control in the Group, the Outsourced Internal Auditor carried out its reviews based on the 2022 Internal Audit Plan which was developed using a risk-based approach and approved by the Audit and Risk Management Committee.

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

The following audits were carried out during the FY2022 and reported by the Outsourced Internal Auditor:

- Human Resource Management & Payroll Controls
- Procurement and Receiving Controls
- Vendor and Payment Management
- Technical Management
- Health & Safety including Covid-19 Controls
- Warehouse Management

AUDIT COMMITTEE REPORT (CONT'D)

INTERNAL AUDIT FUNCTION (CONT'D)

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

For FY2022, an amount of RM81,174.73 was incurred by the Group for internal audit activities carried out by the Outsourced Internal Auditor.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

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

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

BOARD RESPONSIBILITY

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

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

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

RISK MANAGEMENT FRAMEWORK

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

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

Types of Major Risks

- Strategic risk
- Operational risk
- Financial risk
- Compliance risk
- Information Technology risk
- Human Resources risk

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

i. The risk workgroups which made up of Senior Managers from the major operating units established the risk profiles of the Group during the risk assessment sessions.

ii. The level of risk tolerance of the Group highlighted in the risk profiles is tabled through the use of a risk impact and likelihood matrix.

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

RISK MANAGEMENT FRAMEWORK (CONT'D)

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

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 business and financial performance are monitored and measured against the business plan and approved budget. Any major variance will be reviewed and corrective actions are undertaken. Quarterly financial results are presented to and reviewed by the AC and the Board to enable them to monitor and evaluate the business and financial performance of the Group.

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 ("QMS")

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

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

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

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

The corporate HSSE Department is committed to ensure health, safety, security and environment element is integrated into the operation of the Group. The department is promoting HSSE Awareness and enhancing working culture in order to pursue the ultimate goal of no harm to people and protect the environment where we live and operate. To achieve this goal, HSSE meeting was carried out at several levels at offshore, warehouse yard and office as a platform to communicate. As Malaysia has started to transition from the pandemic to the endemic phase, hence, various HSSE programmes were carried out in the Year 2022 to improve the awareness of our staff.

Information and Communication

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

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

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

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

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

REVIEW BY THE BOARD

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

- Senior Management within the organization responsible for the development and maintenance of the Risk Management Framework and internal controls system; and

- The work by the internal audit function which submits reports to the AC together with the assessment of the internal controls system relating to key risks and recommendations for improvement.

The Board is satisfied that during the FY22, the existing risk management framework and internal controls system are sound and adequate to safeguard the Group's assets at the existing level of operation of the Group. The Board recognizes that the development of risk management framework and internal controls system is an ongoing process. Therefore, in striving for continuous improvement the Board will continue to take appropriate action plans to further enhance the Group's system of risk management and internal controls system.

ASSURANCE TO THE BOARD

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

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Audit and Assurance Practice Guide ("AAPG") 3 : *Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report* issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the annual report of the Group for the year ended 31 December 2022, 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 2023.

FINANCIAL STATEMENTS

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the year ended 31 December 2022.

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
Profit for the year attributable to:		
Owners of the Company	121,203	75,051
Non-controlling interests	4,134	-
	125,337	75,051

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.

Dividends

Since the end of previous financial year, the amount of dividend paid or declared by the Company in respect of financial year ended 31 December 2022 was a first interim single-tier exempt dividend of RM0.015 per ordinary share totalling RM17,366,576 declared on 17 November 2022 and paid on 14 December 2022.

After the end of the reporting date, in respect of the financial year ended 31 December 2022, a second interim single-tier exempt dividend of RM0.015 per ordinary share totalling RM17,366,576 was declared on 16 February 2023 and paid on 17 March 2023. The dividend will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 December 2023.

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*
Jeanita Anak Gamang*
Koh Ek Chong

Directors of the Company (cont'd)

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

Datuk Hasmi bin Hasnan*
Chin Hsiun
Hasmawati binti Sapawi
Jamalludin Bin Obeng* (appointed on 18 August 2022)
Siti Nazrah Binti Ahmad Zaiden (appointed on 12 April 2023)
Chen King Yu (resigned on 7 July 2022)
Shaharum Bin Ramli (alternate director to Jamalludin Bin Obeng) (appointed on 18 August 2022)
Gordon Kab @ Gudan bin Kab* (deceased on 23 March 2023)

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

Directors of the subsidiaries

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

Datuk Dr. Abd Hapiz bin Abdullah
Alias bin Mat Lazin
Chin Chee Kong
Choi Meng Yee
Ruziah binti Mohd Amin
Datuk Selva Kumar A/L Mookiah
Tuan Haji Zakaria bin Kasah

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 1.1.2022	**Bought**	**Sold**	**At 31.12.2022**
Interests in the Company				
Ali bin Adai - own	1,000	-	-	1,000
Tengku Dato' Yusof bin Tengku Ahmad Shahruddin - own	37,630,160	-	-	37,630,160
Datuk Ling Suk Kiong - own	81,579,763	1,000,000	-	82,579,763
- others	44,550	190,000	-	234,550
Joe Ling Siew Loung @ Lin Shou Long - own	45,810,207	-	-	45,810,207
Gordon Kab @ Gudan bin Kab (deceased on 23 March 2023) - 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	19,218,187	-	-	19,218,187
Joe Ling Siew Loung @ Lin Shou Long - own	19,218,187	-	-	19,218,187
Datuk Hasmi bin Hasnan	280,401,447	-	-	280,401,447
Interests in Perdana Petroleum Berhad:				
Ali bin Adai - own	303	-	-	303
Datuk Ling Suk Kiong - own	2,000,097	-	(2,000,000)	97
Gordon Kab @ Gudan bin Kab (deceased on 23 March 2023) - own	45,367	-	-	45,367
Datuk Hasmi bin Hasnan - own	290,202	-	-	290,202

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022 (CONT'D)

Directors' interest in shares (cont'd)

	Number of ordinary shares			
	At 1.1.2022	**Bought**	**Sold**	**At 31.12.2022**
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 financial year, no Director of the Company has received nor become entitled to receive any benefit (other than those shown below) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than certain Directors who have significant financial interests in companies which let/rented premises to certain companies in the Group in the ordinary course of business (see Note 33 to the financial statements).

The Directors' benefits paid to or receivable by Directors in respect of the financial year ended 31 December 2022 are as follows:

	From the Company RM	**From subsidiary companies RM**
Directors' of the company		
- Fees	1,721,213	385,200
- Short-term employee benefits (including estimated monetary value of benefit-in-kind)	31,500	10,388,453
	1,752,713	10,773,653

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

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

Options granted over unissued shares

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

Indemnity and insurance costs

a. Directors

There were neither indemnity given to nor insurance effected for the Directors of the Company whilst the total amount of insurance effected for Directors of a subsidiary is amounted to RM35,000,000 (sum insured) and RM76,105 (premium paid) respectively.

b. Auditors

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

Other statutory information

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

i) all known bad debt have been written off and adequate provision made for doubtful debt, and

ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

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

i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or

ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or

iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or

iv) not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Group and of the Company misleading.

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

i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or

ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

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.

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022 (CONT'D)

Other statutory information (cont'd)

In the opinion of the Directors, other than reversal of impairment loss on property, plant and equipment of RM7,263,168 for the Group and reversal of impairment loss on investment in a subsidiary of RM50,933,936 for the Company, the financial performance of the Group and of the Company for the financial year ended 31 December 2022 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Auditors

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

The auditors' remuneration of the Group and of the Company during the financial year are RM550,000 and RM100,000 respectively. Details of Auditors' remuneration are set out in Note 23 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 2023

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

		Group		Company	
		2022	2021	2022	2021
	Note	RM'000	RM'000	RM'000	RM'000
Assets					
Property, plant and equipment	3	1,026,318	1,072,073	1	4
Right-of-use assets	4	35,908	36,618	-	-
Intangible asset	5	-	-	-	-
Investment in subsidiaries	6	-	-	1,041,535	990,601
Deposits	7	11,087	10,879	-	-
Goodwill	8	424,282	424,282	-	-
Deferred tax assets	9	7,240	8,153	-	-
Total non-current assets		1,504,835	1,552,005	1,041,536	990,605
Inventories	10	7,545	8,189	-	-
Contract assets	11	257,512	174,825	-	-
Trade and other receivables	12	124,965	118,685	13,175	13,047
Other investments	13	56,260	37,404	24,700	-
Deposits and prepayments	14	7,823	8,299	244	241
Current tax assets		6,273	5,287	-	-
Other financial assets	15	83,272	53,468	41,805	15,492
Cash and cash equivalents	16	313,280	365,128	1,603	54,679
Total current assets		856,930	771,285	81,527	83,459
Total assets		2,361,765	2,323,290	1,123,063	1,074,064
Equity					
Share capital	17	891,288	891,288	891,288	891,288
Retained earnings/(Accumulated losses)	17	458,836	357,380	(697,102)	(754,786)
Other reserves	17	95,842	63,290	-	-
Total equity attributable to owners of the Company		1,445,966	1,311,958	194,186	136,502
Non-controlling interests	6	204,429	182,757	-	-
Total equity		1,650,395	1,494,715	194,186	136,502

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2022 (CONT'D)

		Group		Company	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Liabilities					
Loans and borrowings	18	260,489	396,531	227,847	347,590
Lease liabilities	19	5,085	4,631	-	-
Deferred tax liabilities	9	72,327	76,322	-	-
Total non-current liabilities		337,901	477,484	227,847	347,590
Loans and borrowings	18	142,769	129,476	122,850	81,900
Lease liabilities	19	2,567	3,405	-	-
Trade and other payables	20	195,506	217,451	577,954	507,893
Current tax liabilities		32,627	759	226	179
Total current liabilities		373,469	351,091	701,030	589,972
Total liabilities		711,370	828,575	928,877	937,562
Total equity and liabilities		2,361,765	2,323,290	1,123,063	1,074,064

The notes on pages 97 to 170 are an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

		Group		Company	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Revenue	21	984,183	667,736	76,120	21,808
Cost of services		(653,424)	(586,388)	-	-
Gross profit		330,759	81,348	76,120	21,808
Other income	22	21,831	7,642	50,934	-
Administrative expenses		(123,026)	(106,423)	(4,306)	(4,033)
Other expenses	22	(13,716)	(353,601)	-	(341,363)
Loss on impairment of financial instruments		(270)	(11,799)	-	-
Results from operating activities	23	215,578	(382,833)	122,748	(323,588)
Finance income	24	7,767	8,127	1,412	2,340
Finance costs	24	(27,021)	(34,988)	(48,194)	(54,290)
Net finance costs		(19,254)	(26,861)	(46,782)	(51,950)
Profit/(Loss) before tax		196,324	(409,694)	75,966	(375,538)
Tax expense	25	(70,987)	(25,986)	(915)	(870)
Profit/(Loss) for the year		125,337	(435,680)	75,051	(376,408)

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022 (CONT'D)

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Other comprehensive income net of tax					
Items that are or may be reclassified subsequently to profit or loss					
Foreign currency translation		47,710	39,235	-	-
Other comprehensive income for the year		47,710	39,235	-	-
Total comprehensive income/ (expense) for the year		173,047	(396,445)	75,051	(376,408)
Profit/(Loss) for the year attributable to:					
Owners of the Company		121,203	(316,585)	75,051	(376,408)
Non-controlling interests	6	4,134	(119,095)	-	-
Profit/(Loss) for the year		125,337	(435,680)	75,051	(376,408)
Total comprehensive income/(expense) for the year attributable to:					
Owners of the Company		151,589	(291,584)	75,051	(376,408)
Non-controlling interests		21,458	(104,861)	-	-
Total comprehensive income/(expense) for the year		173,047	(396,445)	75,051	(376,408)
Basic/Diluted earnings/(loss) per share (sen)	27	10.47	(27.81)		

The notes on pages 97 to 170 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	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 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)
Changes in ownership interests in a subsidiary	-	-	(595)	(595)	595	-
Dividends to owners of the Company (Note 28)	-	-	(17,367)	(17,367)	-	(17,367)
Total transactions with owners of the Company	129,537	-	(17,962)	111,575	595	112,170
At 31 December 2021	891,288	63,290	357,380	1,311,958	182,757	1,494,715
	(Note 17)	(Note 17)				
At 1 January 2022	891,288	63,290	357,380	1,311,958	182,757	1,494,715
Reclassification	-	2,166	(2,166)	-	-	-
Profit for the year	-	-	121,203	121,203	4,134	125,337
Foreign currency translation differences for foreign operations	-	30,386	-	30,386	17,324	47,710
Total comprehensive income for the year	-	30,386	121,203	151,589	21,458	173,047
Changes in ownership interests in a subsidiary	-	-	(214)	(214)	214	-
Dividends to owners of the Company (Note 28)	-	-	(17,367)	(17,367)	-	(17,367)
Total transactions with owners of the Company	-	-	(17,581)	(17,581)	214	(17,367)
At 31 December 2022	891,288	95,842	458,836	1,445,966	204,429	1,650,395
	(Note 17)	(Note 17)				

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

Company	Share capital RM'000	*Non-distributable* Accumulated losses RM'000	Total equity RM'000
At 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 28)	-	(17,367)	(17,367)
At 31 December 2021/1 January 2022	891,288	(754,786)	136,502
Profit/Total comprehensive income for the year	-	75,051	75,051
Dividends to owners of the Company (Note 28)	-	(17,367)	(17,367)
At 31 December 2022	891,288	(697,102)	194,186
	(Note 17)		

The notes on pages 97 to 170 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

		Group		Company	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Cash flows from operating activities					
Profit/(Loss) before tax		196,324	(409,694)	75,966	(375,538)
Adjustments for:					
Depreciation of right-of-use assets	4	3,600	4,133	-	-
Depreciation of property, plant and equipment	3	101,326	151,071	3	4
(Reversal of impairment loss)/Impairment loss on investment in a subsidiary	23	-	-	(50,934)	341,363
(Reversal of impairment loss)/Impairment loss on property, plant and equipment	3	(7,263)	120,422	-	-
Net impairment loss on financial assets	23	270	11,799	-	-
Impairment loss on goodwill	8	-	229,345	-	-
Inventories written off	23	-	133	-	-
Dividend income	21	-	-	(71,920)	(17,608)
Gain on lease modification		(31)	-	-	-
(Gain)/Loss on disposal of property, plant and equipment	22,23	1,686	2,253	-	-
Finance costs	24	27,021	34,988	48,194	54,290
Finance income	24	(7,767)	(8,127)	(1,412)	(2,340)
Property, plant and equipment written off	23	68	47	-	-
Unrealised foreign exchange loss	23	10,391	3,544	-	-
Operating profit/(loss) before changes in working capital		322,253	139,914	(103)	171
Changes in working capital:					
Inventories		644	(1,736)	-	-
Contract assets		(82,687)	22,291	-	-
Trade and other payables		(25,420)	50,859	(23,780)	(22,269)
Trade and other receivables, deposits and prepayments		(3,544)	(30,689)	(128)	151
Cash generated from/(used in) operations		211,246	180,639	(24,011)	(21,947)
Net tax paid		(43,187)	(35,933)	(869)	(780)
Interest paid		(288)	(464)	-	-
Interest received		7,767	8,127	1,412	2,340
Net cash from/(used in) operating activities		175,538	152,369	(23,468)	(20,387)
Cash flows from investing activities					
Acquisition of property, plant and equipment	(iii)	(27,693)	(40,635)	-	-
Acquisition of right-of-use assets		-	(11)	-	-
Proceeds from disposal of property, plant and equipment		20,292	224	-	-
Dividend received		-	-	71,920	17,608
Net cash (used in)/from investing activities		(7,401)	(40,422)	71,920	17,608

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONT'D)

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Cash flows from financing activities					
Dividends paid to owners of the Company		(17,367)	(17,367)	(17,367)	(17,367)
Repayment of term loans		(20,611)	(43,413)	-	-
Repayment of term loan - Islamic		(2,357)	(2,357)	-	-
Repayment of hire purchase liability		(58)	(5)	-	-
Payment of lease liabilities		(3,244)	(3,657)	-	-
Advances from a subsidiary		-	-	71,665	46,098
Proceeds from issuance of shares, net of expenses		-	129,537	-	129,537
Repayment of sukuk		(81,900)	(156,900)	(81,900)	(156,900)
Term loans interest paid		(2,355)	(3,577)	-	-
Coupon payments arising from Sukuk		(20,857)	(25,630)	(20,857)	(25,630)
Guarantee fee payment arising from Sukuk		(2,056)	(2,654)	(2,056)	(2,654)
Net movement in other financial assets		(29,804)	76,353	(26,313)	80,265
Net cash (used in)/from financing activities		(180,609)	(49,670)	(76,828)	53,349
Net (decrease)/increase in cash and cash equivalents		(12,472)	62,277	(28,376)	50,570
Effect of exchange rate movements		4,958	4,310	-	-
Cash and cash equivalents at 1 January		377,054	310,467	54,679	4,109
Cash and cash equivalents at 31 December	(i)	369,540	377,054	26,303	54,679

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 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Fixed deposits with maturities exceeding three months	13	56,260	37,404	24,700	-
Deposits placed with licensed banks with original maturities not exceeding three months	16	271,493	276,654	-	51,526
Cash on hand and at banks	16	41,787	88,474	1,603	3,153
Less: Overdrafts	18	-	(25,478)	-	-
Cash and cash equivalents		369,540	377,054	26,303	54,679

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONT'D)

Notes (cont'd):

(ii) Cash outflows from leases as a lessee

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Included in net cash from operating activities:					
Payment relating to short-term leases		117,173	88,343	-	-
Payment relating to leases of low-value assets		173	121	-	-
Interest paid in relation to lease liabilities		288	464	-	-
Included in net cash from financing activities:					
Payment of lease liabilities		3,244	3,657	-	-
		120,878	92,585	-	-

(iii) Acquisition of property, plant and equipment

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM27,693,000 (2021: RM40,951,000) of which none (2021: RM316,000) was acquired by means of hire purchase.

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONT'D)

Notes: (cont'd)

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

	At 1.1.2021 RM'000	Acquistion of new leases RM'000	Net changes from financing cash flows RM'000	Foreign exchange movement RM'000	Other changes RM'000	At 31.12.2021/ 1.1.2022 RM'000	Net changes from financing cash flows RM'000	Foreign exchange movement RM'000	Other changes RM'000	At 31.12.2022 RM'000
Group										
Sukuk	578,891	-	(156,900)	-	7,499	429,490	(81,900)	-	3,107	350,697
Secured term loans	101,427	-	(43,413)	2,739	-	60,753	(20,611)	3,258	-	43,400
Hire purchase liability	-	316	(5)	-	-	311	(58)	-	-	253
Term loan - Islamic	13,454	-	(2,357)	-	(1,122)	9,975	(2,357)	-	1,290	8,908
Lease liabilities	11,693	-	(3,657)	-	-	8,036	(3,244)	-	2,860	7,652
Total liabilities from financing activities	705,465	316	(206,332)	2,739	6,377	508,565	(108,170)	3,258	7,257	410,910

	At 1.1.2021 RM'000	Net changes from financing cash flows RM'000	Other changes RM'000	At 31.12.2021/ 1.1.2022 RM'000	Net changes from financing cash flows RM'000	Other changes RM'000	At 31.12.2022 RM'000
Company							
Amount due to a subsidiary (Note 20)	452,614	46,098	-	498,712	71,665	-	570,377
Sukuk	578,891	(156,900)	7,499	429,490	(81,900)	3,107	350,697
	1,031,505	(110,802)	7,499	928,202	(10,235)	3,107	921,074

The notes on pages 97 to 170 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Dayang Enterprise Holdings Bhd. is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The addresses of its registered office and 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 2022 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 2023.

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**
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
Amendment to MFRS 16, *Leases - Lease Liability in a Sale and Leaseback*	1 January 2024
Amendment to MFRS 101, *Presentation of Financial Statements - Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current*	1 January 2024
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

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

- 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.

- from the annual period beginning on 1 January 2024 for the amendments that are effective for annual periods beginning on or after 1 January 2024.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

1. Basis of preparation (cont'd)

(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 6 - impairment testing of investment in subsidiaries;
- Note 8 - impairment testing of goodwill; and
- Note 9 - recognition of deferred tax assets.

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.

2. Significant accounting policies (cont'd)

(a) Basis of consolidation (cont'd)

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. Significant accounting policies (cont'd)

(a) Basis of consolidation (cont'd)

(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.

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.

(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.

2. Significant accounting policies (cont'd)

(c) Financial instruments

(i) Recognition and initial measurement

A financial asset or a financial liability is recognised in the statements of financial position when, and only when, the Group or the Company become 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 change 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.

(a) 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. Significant accounting policies (cont'd)

(c) Financial instruments (cont'd)

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

Financial assets (cont'd)

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

Financial liabilities

The categories of financial liabilities at initial recognition are as follows:

(a) Amortised cost

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.

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. 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 (CONT'D)

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 (CONT'D)

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 (CONT'D)

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.

2. Significant accounting policies (cont'd)

(e) Leases (cont'd)

(iii) Subsequent measurement (cont'd)

(a) As a lessee (cont'd)

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.

(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.

2. Significant accounting policies (cont'd)

(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.

(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 statements 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.

2. Significant accounting policies (cont'd)

(k) Impairment (cont'd)

(i) Financial assets (cont'd)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. Significant accounting policies (cont'd)

(k) Impairment (cont'd)

(ii) Other assets (cont'd)

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

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

The Group's 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.

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 (CONT'D)

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.

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.

2. Significant accounting policies (cont'd)

(o) Income tax (cont'd)

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 (CONT'D)

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 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 2021/1 January 2022	41,035	1,898,733	24,710	116,649	16,389	2,097,516
Additions	-	13,109	375	9,208	696	23,388
Transfers	17,094	-	-	974	564	18,632
Disposals	-	(186,906)	-	(2,926)	(2)	(189,834)
Write-offs	-	-	-	(2,677)	(28)	(2,705)
Effect of movements in exchange rate	-	92,311	-	-	-	92,311
At 31 December 2022	58,129	1,817,247	25,085	121,228	17,619	2,039,308

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

Group (cont'd)	Subtotal RM'000	Office equipment RM'000	Motor vehicles RM'000	Others RM'000	Building under construction RM'000	Total RM'000
Cost (cont'd)						
At 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 2021/1 January 2022	2,097,516	4,889	10,678	1,068	15,651	2,129,802
Additions	23,388	532	307	364	3,102	27,693
Transfers	18,632	-	-	-	(18,632)	-
Disposals	(189,834)	(4)	-	-	-	(189,838)
Write-offs	(2,705)	(634)	-	-	-	(3,339)
Effect of movements in exchange rate	92,311	-	-	-	-	92,311
At 31 December 2022	2,039,308	4,783	10,985	1,432	121	2,056,629

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 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 23)	2,051	136,137	2,363	8,455	765	149,771
Impairment loss charge for the year (Note 23)	-	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	Others RM'000	Building under construction RM'000	Total RM'000
Accumulated depreciation and impairment loss (continued)						
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 23)	149,771	763	265	272	-	151,071
Impairment loss charge for the year (Note 23)	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
Accumulated depreciation and impairment loss (cont'd)						
At 1 January 2022						
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
Depreciation for the year (Note 23)	2,835	83,078	2,479	10,427	901	99,720
Reversal of impairment loss charge for the year (Note 23)	-	(7,263)	-	-	-	(7,263)
Disposals	-	(132,451)	-	(2,926)	(2)	(135,379)
Written off	-	-	-	(2,613)	(25)	(2,638)
Written off – Impairment loss	-	(35,850)	-	-	-	(35,850)
Effect of movements in exchange rate	-	53,022	-	-	-	53,022
At 31 December 2022						
Accumulated depreciation	17,174	780,975	15,837	95,094	12,574	921,654
Accumulated impairment loss	-	93,867	-	-	-	93,867
	17,174	874,842	15,837	95,094	12,574	1,015,521

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

Group (cont'd)	Subtotal RM'000	Office equipment RM'000	Motor vehicles RM'000	Others RM'000	Building under construction RM'000	Total RM'000
Accumulated depreciation and impairment loss (continued)						
At 1 January 2022						
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
Depreciation for the year (Note 23)	99,720	623	384	599	-	101,326
Reversal of impairment loss charge for the year (Note 23)	(7,263)	-	-	-	-	(7,263)
Disposals	(135,379)	(3)	-	-	-	(135,382)
Written off	(2,638)	(633)	-	-	-	(3,271)
Written off – Impairment loss	(35,850)	-	-	-	-	(35,850)
Effect of movements in exchange rate	53,022	-	-	-	-	53,022
At 31 December 2022						
Accumulated depreciation	921,654	4,051	9,784	955	-	936,444
Accumulated impairment loss	93,867	-	-	-	-	93,867
	1,015,521	4,051	9,784	955	-	1,030,311

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 2021	26,696	984,427	11,352	26,443	4,689	1,053,607
At 31 December 2022	40,955	942,405	9,248	26,134	5,045	1,023,787

Group (cont'd)	Subtotal RM'000	Office equipment RM'000	Motor vehicles RM'000	Others RM'000	Building under construction RM'000	Total RM'000
Net carrying amount						
At 31 December 2021	1,053,607	825	1,278	712	15,651	1,072,073
At 31 December 2022	1,023,787	732	1,201	477	121	1,026,318

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

Company	Note	Furniture and fittings RM'000
Cost		
At 1 January 2021/31 December 2021/1 January 2022 and 31 December 2022		30
Accumulated depreciation		
At 1 January 2021		22
Depreciation for the year	23	4
At 31 December 2021/1 January 2022		26
Depreciation for the year	23	3
At 31 December 2022		29
Net carrying amount		
At 31 December 2021		4
At 31 December 2022		1

3.1 Securities

Twenty-one (2021: Twenty-three) marine vessels with a total carrying amount of RM753 million (2021: RM791 million) are pledged to licensed banks or financial institutions for certain banking facilities granted to the Group [see Notes 18.3(c)(ii), 18.3(c)(iii) and 18.4].

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

The Group's main customers are from oil and gas companies involved in upstream exploration activities. The volatility of crude oil prices in 2021/2022 have continued to affect the business activities of the industry in which the Group operates.

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

(a) Average daily charter rate, daily operating cost and average utilisation rate determined based on the management's estimate of industry trends and past performance of respective vessels; and

(b) Pre-tax discount rate of 10% (2021: 10%).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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)

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

FVLCOD approach

FVLCOD was used to determine the recoverable amounts of certain marine vessels based on the market comparable approach. The fair value measurement of the marine vessels was performed by an independent valuer with appropriate qualification and recent experience in valuation of vessels in the relevant industry in December 2021. The management has allowed for a one-year depletion of value of the vessels in 2022.

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

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

Following the assessment, the Group has recognised a net reversal of impairment loss of RM7.3 million (2021: impairment loss of RM120.4 million) on certain vessels as other income (2021: other expense) in the profit or loss.

Impairment loss sensitivity analysis

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

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

- An increase of 1 percentage point in the discount rate used would have increased in the impairment loss by RM7.3 million (2021: RM5.1 million).
- A 5% (2021: 5%) decrease in average utilisation rate used would have increased in the impairment loss by RM14.4 million (2021: RM15.1 million).

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

3.3 Marine vessels subject to operating lease

The Group leases marine vessels to third parties. Each of the leases contains an initial non-cancellable period ranging from 4 days to 365 days. Some of these leases also include extension option clauses which are subject to negotiation with the 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 are recognised in profit or loss:

	2022 RM'000	2021 RM'000
Group		
Vessel charter income	132,053	102,991

The operating lease payments to be received are as follows:

	2022 RM'000	2021 RM'000
Group		
Less than one year/Total undiscounted lease payments	9,430	16,070

4. Right-of-use assets – Group

	Land RM'000	Buildings RM'000	Total RM'000
Cost			
At 1 January 2021	32,804	14,802	47,606
Additions	11	-	11
At 31 December 2021/1 January 2022	32,815	14,802	47,617
Additions	-	3,200	3,200
Derecognition	-	(1,498)	(1,498)
At 31 December 2022	32,815	16,504	49,319
Accumulated depreciation			
At 1 January 2021	3,347	3,519	6,866
Depreciation for the year (Note 23)	445	3,688	4,133
At 31 December 2021/1 January 2022	3,792	7,207	10,999
Depreciation for the year (Note 23)	455	3,145	3,600
Derecognition	-	(1,188)	(1,188)
At 31 December 2022	4,247	9,164	13,411
Net carrying amount			
At 31 December 2021	29,023	7,595	36,618
At 31 December 2022	28,568	7,340	35,908

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.

Judgements and assumptions in relation to leases

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

5. Intangible asset - Group

	Charter contracts RM'000
Cost	
At 1 January 2021, 31 December 2021/1 January 2022 and 31 December 2022	50,105
Accumulated amortisation	
At 1 January 2021, 31 December 2021/1 January 2022 and 31 December 2022	50,105
Net carrying amount	
At 31 December 2021 and 31 December 2022	-

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 was recognised in profit or loss throughout the existing charter contracts period as mentioned in Note 5.1.

6. Investment in subsidiaries - Company

	Note	2022 RM'000	2021 RM'000
At 1 January		990,601	1,518,818
Add: Reversal of impairment loss	6.1	50,934	-
Less: Allowance for impairment loss	6.1	-	(528,217)
At 31 December		1,041,535	990,601

6.1 Accumulated impairment loss

In the previous financial year, the Company recognised impairment loss of RM528.2 million in a subsidiary based on the estimated recoverable amount 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.

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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 2022 %	2021 %
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	63.69	63.72
Subsidiaries of PPB				
Intra Oil Services Berhad	Provision of marine support services for the oil and gas industry	Malaysia	63.69	63.72
Ampangship Marine Sdn. Bhd.	Provision of marine support services for the oil and gas industry	Malaysia	63.69	63.72
Perdana Nautika Sdn. Bhd.	Provision of marine support services for the oil and gas industry	Malaysia	63.69	63.72
Perdana Neptune Limited	Provision of leasing business activities in Labuan	Federal Territory of Labuan, Malaysia	63.69	63.72
Perdana Pluto Limited	Provision of leasing business activities in Labuan	Federal Territory of Labuan, Malaysia	63.69	63.72
Perdana Saturn Limited	Provision of leasing business activities in Labuan	Federal Territory of Labuan, Malaysia	63.69	63.72
Perdana Earth Limited	Provision of leasing business activities in Labuan	Federal Territory of Labuan, Malaysia	63.69	63.72

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

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

Name of company	Principal activities	Place of incorporation	Effective ownership interest and voting interest 2022 %	2021 %
Subsidiaries of PPB (cont'd)				
Perdana Mars Limited	Provision of leasing business activities in Labuan	Federal Territory of Labuan, Malaysia	63.69	63.72
Perdana Jupiter Limited	Inactive	Federal Territory of Labuan, Malaysia	63.69	63.72
Petra Offshore Limited	Inactive	Federal Territory of Labuan, Malaysia	63.69	63.72
Perdana Marine Offshore Pte. Ltd.*	Inactive	The Republic of Singapore	63.69	63.72
Perdana Uranus Limited	Inactive	Federal Territory of Labuan, Malaysia	63.69	63.72
Subsidiary of Perdana Jupiter Limited				
Mount Santubong Limited	Making strategic investments in shipping and Malaysia shipping-related assets and businesses	Federal Territory of Labuan, Malaysia	63.69	63.72

* *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:

2022	Perdana Petroleum Berhad RM'000
NCI percentage of ownership interest and voting interest	36.31%
Carrying amount of NCI	204,429
Profit allocated to NCI	4,134

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

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

Summarised financial information before intra-group elimination

	Perdana Petroleum Berhad RM'000
2022	
As at 31 December	
Non-current assets	713,975
Current assets	108,793
Non-current liabilities	(153,004)
Current liabilities	(84,435)
Net assets	585,329
Year ended 31 December	
Revenue	196,628
Profit for the year	11,385
Total comprehensive income	59,096
Cash flows from operating activities	67,052
Cash flows from investing activities	14,992
Cash flows used in financing activities	(65,017)
Net increase in cash and cash equivalents	17,027

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

	Perdana Petroleum Berhad RM'000
2021	
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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

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

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

	Perdana Petroleum Berhad RM'000
2021 (cont'd)	
Year ended 31 December	
Revenue	153,468
Loss for the year	(328,267)
Total comprehensive expense	(289,032)
Cash flows from operating activities	28,683
Cash flows used in investing activities	(3,984)
Cash flows used in financing activities	(52,086)
Net decrease in cash and cash equivalents	**(27,387)**

7. Deposits

		Group	
	Note	**2022 RM'000**	**2021 RM'000**
Security deposit	7.1	11,087	10,879

7.1 Security deposit is a deposit held by a lender over the tenure of an Islamic term loan (see Note 18.1).

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 2021	653,627
Less: Allowance for impairment loss (Note 23)	(229,345)
At 31 December 2021/1 January 2022 and 31 December 2022	424,282

8. Goodwill (cont'd)

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 recoverable amount exceeds the carrying value of the CGU, the asset is not impaired, but where the carrying amount exceeds the value-in-use, an impairment loss is recognised to reduce the carrying amount of the CGU to its 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	
	2022 **RM'000**	**2021** **RM'000**
Recoverable amount	1,268,226	1,307,656

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:

(a) Average daily charter rate, daily operating cost and average utilisation rate determined based on the management's estimate of industry trends and past performance of respective vessels; and

(b) Pre-tax discount rate of 10% (2021: 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% (2021: 1%) in the discount rate used would have increased in the impairment loss by RM137 million (2021: RM61 million).
- A 5% (2021: 5%) decrease in average utilisation rate used would have increased in the impairment loss by RM117.1 million (2021: RM95.9 million).

9. Deferred taxation

Recognised deferred tax assets/(liabilities)

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

Group	Assets 2022 RM'000	Assets 2021 RM'000	Liabilities 2022 RM'000	Liabilities 2021 RM'000	Net 2022 RM'000	Net 2021 RM'000
Property, plant and equipment	-	-	(72,897)	(76,907)	(72,897)	(76,907)
Capital allowances carried forward	46	586	-	-	46	586
Tax losses carried forward	4,784	5,451	-	-	4,784	5,451
Other provision	2,980	2,701	-	-	2,980	2,701
Deferred tax assets/(liabilities)	7,810	8,738	(72,897)	(76,907)	(65,087)	(68,169)
Set-off of tax	(570)	(585)	570	585	-	-
Net deferred tax assets/(liabilities)	7,240	8,153	(72,327)	(76,322)	(65,087)	(68,169)

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

Group	At 1.1.2021 RM'000	Recognised in profit or loss RM'000	At 31.12.2021/ 1.1.2022 RM'000	Recognised in profit or loss RM'000	At 31.12.2022 RM'000
Property, plant and equipment	(75,866)	(1,041)	(76,907)	4,010	(72,897)
Capital allowances carried forward	46	540	586	(540)	46
Tax losses carried forward	8,490	(5,533)	5,451	(667)	4,784
Other provision	(1,202)	6,397	2,701	279	2,980
	(68,532)	363	(68,169)	3,082	(65,087)
		(Note 25)		(Note 25)	

9. Deferred taxation (cont'd)

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.

The management considered it is probable that future taxable profits will be available against which the deferred tax assets can be utilised. The management has applied the following key assumptions in arriving at the projected taxable profits:

i) Charter hire costs from related companies were budgeted based on actual costs incurred;
ii) Administrative expenses for 2023 were budgeted based on 2022's actual costs incurred; and
iii) Average daily charter rate, daily operating cost and average utilisation rate determined based on management's estimate of industry trends and past performance of respective vessels.

The estimation of future taxable profits requires management to make judgements, 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	
	2022 RM'000	**2021 RM'000**
Unabsorbed capital allowances	535	518
Unutilised tax losses	15,494	13,737
	16,029	14,255

Deferred tax assets of the Group of RM3.8 million (2021: RM3.4 million) have not been recognised in respect of the above temporary differences because it is not certain if sufficient future taxable profits will be available against which the affected group entities can utilise the benefits therefrom.

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

Pursuant to the 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 RM7.4 million, RM1.6 million, RM4.1 million, RM0.6 million and RM1.8 million will expire in YA2027, YA2028, YA2029, YA2030 and YA2031 respectively.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

10. Inventories – Group

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

	2022 RM'000	2021 RM'000
Materials and consumables - at cost	7,545	8,189

Recognised in profit or loss:		
Inventories recognised as part of cost of services	26,201	20,400
Inventories written off	-	133

11. Contract assets - Group

	2022 RM'000	2021 RM'000
Contract assets	257,512	174,825

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 normal billing cycle 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.

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

	2022 RM'000	2021 RM'000
Contract assets at beginning of the period transferred to trade receivables	160,940	177,310

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

12. Trade and other receivables

		Group		Company	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Trade					
Trade receivables		132,272	120,691	-	-
Less: Allowance for impairment losses	112.1	(12,353)	(12,083)	-	-
		119,919	108,608	-	-
Non-trade					
Amount due from subsidiaries	12.2	-	-	13,006	13,024
Other receivables		6,489	11,520	169	23
Less: Allowance for impairment losses	112.1	(1,443)	(1,443)	-	-
		5,046	10,077	169	23
		5,046	10,077	13,175	13,047
Total		124,965	118,685	13,175	13,047

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

13. Other investments - Group

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Fixed deposits with original maturities exceeding three months	56,260	37,404	24,700	-

14. Deposits and prepayments

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Deposits	3,110	2,965	204	204
Prepayments	4,713	5,334	40	37
	7,823	8,299	244	241

15. Other financial assets

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Deposits pledged with licensed banks (Note 15.1)	83,272	53,468	41,805	15,492

15.1 Deposits pledged as security:

a. Deposits of RM29.9 million (2021: RM4.3 million) of the Group and of the Company are designated as the Finance Payment Account to ensure that an amount equivalent to the next principal and profit payable under the Sukuk Murabahah Programme and the guarantee fee due under the AL-Kafalah Facility (see Note 18.3).

b. Deposits of RM11.9 million (2021: RM11.2 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 18.3).

c. Deposits of RM41.5 million (2021: RM38.0 million) of the Group is pledged as security for the banking facilities of a subsidiary.

16. Cash and cash equivalents

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Deposits placed with licensed banks with original maturities not exceeding three months	271,493	276,654	-	51,526
Cash on hand and at banks	41,787	88,474	1,603	3,153
Total cash and cash equivalents	313,280	365,128	1,603	54,679

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

17. Capital and reserves

17.1 Share capital

	Group and Company			
	2022		2021	
	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	891,288	1,157,771,718	761,751	1,061,290,818
Issuance of shares under private placement, net share issue expense [Note (ii)]	-	-	129,537	96,480,900
Closing balances	891,288	1,157,771,718	891,288	1,157,771,718
			[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.

17.2 Reserves

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Non-distributable:-				
Other reserves (Note 17.3)	95,842	63,290	-	-
Distributable/(Non-distributable):-				
Retained earnings/(Accumulated losses)	458,836	357,380	(697,102)	(754,786)
	554,678	420,670	(697,102)	(754,786)

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

18. Loans and borrowings

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Non-current					
Term loan – Islamic (secured)	18.1	6,551	7,618	-	-
Term loan - Commodity Murabahah Financing – I (secured)	18.2	419	7,917	-	-
Sukuk (secured)	18.3	227,847	347,590	227,847	347,590
Term loans (secured)	18.4	25,480	33,153	-	-
Hire purchase liability		192	253	-	-
		260,489	396,531	227,847	347,590
Current					
Term loan – Islamic (secured)	18.1	2,357	2,357	-	-
Term loan - Commodity Murabahah Financing – I (secured)	18.2	7,947	7,312	-	-
Sukuk (secured)	18.3	122,850	81,900	122,850	81,900
Term loans (secured)	18.4	9,554	12,371	-	-
Overdrafts (secured)		-	25,478	-	-
Hire purchase liability		61	58	-	-
		142,769	129,476	122,850	81,900
Total		403,258	526,007	350,697	429,490

18.1 Term loan - Islamic

In August 2019, the Group fully settled a previous 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 RM11.1 million (2021: RM10.9 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.

18.2 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).

18.3 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.

18. Loans and borrowings (cont'd)

18.3 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 (CONT'D)

18. Loans and borrowings (cont'd)

18.3 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 fourteen (14) (2021: sixteen (16)) vessels via the third (3rd) party first (1st) priority statutory mortgage of the subsidiaries of the Company;
(iii) Deed of Covenants accompanying the mortgages over the fourteen (14) (2021: sixteen (16)) of four (4) subsidiaries of the Company;
(iv) a charge over 470,786,650 units of ordinary shares in a subsidiary of the Company;
(v) a charge over new units of Redeemable Convertible Preference Shares ("RCPS") at the value of up to RM455.0 million issued by a subsidiary of the Company;
(vi) the charge over shares of three (3) subsidiaries of the Company which own ten (10) vessels;
(vii) the assignment over all contract proceeds of the vessel owners of the fourteen (14) (2021: sixteen (16)) vessels;
(viii) the assignment over all rights, title, benefits and interest from/under all takaful/insurance policies taken or to be taken by the vessel owners of the fourteen (14) (2021: sixteen (16)) 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.

18.4 Secured term loans

The term loans are secured by:

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

18.5 Significant covenants on loans and borrowings

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

(i) 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; and
(vii) maintaining a minimum credit balance that is not less than 3 months principal amount and interest in Retention Accounts.

19. Lease liabilities - Group

	2022 RM'000	2021 RM'000
Current	2,567	3,405
Non-current	5,085	4,631
Lease liabilities	7,652	8,036

	Future minimum lease payment RM	Interest RM	Present value of minimum lease RM
2022			
Non-current			
Between one and five years	5,454	369	5,085
Current			
Less than one year	2,864	297	2,567
	8,318	666	7,652
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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

20. Trade and other payables

		Group		Company	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Trade					
Trade payables		119,763	145,775	-	-
Trade accruals		53,478	50,148	-	-
		173,241	195,923	-	-
Non-trade					
Other payables		4,191	6,852	43	17
Accrued expenses		18,074	14,676	7,534	9,164
Amount due to a subsidiary	20.1	-	-	570,377	498,712
		22,265	21,528	577,954	507,893
Total		195,506	217,451	577,954	507,893

20.1 Amount due to a subsidiary is unsecured, subject to interest at 5.60% (2021: 5.60%) per annum and repayable on demand.

21. Revenue

	Note	2022 RM'000	2021 RM'000
Group			
Revenue from contracts with customers	21.1	852,130	564,745
Other revenue - vessel charter income		132,053	102,991
		984,183	667,736
Company			
Revenue from contracts with customers	21.1	4,200	4,200
Other revenue - dividend income from a subsidiary		71,920	17,608
		76,120	21,808

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

21. Revenue (cont'd)

21.1 Disaggregation of revenue from contracts with customers

	2022 RM'000	2021 RM'000
Group		
Type of contracts		
Topside maintenance services		
- *Lump sum*	479,191	316,333
- *Unit rate*	298,105	192,183
- *Reimbursable*	61,796	53,740
Catering services	13,038	2,489
	852,130	564,745
Geographical market		
Malaysia	852,130	564,745
Timing and recognition		
At a point in time	74,834	56,229
Over time	777,296	508,516
	852,130	564,745

	2022 RM'000	2021 RM'000
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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

21. Revenue (cont'd)

21.2 Nature of services

The following information reflects the typical transactions as follows:

Group

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

Company

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

21.2 Transaction price allocated to the remaining performance obligations

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

	2022 RM'000	2021 RM'000
Topside maintenance services	338,249	350,773

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

22. Other income/(expenses)

	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Other income				
Gain on foreign exchange	-	101	-	-
Gain on disposal of property, plant and equipment	1,686	-	-	-
Government subsidy	448	1,717	-	-
Insurance claim received	10,959	2,321	-	-
Reversal of impairment loss on property, plant and equipment (Note 3.2)	7,263	-	-	-
Reversal of impairment loss on investment in a subsidiary (Note 6)	-	-	50,934	-
Gain on lease modification	31	-	-	-
Others	1,444	3,503	-	-
	21,831	7,642	50,934	-
Other expenses				
Loss on foreign exchange	11,139	3,544	-	-
Impairment loss on property, plant and equipment (Note 3.2)	-	120,422	-	-
Impairment loss on goodwill (Note 8)	-	229,345	-	-
Tax penalty	-	58	-	-
Penalty	1,417	-	-	-
Impairment loss on investment in a subsidiary (Note 6)	-	-	-	341,363
Others	1,160	232	-	-
	13,716	353,601	-	341,363

23. Results from operating activities

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Results from operating activities is arrived at after charging/(crediting):					
Auditors' remuneration:					
- Audit fees					
- KPMG PLT		544	495	100	92
- Others		6	5	-	-
- Non-audit fees					
- KPMG PLT		28	25	17	15
- Affiliates of KPMG PLT		605	189	24	30

23. Results from operating activities (cont'd)

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Material expenses/(income)					
Depreciation of property, plant and equipment	3	101,326	151,071	3	4
Depreciation of right-of-use assets	4	3,600	4,133	-	-
Government subsidy		(448)	(1,717)	-	-
(Reversal of impairment loss)/Impairment loss on property, plant and equipment	3	(7,263)	120,422	-	-
(Reversal of impairment loss)/Impairment loss on investment in a subsidiary	6	-	-	(50,934)	341,363
Impairment loss on goodwill	8	-	229,345	-	-
Insurance claim received		(10,959)	(2,321)	-	-
Inventories written off	10	-	133	-	-
Net impairment loss on financial assets		270	11,799	-	-
Net loss/(gain) on foreign exchange - Realised		748	(96)	-	-
Personnel expenses (including key management personnel):					
- Contributions to the Employees Provident Fund		19,958	12,009	141	127
- Wages, salaries and others		254,579	193,926	1,241	1,065
Property, plant and equipment written off		68	47	-	-
(Gain)/Loss on disposal of property, plant and equipment		(1,686)	2,253	-	-
Unrealised foreign exchange loss		10,391	3,544	-	-
Expenses arising from leases:					
Expenses relating to short-term leases		117,173	88,343	-	-
Expenses relating to low-value assets		173	121	-	-

24. Finance (costs)/income

	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Recognised in profit or loss				
Interest expense of financial liabilities:				
- Loans	(2,147)	(2,248)	-	-
- Amount due to a subsidiary	-	-	(23,876)	(22,035)
- Lease liabilities	(288)	(464)	-	-
- Bank overdraft	(268)	(21)	-	-
Profit payments of Sukuk	(24,318)	(32,255)	(24,318)	(32,255)
	(27,021)	(34,988)	(48,194)	(54,290)

24. Finance (costs)/income (cont'd)

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Interest income of financial assets:				
- Short term deposits	7,588	7,956	1,412	2,340
- Current accounts	179	171	-	-
	7,767	8,127	1,412	2,340
Net finance costs recognised in profit or loss	(19,254)	(26,861)	(46,782)	(51,950)

25. Tax expense

Recognised in profit or loss

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Income tax expense				
Malaysian - current year	75,413	26,795	966	881
- prior year	(1,344)	(446)	(51)	(11)
	74,069	26,349	915	870
Deferred tax expense (Note 9)				
- Reversal of temporary differences	(1,095)	(556)	-	-
- (Over)/Under provision in prior year	(1,987)	193	-	-
	(3,082)	(363)	-	-
Tax expense	70,987	25,986	915	870

Reconciliation of tax expense

	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Profit/(Loss) for the year	125,337	(435,680)	75,051	(376,408)
Tax expense	70,987	25,986	915	870
Profit/(Loss) excluding tax	196,324	(409,694)	75,966	(375,538)

25. Tax expense (cont'd)

Reconciliation of tax expense (cont'd)

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Income tax calculated using Malaysian tax rate of 24% (2021: 24%)	47,118	(98,327)	18,232	(90,129)
Prosperity tax at 9%	10,730	-	-	-
Tax effect under Labuan Business Activity Act 1990	(8,128)	(28,391)	-	-
Movement in unrecognised deferred tax assets	426	176	-	-
Non-deductible expenses	24,456	153,135	12,219	95,236
Non-taxable income	(284)	(354)	(29,485)	(4,226)
	74,318	26,239	966	881
Over provision in prior year	(3,331)	(253)	(51)	(11)
Tax expense	70,987	25,986	915	870

26. Compensations to key management personnel

Compensations to key management personnel are as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Directors:				
- Fees	2,106	2,110	1,721	1,706
- Remuneration	10,420	9,497	32	29
	12,526	11,607	1,753	1,735
Other key management personnel:				
- Short term employee benefits	1,929	1,392	586	521
	14,455	12,999	2,339	2,256

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

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

Basic/Diluted earnings/(loss) per ordinary share

The calculation of basic/diluted earnings/(loss) per ordinary share at 31 December 2022 was based on the profit/(loss) attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, calculated as follows:

	Group	
	2022 RM'000	**2021 RM'000**
Profit/(Loss) attributable to ordinary shareholders	121,203	(316,585)
Weighted average number of ordinary shares		
Weighted average number of ordinary shares at 31 December ('000)	1,157,772	1,138,211
Basic/Diluted earnings/(loss) per share (sen)	10.47	(27.81)

Basic and diluted earnings/(loss) per share are same and there is no dilutive shares.

28. Dividend

Dividends recognised by the Group:

	Sen per share	Total amount RM'000	Date of payment
<u>2022</u>			
First tax exempt dividend	1.5	17,367	14 December 2022
<u>2021</u>			
First tax exempt dividend	1.5	17,367	10 December 2021

After the end of the reporting date, in respect of the financial year ended 31 December 2022, a second interim single-tier exempt dividend of RM0.015 per ordinary share totalling RM17,366,576 was declared on 16 February 2023 and paid on 17 March 2023. The dividend will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 December 2023.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

29. Operating segments

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

i) Topside Maintenance Services

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

ii) Marine Offshore Support Services

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

Other non-reportable segments comprise investment holding and equipment hire. None of these segments met the quantitative thresholds for reporting segments in 2022 and 2021.

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.

29. Operating segments (cont'd)

Group

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

	Topside Maintenance Services		Marine Offshore Support Services		Total	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Segment profit/(loss)	212,140	78,972	26,834	(216,469)	238,974	(137,497)
Included in the measure of segment profit/(loss) are:						
Revenue from external customers	839,092	562,256	145,091	105,480	984,183	667,736
Inter-segment revenue	-	-	151,902	126,216	151,902	126,216
Depreciation and amortisation	(8,700)	(8,130)	(84,358)	(137,017)	(93,058)	(145,147)
Finance costs	(453)	(362)	(7,212)	(6,916)	(7,665)	(7,278)
Finance income	34,171	31,050	537	1,020	34,708	32,070
Impairment loss on property, plant and equipment	-	-	-	(120,422)	-	(120,422)
Reversal of impairment loss on property, plant and equipment	-	-	7,263	-	7,263	-
Unrealised foreign exchange loss	-	-	(4,965)	(3,544)	(4,965)	(3,544)
Segment assets	1,414,876	1,329,667	1,181,875	1,183,227	2,596,751	2,512,894

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

	2022 RM'000	2021 RM'000
Total profit/(loss) for reportable segments	238,974	(137,497)
Other non-reportable segments	(42,650)	(272,197)
Consolidated profit/(loss) before tax	196,324	(409,694)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

29. Operating segments (cont'd)

	External revenue RM'000	Deprecation and amortisation RM'000	Finance costs RM'000	Finance income RM'000	Segment assets RM'000
2022					
Total reportable segments	984,183	(93,058)	(7,665)	34,708	2,596,751
Other non-reportable segments	-	(11,868)	(48,210)	1,913	157,387
Goodwill	-	-	-	-	424,282
Elimination of inter-segment transactions or balances	-	-	28,854	(28,854)	(816,655)
Consolidated total	984,183	(104,926)	(27,021)	7,767	2,361,765
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

29. Operating segments (cont'd)

Major customers

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

	Revenue 2022 RM'000	Revenue 2021 RM'000	Segment
Companies under common control of:			
- Customer A	690,948	389,132	Topside maintenance services and marine offshore support services
- Customer B	129,625	66,954	Topside maintenance services

30. Financial instruments

30.1 Categories of financial instruments

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

	Note	Carrying amount RM'000	AC RM'000
2022			
Financial assets			
Group			
Deposits	7,14	14,197	14,197
Trade and other receivables	12	124,965	124,965
Other investments	13	56,260	56,260
Other financial assets	15	83,272	83,272
Cash and cash equivalents	16	313,280	313,280
Company			
Deposits	14	204	204
Trade and other receivables	12	13,175	13,175
Other investments	13	24,700	24,700
Other financial assets	15	41,805	41,805
Cash and cash equivalents	16	1,603	1,603
Financial liabilities			
Group			
Loans and borrowings	18	(403,258)	(403,258)
Lease liabilities	19	(7,652)	(7,652)
Trade and other payables	20	(195,506)	(195,506)
Company			
Loans and borrowings	18	(350,697)	(350,697)
Trade and other payables	20	(577,954)	(577,954)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30. Financial instruments (cont'd)

30.1 Categories of financial instruments (cont'd)

	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
Other financial assets	15	53,468	53,468
Cash and cash equivalents	16	365,128	365,128
Company			
Deposits	14	204	204
Trade and other receivables	12	13,047	13,047
Other financial assets	15	15,492	15,492
Cash and cash equivalents	16	54,679	54,679
Financial liabilities			
Group			
Loans and borrowings	18	(526,007)	(526,007)
Lease liabilities	19	(8,036)	(8,036)
Trade and other payables	20	(217,451)	(217,451)
Company			
Loans and borrowings	18	(429,490)	(429,490)
Trade and other payables	20	(507,893)	(507,893)

30.2 Net gains and losses arising from financial instruments

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Net gains/(losses) arising on:				
Financial assets measured at amortised cost	7,767	8,223	1,412	2,340
Financial liabilities measured at amortised cost	(38,430)	(50,331)	(48,194)	(54,290)
	(30,663)	(42,108)	(46,782)	(51,950)

30.3 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

30. Financial instruments (cont'd)

30.3 Financial risk management (cont'd)

(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.

Trade receivables and contract assets

Risk management objectives, policies and processes for managing the risk

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

The contract assets (see Note 11.1) have substantially the same risk characteristics as the trade receivables from the same categories of customers.

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

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

There are no significant changes as compared to 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 two (2021: three) counterparties of RM84,854,855 (2021: RM81,481,642).

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 (CONT'D)

30. Financial instruments (cont'd)

30.3 Financial risk management (cont'd)

(a) Credit risk (cont'd)

Trade receivables and contract assets (cont'd)

Recognition and measurement of impairment losses (cont'd)

The 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
2022			
Current (Not past due)	73,710	(19)	73,691
1-30 days past due	28,130	(18)	28,112
31-90 days past due	12,715	(37)	12,678
91-365 days past due	5,727	(289)	5,438
More than 365 days past due	11,990	(11,990)	-
	132,272	(12,353)	119,919
2021			
Current (Not past due)	93,393	(99)	93,294
1-30 days past due	2,521	(57)	2,464
31-90 days past due	5,139	(2,310)	2,829
91-365 days past due	19,354	(9,333)	10,021
More than 365 days past due	284	(284)	-
	120,691	(12,083)	108,608

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

	Credit impaired RM'000
Balance at 1 January 2021	284
Net remeasurement of loss allowance	11,799
Balance at 31 December 2021/1 January 2022	12,083
Net remeasurement of loss allowance	270
Balance at 31 December 2022	12,353

30. Financial instruments (cont'd)

30.3 Financial risk management (cont'd)

(a) Credit risk (cont'd)

Cash and cash equivalents, other financial assets and other investments

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

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

Other receivables

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

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

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 RM35.0 million (2021: RM45.5 million) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

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.

30. Financial instruments (cont'd)

30.3 Financial risk management (cont'd)

(a) Credit risk (cont'd)

Inter-company loans and advances

Risk management objectives, policies and processes for managing the risk

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

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

Exposure to credit risk, credit quality and collateral

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

Credit risk of the Company as at the end of the reporting period arose mainly from the amount due from one (2021: one) subsidiary of RM13.0 million (2021: RM13.0 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 as at the end of the reporting period was:

Company

	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
2022			
Low credit risk	13,006	-	13,006
2021			
Low credit risk	13,024	-	13,024

30. Financial instruments (cont'd)

30.3 Financial risk management (cont'd)

(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.

30. Financial instruments (cont'd)

30.3 Financial risk management (cont'd)

(b) Liquidity risk (cont'd)

Maturity analysis

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

	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						
2022						
Non-derivative financial liabilities						
Term loan – Islamic (secured)	8,908	4.09	11,310	2,714	8,596	-
Term loan – Commodity Murabahah Financing – I (secured)	8,366	1.85 – 6.04	8,684	8,261	423	-
Sukuk (secured)	350,697	5.24 – 6.56	403,018	144,086	258,932	-
Term loans (secured)	35,034	1.88 – 5.49	39,735	11,648	28,087	-
Trade and other payables	195,506	-	195,506	195,506	-	-
Lease liabilities	7,652	4.00	8,318	2,864	5,090	364
Hire purchase liability	253	2.04	272	69	203	-
	606,416		666,843	365,148	301,331	364
2021						
Non-derivative financial liabilities						
Term loan – Islamic (secured)	9,975	4.09	12,941	2,714	10,227	-
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	-	-
Hire purchase liability	311	2.04	343	70	273	-
	751,494		822,008	371,605	449,765	638

30. Financial instruments (cont'd)

30.3 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					
2022					
Non-derivative financial liabilities					
Sukuk	350,697	5.24 – 6.56	403,018	144,086	258,932
Trade and other payables	7,577	-	7,577	7,577	-
Amount due to a subsidiary	570,377	5.60	602,318	602,318	-
Financial guarantee	-	-	35,034	35,034	-
	928,651		1,047,947	789,015	258,932
2021					
Non-derivative financial liabilities					
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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30. Financial instruments (cont'd)

30.3 Financial risk management (cont'd)

(c) Market risk

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

(i) Currency risk

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

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**
2022		
Financial assets		
Trade and other receivables	594	324
Cash and cash equivalents	199	-
	793	324
Financial liabilities		
Trade and other payables	(3,510)	(13,431)
	(3,510)	(13,431)
Net currency exposure	(2,717)	(13,107)
2021		
Financial assets		
Cash and cash equivalents	181	-
Financial liabilities		
Trade and other payables	(1,629)	(30,696)
Net currency exposure	(1,448)	(30,696)

30. Financial instruments (cont'd)

30.3 Financial risk management (cont'd)

(c) Market risk (cont'd)

(i) Currency risk (cont'd)

Currency risk sensitivity analysis

A 10% (2021: 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.

	Profit or loss	
	2022	**2021**
	RM'000	**RM'000**
Group		
USD	272	145
SGD	1,311	3,070

A 10% (2021: 10%) weakening of RM against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

(ii) Interest rate risk

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

Risk management objectives, policies and process for managing the risk

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30. Financial instruments (cont'd)

30.3 Financial risk management (cont'd)

(c) Market risk (cont'd)

(ii) Interest rate risk (cont'd)

Exposure to interest rate risk

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

	Group		Company	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Fixed rate instruments				
Financial assets				
- Deposit	11,087	10.879	-	-
- Other investments	56,260	37,404	24,700	-
- Other financial assets	83,272	53,468	41,805	15,492
- Deposits placed with licensed banks	271,493	276,654	-	51,526
Financial liabilities				
- Term loan - Islamic (secured)	(8,908)	(9,975)	-	-
- Hire purchase liability	(253)	(311)	-	-
- Lease liabilities	(7,652)	(8,036)	-	-
	405,299	360,083	66,505	67,018
Floating rate instruments				
Financial liabilities				
- Overdrafts (secured)	-	(25,478)	-	-
- Term loan – Commodity Murabahah Financing – I (secured)	(8,366)	(15,229)	-	-
- Term loans (secured)	(35,034)	(45,524)	-	-
- Sukuk (secured)	(350,697)	(429,490)	(350,697)	(429,490)
	(394,097)	(515,721)	(350,697)	(429,490)

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.

30. Financial instruments (cont'd)

30.3 Financial risk management (cont'd)

(c) Market risk (cont'd)

(ii) Interest rate risk (cont'd)

Cash flow sensitivity analysis for variable rate instruments

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.

	2022 Profit or loss		2021 Profit or loss	
	100bp increase RM'000	**100bp decrease RM'000**	**100bp increase RM'000**	**100bp decrease RM'000**
Group				
Floating rate instruments	(3,941)	3,941	(5,157)	5,157
Company				
Floating rate instruments	(3,507)	3,507	(4,295)	4,295

(iii) Other price risk

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

Risk management objectives, policies and processes for managing the risk

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

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

30.4 Fair value information

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30. Financial instruments (cont'd)

30.4 Fair value information (cont'd)

2022	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	10,980	10,980	11,087
Financial liabilities			
Term loan - Islamic	(9,957)	(9,957)	(8,908)
Hire purchase liability	(259)	(259)	(253)
2021			
Group			
Financial assets			
Deposits	11,600	11,600	10,879
Financial liabilities			
Term loan - Islamic	(12,056)	(12,056)	(9,975)
Hire purchase liability	(322)	(322)	(311)

Level 3 fair value

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

31. Capital management

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

During 2022, the Group's strategy, which was unchanged from 2021, was to maintain debt to equity ratio of not greater than 1.2 times and debt service coverage ratio of at least 1.25 times.

(i) Debt to equity ratio

	2022 RM'000	2021 RM'000
Loans and borrowings (Note 18)	403,258	526,007
Lease liabilities (Note 19)	7,652	8,036
	410,910	534,043

31. Capital management (cont'd)

(i) Debt to equity ratio (cont'd)

	2022 RM'000	2021 RM'000
Total equity attributable to owners of the Company	1,445,966	1,311,958
Debt-to-equity ratio	0.28	0.41

(ii) Debt service coverage ratio

	Group	
	2022 RM'000	2021 RM'000
Nominal value paid for Sukuk	81,900	156,900
Coupon payments on Sukuk	20,857	25,630
Guarantee fee payment arising from Sukuk	2,056	2,654
Repayment of term loans	20,611	43,413
Repayment of hire purchase liability	58	5
Repayment of term loan - Islamic	2,357	2,357
Payment of lease liabilities	3,244	3,657
Term loans interest paid	2,355	3,577
	133,438	238,193
Cash and cash equivalents	313,280	365,128
	446,718	603,321
Debt service coverage ratio	3.35	2.53

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

32. Capital commitments

	Group	
	2022 RM'000	2021 RM'000
Property, plant and equipment		
Approved and contracted for	14,922	15,066

33. Related parties

Identity of related parties

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

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

33. Related parties (cont'd)

Identity of related parties (cont'd)

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

Transactions with subsidiaries

	Company	
	2022	**2021**
	RM'000	**RM'000**
Interest expense	23,876	22,035
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	
	2022	**2021**
	RM'000	**RM'000**
Rental of premises paid	2,557	2,557
Provision of services	14,845	14,266

Significant party balances related to the above transactions are disclosed in the statements of financial position as well as Notes 12 and 20 to the financial statements.

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

34. 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.

34. Significant events during the year (cont'd)

Material litigation (cont'd)

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 judgement 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 did not refund the amount due under the Court of Appeal Order, PPB 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 instructed its solicitors to commence bankruptcy proceedings against the Plaintiffs. PPB's solicitors had prepared the Bankruptcy Notices to be 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 which was originally fixed for hearing on 18 February 2022 was rescheduled by the Federal Court to 12 May 2022.

The leave application in the Federal Court proceeded as scheduled on 12 May 2022. The Federal Court allowed the Plaintiffs' leave application to appeal to the Federal Court with costs in the cause. The Federal Court expressed that the subject matter of the appeal is a new area of law introduced under the Companies Act 2016 and the Federal Court would like to hear further arguments on this, as there is no decided case by Federal Court on this point of law thus far.

The Plaintiffs had filed their notice of appeal and the record of appeal was served on PPB's solicitors on 1 August 2022. All the parties were directed by the Federal Court to file their respective written submissions by 14 November 2022. The hearing of the Appeal in the Federal Court was fixed on 28 November 2022. However, given that 28 November 2022 was declared as a public holiday, the hearing of the Appeal in the Federal Court was rescheduled to 27 February 2023. On 3 March 2023, PPB has been informed that Federal Court's decision was made in favour of the Plaintiff. Furthermore, the decision of the Court of Appeal was set aside, and the decision of High Court was upheld. PPB has been ordered to pay costs in the sum of RM100,000 and the Federal Court decision opens the possibility for the Plaintiffs to seek PPB to indemnify them of the actual legal fees they paid to their solicitors which is yet to be claimed by the Plaintiffs thus far.

34. Significant events during the year (cont'd)

Material litigation (cont'd)

In relation to the bankruptcy notices, PPB's solicitors had not been able to serve the bankruptcy notices personally on the Plaintiffs despite having made an appointment to serve the said notices. PPB's solicitors had in August 2022 filed the application to serve the notices by substituted service by affixing a copy of the notices at the court's notice board, advertising in the local newspapers and sending a copy of the notices by Acknowledgement of Receipt Registered post to the last known address as per the NRIC searches conducted on the Plaintiffs in March 2022. Upon obtaining an order for substituted service, PPB's solicitors had duly complied with the said order by 26 October 2022. The Bankruptcy Court has fixed for a case management on 24 November 2022, to determine the date of act of bankruptcy committed by the respondents and to give directions in respect of filing of the Creditors' Petition to pursue the second stage of the proceedings. The Bankruptcy Court has declared that the Plaintiffs have committed the acts of bankruptcy as no attempts made by the Plaintiffs to settle the judgment sum or to have the bankruptcy proceedings stayed. In this regard, PPB's solicitors are in the midst of preparing and filing the Creditor's Petition to obtain relevant bankruptcy orders against the Plaintiffs from the Bankruptcy Court. As a result of the decision received from the Federal Court on 3 March 2023, PPB has filed for discontinuation proceedings.

The claim is not anticipated to have any significant financial and operational impact to the Group's results for the financial year ended 31 December 2022.

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 87 to 170 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 2022 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 2023

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 87 to 170 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 2023.

……………………………………

Datuk Ling Suk Kiong

Before me:

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF DAYANG ENTERPRISE HOLDINGS BHD.

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Dayang Enterprise Holdings Bhd., which comprise the statements of financial position as at 31 December 2022 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 87 to 170.

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 2022, 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 21 (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 and error. ii) We inspected all new contracts secured during the year to assess the performance obligations and the transaction prices in accordance with MFRS 15. iii) We assessed 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.).

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF DAYANG ENTERPRISE HOLDINGS BHD. (CONT'D)
Registration No. 200501030106 (712243 - U)
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements (cont'd)

Key Audit Matters (cont'd)

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

Key audit matter	How our audit addressed the key audit matter
Revenue recognised from topside maintenance services segment, which is approximately RM839 million, representing 85% 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): 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 2022. vi) We sent confirmations for trade receivables balances and performed alternative test on non-replies by inspecting 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	How our audit addressed the key audit matter
The Group has goodwill of RM424.3 million as at 31 December 2022 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. Goodwill with indefinite useful lives are not amortised but are tested for impairment annually. The amount of goodwill and marine vessels (being 44% of total assets) is material to the financial statements. As disclosed in Note 8 to the financial statements, the estimation of recoverable amount using a combination of the value in use approach, which involved forecasting and discounting the future cash flows of the cash generating unit attached to the goodwill and the fair value less cost of disposal approach, whichever is higher.	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. iii) We evaluated the sensitivity of the impairment calculation to changes in the key assumptions used. iv) We challenged the key assumptions used in the projected cash flows, to determine if these are appropriate in the Group's circumstances. v) We evaluated the valuation methodology and significant inputs used in the valuation by the independent valuer.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF DAYANG ENTERPRISE HOLDINGS BHD. (CONT'D)
Registration No. 200501030106 (712243 - U)
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements (cont'd)

Key Audit Matters (cont'd)

2. Impairment testing of goodwill (cont'd)

Key audit matter	How our audit addressed the key audit matter
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): vi) We considered the adequacy of the Group's disclosures about the assumptions to which the outcome of the impairment assessment were most sensitive.

3. Impairment 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	How our audit addressed the key audit matter
The Group's main customers are oil and gas companies involved in upstream exploration activities. The volatility of crude oil prices in 2022 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. In previous year, the Group has recognised impairment loss of RM137 million. Following the assessment during the year, the Group has recognised a net reversal of impairment loss of RM7.3 million as other income in profit or loss.	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. iii) We inspected the valuation reports produced by the independent valuer and 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.

Report on the Audit of the Financial Statements (cont'd)

Key Audit Matters (cont'd)

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

Key audit matter	How our audit addressed the key audit matter
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.	

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.

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.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF DAYANG ENTERPRISE HOLDINGS BHD. (CONT'D)
Registration No. 200501030106 (712243 - U)
(Incorporated in Malaysia)

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.

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: 02948/05/2024 J
Chartered Accountant

Kuching,

Date: 12 April 2023

ANALYSIS OF SHAREHOLDINGS AS AT 31 MARCH 2023

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	203	2.412	7,068	0.000
100 - 1,000	1,599	19.006	987,339	0.085
1,001 - 10,000	4,385	52.121	21,143,061	1.826
10,001 - 100,000	1,722	20.468	54,006,729	4.664
100,001 - 57,888,584 (*)	502	5.966	845,776,074	73.052
57,888,585 AND ABOVE (**)	2	0.023	235,851,447	20.371
TOTAL	8,413	100.000	1,157,771,718	100.000

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.	Koh Ek Chong	-	0.00%	-	0.00%
8.	Hasmawati Binti Sapawi	-	0.00%	-	0.00%
9.	Chin Hsiun	-	0.00%	-	0.00%
10.	Jamalludin Bin Obeng	-	0.00%	-	0.00%
11.	Siti Nazrah Binti Ahmad Zaiden	-	0.00%	-	0.00%

3. SUBSTANTIAL SHAREHOLDERS

		Number 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%
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%
8.	Pandanus Associates Inc.	-	0.00%	58,600,100[(e)]	5.06%
9.	FIL Investment Management (Singapore) Limited	-	0.00%	58,600,100[(e)]	5.06%
10.	FIL Limited	-	0.00%	58,600,100[(e)]	5.06%
11.	FIL Financial Services Holdings Limited	-	0.00%	58,600,100[(e)]	5.06%

[(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 Empie Sdn. Bhd., spouse and child.
[(e)] Deemed interest by virtue of Section 8 of the Act, held through Fidelity Funds.

ANALYSIS OF SHAREHOLDINGS AS AT 31 MARCH 2023 (CONT'D)

TOP THIRTY SHAREHOLDERS
(Without aggregating securities from different securities accounts belonging to the same Registrated 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.	LING SUK KIONG	49,289,763	4.257
4.	NAIM HOLDINGS BERHAD	44,550,000	3.847
5.	TENGKU YUSOF BIN TENGKU AHMAD SHAHRUDDIN	37,630,160	3.250
6.	KENANGA NOMINEES (TEMPATAN) SDN BHD LING SUK KIONG	32,290,000	2.788
7.	KENANGA NOMINEES (TEMPATAN) SDN BHD JOE LING SIEW LOUNG @ LIN SHOU LONG	23,180,520	2.002
8.	CARTABAN NOMINEES (ASING) SDN BHD BBH (LUX) SCA FOR FIDELITY ASIAN SMALLER COMPANIES POOL (FIDELITY FUNDS)	21,462,300	1.853
9.	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 19)	21,008,000	1.814
10.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD URUSHARTA JAMAAH SDN. BHD. (2)	20,000,000	1.727
11.	JOE LING SIEW LOUNG @ LIN SHOU LONG	19,593,750	1.692
12.	CARTABAN NOMINEES (ASING) SDN BHD BBH (LUX) SCA FOR FIDELITY FUNDS ASEAN	16,245,600	1.403
13.	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 14)	16,037,500	1.385
14.	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC OPPORTUNITIES FUND	14,915,700	1.288
15.	CARTABAN NOMINEES (TEMPATAN) SDN BHD PBTB FOR TAKAFULINK DANA EKUITI	14,675,900	1.267
16.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (AHAM AM)	13,417,700	1.158
17.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD URUSHARTA JAMAAH SDN. BHD. (1)	12,469,360	1.077
18.	LEMBAGA TABUNG ANGKATAN TENTERA	12,052,350	1.040
19.	VOGUE EMPIRE SDN BHD	11,718,187	1.012
20.	HSBC NOMINEES (ASING) SDN BHD J.P. MORGAN SECURITIES PLC	11,504,066	0.993
21.	MAYBANK NOMINEES (TEMPATAN) SDN BHD MTRUSTEE BERHAD FOR PRINCIPAL DALI EQUITY GROWTH FUND (UT-CIMB-DALI) (419455)	10,384,700	0.896
22.	HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR FIDELITY ASIAN VALUES PLC	10,165,900	0.878
23.	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR MANULIFE INVESTMENT AL-FAUZAN (5170)	9,314,500	0.804
24.	AMANAHRAYA TRUSTEES BERHAD PUBLIC STRATEGIC SMALLCAP FUND	9,050,000	0.781
25.	CARTABAN NOMINEES (ASING) SDN BHD BBH (LUX) SCA FOR FIDELITY FUNDS (EMG ASIA POOL)	8,744,900	0.755
26.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (RHB INV)	8,100,000	0.699
27.	AMANAHRAYA TRUSTEES BERHAD PMB SHARIAH GROWTH FUND	7,500,000	0.647
28.	VOGUE EMPIRE SDN BHD	7,500,000	0.647
29.	CARTABAN NOMINEES (TEMPATAN) SDN BHD PAMB FOR PRULINK DANA UNGGUL	7,440,900	0.642
30.	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR MANULIFE INSURANCE BERHAD (EQUITY FUND)	7,429,500	0.641

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Seventeenth General Meeting ("17th AGM") of DAYANG ENTERPRISE HOLDINGS BHD. ("the Company") will be held at Danum 1, Level 5, Imperial Hotel Miri, Lot 827, Jalan Pos, 98000 Miri, Sarawak, Malaysia on Tuesday, 23 May 2023 at 10.00 a.m. to transact the following businesses:-

AGENDA

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31st December 2022 together with the Reports of the Directors and the Auditors thereon. **(Please refer to Explanatory Note A)**

2. To re-elect the following directors who retire in accordance with Clause 93 of the Company's Constitution and who being eligible, have offered themselves for re-election:-

   (i) Ali Bin Adai — **Ordinary Resolution 1**
   (ii) Hasmawati Bin Sapawi — **Ordinary Resolution 2**
   (iii) Chin Hsiun — **Ordinary Resolution 3**

3. To re-elect the following directors who retire in accordance with Clause 100 of the Company's Constitution and who being eligible, has offered themselves for re-election: -

   (i) Jamalludin Bin Obeng — **Ordinary Resolution 4**
   (ii) Siti Nazrah Binti Ahmad Zaiden — **Ordinary Resolution 5**

4. To approve the payment of Directors' Fees of RM2,106,413.18 for the financial year ended 31 December 2022. **Ordinary Resolution 6**

5. To approve the payment of Meeting Allowance of RM500.00 per meeting to Non-Executive Directors from the conclusion of this meeting up to the conclusion of the next Annual General Meeting of the Company. **Ordinary Resolution 7**

6. To re-appoint Messrs. KPMG PLT as Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to authorize the Directors to fix their remuneration. **Ordinary Resolution 8**

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

7. Retention of Independent Non-Executive Director

   (a) To approve Encik Ali Bin Adai to continue to serve as an Independent Non-Executive Director of the Company until the conclusion of the next AGM subject to the passing of Ordinary Resolution 1 through a two-tier voting process. **Ordinary Resolution 9**

   (b) To approve Mr. Koh Ek Chong to continue to serve as an Independent Non-Executive Director of the Company until the conclusion of the next AGM through a two-tier voting process. **Ordinary Resolution 10**

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

8. Proposed Renewal of Existing and New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Shareholders' Mandate") **Ordinary Resolution 11**

"THAT, subject to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), approval be and is hereby given to the Company and/or its subsidiaries to enter into recurrent related party transactions ("RRPT") of a Revenue or Trading Nature which is necessary for the day to day operations with the related parties as set out in Section 1.5 (i) of the Circular to Shareholders dated 20 April 2023, be and is hereby renewed, AND THAT mandate be and is hereby granted by the shareholders of the Company to apply to the new RPT as set out in Section 1.5 (ii) of the Circular with the related party mentioned therein, provided that:

i. such transactions are undertaken in the ordinary course of business, on arm's length basis, on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not detrimal to the minority shareholder.

AND THAT such approval shall continue to be in force until:-

i. the conclusion of the next Annual General Meeting ("AGM") at which time it will lapse, unless the authority is renewed by a resolution passed at the next AGM;
ii. the expiration of the period within the next AGM of the Company to be held pursuant to Section 340(2) of the Companies Act 2016 ("the Act") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act; or
iii. revoked or varied by resolution passed by the shareholders in a general meeting;

whichever is the earlier;

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Shareholders' Mandate."

9. Authority to issue shares pursuant to Sections 75 and 76 of the Companies Act 2016 ("the Act") and waiver of pre-emptive rights. **Ordinary Resolution 12**

"THAT, subject always to the Act, the Constitution of the Company and the approvals of the relevant governmental/regulatory authorities, if applicable, the Directors be and are hereby empowered, pursuant to the Act, to issue and allot shares in the Company from time to time at such price and upon such terms and conditions and for such purposes and to such person or persons as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares issued pursuant to this Resolution does not exceed 10 percent (10%) of the total number of issued shares of the Company for the time being;

AND THAT pursuant to Section 85 of the Act to be read together with Clause 8(d) of the Constitution of the Company, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares of the Company ranking equally to the existing issued shares arising from any issuance of new shares in the Company pursuant to Sections 75 and 76 of the Act;

AND THAT the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad;

AND FURTHER THAT such authority shall commence immediately upon the passing of this Resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company."

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

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

BY ORDER OF THE BOARD
CHEE SU LING (MIA 36749)
SSM Practicing Certificate No. 202208000142

Company Secretary

Miri, Sarawak
Dated this 20 April 2023

NOTES:

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

2. A member shall be entitled to appoint not more than two (2) proxies to attend and vote at the meeting except where the member is an authorised nominee as defined in accordance with the provisions of the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds and where the member is an Exempt Authorised Nominee, there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account.

3. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.

4. The instrument appointing a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than twenty-four (24) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote:

   (i) <u>In hard copy form</u>
   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) <u>By electronic means</u>
   The proxy form can be electronically lodged with the Share Registrar of the Company via TIIH Online at <u>https://tiih.online</u>. Kindly refer to the Administrative Details for the 17th AGM. Please follow the procedures as set out in the Administrative Guide for the electronic lodgement of proxy form.

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

6. Last date and time for lodging the proxy form is Monday, 22 May 2023 at 10.00 a.m.

7. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than twenty-four (24) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

8. For a corporate member who has appointed an authorised representative, please deposit the **ORIGINAL** certificate of appointment of authorised representative with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia. The certificate of appointment of authorised representative should be executed in the following manner:

   (i) If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.
   (ii) If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by:

      (a) at least two (2) authorised officers, of whom one shall be a director; or
      (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

9. The Notice of the 17th AGM together with the Form of Proxy, Administrative Details, Annual Report 2022 and Circular to Shareholders are published on the Company's website at www.desb.net or Bursa Malaysia's website at www.bursamalaysia.com.

10. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Securities, all resolutions set out in this Notice will be put on vote by poll.

EXPLANATORY NOTES

1. To receive the Audited Financial Statements

Agenda item no. 1 is meant for discussion only as an approval from the shareholders is not required pursuant to the provisions of Section 340(1)(a) of the Companies Act, 2016. Hence, this Agenda is not put forward for voting.

2. Ordinary Resolutions 1 – 5 on the Re-election of Directors

The performance, contribution, effectiveness and independence (as the case may be) of each Director who is recommended for re-election have been assessed through the Board annual evaluation. In addition, the Joint Remuneration and Nomination Committee has also conducted an assessment on the fitness and propriety of the retiring Directors including the review of their fit and proper assessment declarations in accordance with the Directors' Fit & Proper Policy of the Company. The Joint Remuneration and Nomination Committee and the Board of Directors are satisfied with the performance, contribution, effectiveness and independence (as the case may be) of Encik Ali Bin Adai, Puan Hasmawati Bin Sapawi, Mr. Chin Hsiun, Encik Jamalludin Bin Obeng and Puan Siti Nazrah Binti Ahmad Zaiden who are due for retirement as Directors, and being eligible, have offered themselves for re-lection at the 17th AGM.

The respective profiles of the above Directors are set out in the Board of Directors' profile of the Annual Report 2022.

3. Ordinary Resolution 6 and 7 on Directors' Fee and Allowance

The proposed Resolution 6, if passed, will authorise the payment of the Directors; fee up to the amount of RM RM2,106,413.18 for the financial year ending 31 December 2022.

The proposed Resolution 7, if passed, will authorize the payment of the Meeting Allowance of RM500.00 per meeting to Non-Executive Directors from the conclusion of this meeting up to the conclusion of the next Annual General Meeting of the Company.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

4. Ordinary Resolutions 8 on the Appointment of Auditors and authorisation for the Directors to fix their remuneration

The Audit Committee and the Board have considered the re-appointment of KPMG PLT as Auditors of the Company and collectively agree that KPMG PLT meets the criteria of the adequacy of experience and resources of the firm and the audit team assigned to the audit as prescribed by Paragraph 15.21 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

5. Ordinary Resolutions 9 and 10 on the Retention of Independent Non-Executive Directors

Encik Ali Bin Adai and Mr. Koh Ek Chong have served as Independent Non-Executive Directors of the Company for a cumulative term of nine (9) years. The Joint Remuneration & Nomination Committee and the Board have carried out an evaluation and assessment on their fitness and propriety including the review of their fit and proper assessment declarations in accordance with the Directors' Fit & Proper Policy of the Company. The Joint Remuneration & Nomination Committee concluded that both Encik Ali Bin Adai and Mr. Koh Ek Chong continue to be independent and objective in all board deliberations. They complied with the relevant criteria and provisions under the definition of independence of the Main Market Listing Requirements of Bursa Securities. They are not related to any directors and major shareholders of the Company and hence they are not under the influence of other directors and major shareholders. Upon the recommendation by Joint Remuneration & Nomination Committee, the Board of Directors recommended that both Encik Ali Bin Adai and Mr. Koh Ek Chong be retained as an Independent Non-Executive Directors of the Company until the conclusion of the next AGM.

6. Ordinary Resolution 11 on the Proposed Renewal of Existing and New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

The proposed Resolution 11, if passed, will authorise the Company and/or its subsidiaries to enter into recurrent related party transactions involving the interest of Related Parties which are of a revenue or trading in nature and necessary for the Company's day-to-day operations, subject to the transactions being carried out in the ordinary course of business and on terms not to the detriment of the minority shareholders of the Company. The authority, unless revoked or varied by the Company at a general meeting, will expire at the next Annual General Meeting.

Please refer to the Circular to Shareholders dated 20 April 2023 for further information.

7. Authority to issue shares pursuant to Sections 75 and 76 of the Act and waiver of pre-emptive rights

This is the renewal of the mandate obtained from the members at the last Annual General Meeting held on 19 May 2022 ("the Previous Mandate"). The Previous Mandate was not utilised and accordingly, no proceeds were raised.

The proposed resolution 12, if passed, will provide flexibility to the Directors to undertake fund raising activities, including but not limited to placement of shares for the funding of the Company's future investments projects, working capital and/ or acquisitions, by the issuance of shares in the Company to such persons at any time, as the Directors may deem fit, without having to convene a general meeting. This authority, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

Pursuant to Section 85(1) of the Companies Act 2016 be read together with Clause 8(d) of the Company's Constitution, shareholders have pre-emptive rights to be offered any new shares in the Company which rank equally to the existing issued shares in the Company or other convertible securities. Thus, a waiver is required.

ADMINISTRATIVE DETAILS

FOR THE SEVENTEEN ANNUAL GENERAL MEETING (17th AGM) OF DAYANG ENTERPRISE HOLDINGS BHD

Date : 23 May 2023, Tuesday
Time : 10.00 a.m.
Broadcast Venue : Danum 1, Level 5, Imperial Hotel Miri, Lot 827, Jalan Pos, 98000 Miri, Sarawak, Malaysia.

Entitlement to Participate and Appointment of Proxy

- Only members whose names appear on the Record of Depositors as at 16 May 2023 shall be eligible to attend, speak and vote at the 17th AGM or appoint a proxy(ies) and/or the Chairman of the Meeting to attend and vote on his/her behalf.

- If you are unable to attend the meeting on 23 May 2023, you may appoint the Chairman of the meeting as proxy and indicate the voting instruction in the Proxy Form.

- If you wish to participate in the 17th AGM yourself, please do not submit any Form of Proxy for the 17th AGM. You will not be allowed to participate in the 17th 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 17th AGM whether in hard copy or by electronic means shall be deposited or submitted in the following manner not later than **Monday, 22 May 2023 at 10.00 a.m.**:

  (i) In Hard copy:

  By hand or post to the office of the Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur;

  (ii) By Electronic form:

  All members can have the option to submit proxy forms electronically via TIIH Online and the steps to submit are summarised below:

Procedure	Action
i. Steps for individual holders	
Register as a User with TIIH Online	• Using your computer, please access the website at https://tiih.online. Register as a user under the "e-Services". Select the "**Sign Up**" button and followed by "**Create Account by Individual Holder**". Please refer to the tutorial guide posted on the homepage for assistance. • Registration as a user will be approved within one (1) working day and you will be notified via e-mail. • If you are already a user with TIIH Online, you are not required to register again.
Proceed with submission of Proxy Form	• 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 17th AGM - "Submission of Proxy Form"**. • Read and agree to the Terms and Conditions and confirm the Declaration. • Insert your CDS account number and indicate the number of shares for your proxy(s) to vote on your behalf. • Indicate your voting instructions – FOR or AGAINST, otherwise your proxy will decide on your votes. • Review and confirm your proxy(s) appointment. • Print the form of proxy for your record.

ADMINISTRATIVE DETAILS FOR THE SEVENTEEN ANNUAL GENERAL MEETING ("17TH AGM") OF DAYANG ENTERPRISE HOLDINGS BHD (CONT'D)

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 holder must register as a user in accordance with the above steps before he/she can subscribe to this corporate holder electronic proxy submission. Please contact our Share Registrar if you need clarifications on the user registration.
Proceed with submission of Proxy Form	• Login to TIIH Online at https://tiih.online • Select the corporate exercise name: **"Dayang 17th AGM: Submission of Proxy Form"** • Agree to the Terms & Conditions and Declaration. • Proceed to download the file format for **"Submission of Proxy Form"** in accordance with the Guidance Note set therein. • Prepare the file for the appointment of proxies by inserting the required data. • Submit the proxy appointment file. • Proceed to upload the duly completed proxy appointment file. • Select "Submit" to complete your submission. • Print the confirmation report of your submission for your record.

Meeting Registration

- Registration will start at 9.00 a.m. in Danum 1, Level 5, Imperial Hotel Miri, Lot 827, Jalan Pos, 98000 Miri, Sarawak, Malaysia.
- Please present your original MyKad/passport to the registration staff for verification.
- Upon verification, you are required to write your name,
- and sign the attendance list placed on the registration table.
- No person will be allowed to register on behalf of another person even with the original Mykad/passport of the other person.

Annual Report

- The Annual Report is available on the Company's website at www.desb.net and Bursa Malaysia's website at www.bursamalaysia.com under Company's announcements.
- You may request a printed copy of the Annual Report at https://tiih.online by selecting "Request for Annual Report" under the "Investor Services".
- Kindly consider the environment before you decide to request a printed copy of the Annual Report. Environmental concerns like global warming, deforestation, climate change and many more affect every human, animal and nation on this planet.

Enquiry

- If you have any enquiry prior to the meeting, please call our Share Registrar, Tricor at +603-2783 9299 during office hours i.e. from 8.30 a.m. to 5.30 p.m. (Monday to Friday).

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

CDS Account No.	
No. of shares held	
Shareholder's Contact No.	

Proxy Form

I/We ____
(FULL NAME AS PER NRIC IN BLOCK CAPITAL)

IC No./ID No./Company No. ______________________________(new)______________________________

of ____
(FULL ADDRESS)

being a member/members of DAYANG ENTERPRISE HOLDINGS BERHAD ("the Company") hereby appoint:-

First Proxy

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

and/or failing him/her

Second Proxy

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

Or failing him/her the Chairman of the meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the 17th Annual General Meeting of the Company will be held at Danum 1, Level 5, Imperial Hotel Miri, Lot 827, Jalan Pos, 98000 Miri, Sarawak, Malaysia on Tuesday, 23 May 2023 at 10.00 a.m. or any adjournment thereof, in the manner indicated below:

Resolution		FOR	AGAINST
Ordinary Resolution 1	Re-election of Director: Encik Ali Bin Adai		
Ordinary Resolution 2	Re-election of Director: Puan Hasmawati Bin Sapawi		
Ordinary Resolution 3	Re-election of Director: Mr. Chin Hsiun		
Ordinary Resolution 4	Re-election of Director: Encik Jamalludin Bin Obeng		
Ordinary Resolution 5	Re-election of Director: Siti Nazrah Binti Ahmad Zaiden		
Ordinary Resolution 6	Approval payment of Directors' Fee of RM2,106,413.18 for the financial year ended 31 December 2022		
Ordinary Resolution 7	Approval of meeting allowance of RM500.00 per meeting for Non-Executive Directors for the period from May 2023 until the next AGM of the Company		
Ordinary Resolution 8	Re-appointment of Auditors: Messrs KPMG PLT as Auditors and authorising the Directors to fix their remuneration		
Special Businesses			
Ordinary Resolution 9	Retention of Encik Ali Bin Adai and as Independent Director		
Ordinary Resolution 10	Retention of Mr. Koh Ek Chong and as Independent Director		
Ordinary Resolution 11	Proposed Renewal of Existing Shareholders' Mandate and New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		
Ordinary Resolution 12	Authority to allot and issue Shares and waiver of pre-emptive rights		

(Please indicate with an "X" in the spaces above how you wish your votes to be casted on the resolution specified in the Notice of Meeting. If no specific direction as the voting is indicated, the proxy/proxies will vote abstain from voting as he/she/they think(s) fit.)

Dated this _________ day of __________________ 2023.

____
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:

1. A proxy may but need not be a member of the Company but shall be of full age.
2. A member shall be entitled to appoint not more than two (2) proxies to attend and vote at the meeting except where the member is an authorised nominee as defined in accordance with the provisions of the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds and where the member is an Exempt Authorised Nominee, there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account.
3. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
4. The instrument appointing a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than twenty-four (24) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote:
   (i) In hard copy form
   In the case of an appointment made in hard copy form, the proxy form must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.
   (ii) By electronic means
   The proxy form can be electronically lodged with the Share Registrar of the Company via TIIH Online at https://tiih.online. Kindly refer to the Administrative Details for the 17th AGM. Please follow the procedures as set out in the Administrative Guide for the electronic lodgement of proxy form.
5. Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.
6. Last date and time for lodging the proxy form is Wednesday, 22 May 2023 at 10.00 a.m.
7. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than twenty-four (24) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
8. For a corporate member who has appointed an authorised representative, please deposit the **ORIGINAL** certificate of appointment of authorised representative with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia. The certificate of appointment of authorised representative should be executed in the following manner:
   (i) If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.
   (ii) If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by:
      (a) at least two (2) authorised officers, of whom one shall be a director; or
      (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.
9. The Notice of the 17th AGM together with the Form of Proxy, Administrative Details, Annual Report 2022 and Circular to Shareholders are published on the Company's website at www.desb.net or Bursa Malaysia's website at www.bursamalaysia.com.
10. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the Resolutions set out in this Notice will be put to vote by poll.

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

Head Office Sublot 5-10,
Lot 46, Block 10, Jalan Taman Raja,
Miri Concession Land District,
98000 Miri, Sarawak,
Malaysia

+085-420185
+085-421654
inquiry@desb.net

www.desb.net