

CORPORATE GOVERNANCE REPORT

STOCK CODE : 5141
COMPANY NAME : DAYANG ENTERPRISE HOLDINGS BERHAD
FINANCIAL YEAR : December 31, 2021

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA

Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.1

The board should set the company's strategic aims, ensure that the necessary resources are in place for the company to meet its objectives and review management performance. The board should set the company's values and standards, and ensure that its obligations to its shareholders and other stakeholders are understood and met.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board recognizes that its primary role is to protect and promote the interests of its shareholders, increase investors' confidence and protect stakeholders' interests to enhance the long-term value of the Group.</p> <p>The Board remains focused on the Group's overall governance by ensuring the implementation of strategic plans that accountability to the Group and stakeholders is monitored effectively.</p> <p>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.</p> <p>The Board practices a clear division of responsibilities between the Chairman, Managing Director, Executive Directors, Independent Non-Executive Directors and Non-Independent Non-Executive Director.</p> <p>The Chairman is primarily responsible for the orderly conduct of the Board meetings and to ensure the effectiveness of the Board. The Chairman also responsible for instilling good corporate governance practices, leadership and the effectiveness of the board.</p> <p>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.</p> <p>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.</p>

	<p>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.</p> <p>As part of its efforts to ensure the effective discharge of its duties, the Board has delegated specific functions to other Board Committees, namely:</p> <ul style="list-style-type: none"> i) Audit Committee (“AC”); ii) Joint Remuneration & Nomination Committee (“JRNC”); iii) Risk Management Committee (“RMC”); iv) Corporate Social Responsibility (CSR) Committee and v) Anti-Bribery & Corruption Compliance Committee (“ABCC”) <p>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 a recommendation to the Board. The Chairman of the respective Board Committee will report to the Board on any significant development and deliberations conducted at the Board Committee level.</p> <p>The RMC advises the AC and the Board on areas of high risks. The AC reviews the internal controls of the Group to ensure the protection of its assets and its shareholders’ investment.</p> <p>The Board through the JRNC is responsible, amongst others, to review the Board’s composition and making recommendations to the Board for appointments of new Directors by evaluating and assessing the suitability of candidates for appointment as Board members or Board Committee members. Due consideration is given to the required mix of skills, knowledge, expertise, experience, professionalism and integrity that the proposed Director will bring to the Board.</p> <p>The JRNC is also responsible to review the performance of the Directors seeking re-election at the forthcoming Annual General Meeting. The JRNC also assesses the effectiveness of the Board as a whole, the Board Committees, the contribution of each individual Director on an annual basis and the remuneration of the executive directors.</p>
<p>Explanation for departure</p>	<p>:</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure</p>	<p>:</p>

Timeframe	:		
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Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.2

A Chairman of the board who is responsible for instilling good corporate governance practices, leadership and effectiveness of the board is appointed.

Application	:	Applied
Explanation on application of the practice	:	<p>The Chairman, Datuk Hasmi Bin Hasnan leads the Board and manages the Board's performance by providing leadership and guidance to the Board.</p> <p>Key responsibilities of the Chairman appointed which is also includes: -</p> <ul style="list-style-type: none">(a) Representing the Board to Shareholders and to chair and ensuring efficient organization and conduct of the Board and/or meeting of the shareholders.(b) Leading board meetings and discussions and encouraging active participation and allowing dissenting views to be freely expressed.(c) Setting the board agenda and ensuring the directors receive complete and accurate information in a timely manner.(d) Leading the Board in the adoption and implementation of good corporate governance practices in the Company.(e) Managing the interface between Board and management to ensure good governance and organizational effectiveness.(f) Ensuring clear and effective communication between stakeholders and that their views are communicated to the Board as a whole.(g) Performing other responsibilities assigned by the Board from time to time.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.3

The positions of Chairman and CEO are held by different individuals.

Application	:	Applied
Explanation on application of the practice	:	<p>The positions of Chairman and Managing Director of Dayang are held by different individuals. The distinct and separate roles and responsibilities of the Chairman and Managing Director are provided in Clause 4.2 of the Board Charter, which is available on Dayang's website: https://www.desb.net at INVESTOR RELATIONS-Corporate Governance-Board Charter.</p> <p>The position of the Chairman is held by Datuk Hasmi Bin Hasnan whereas the position of Chief Executive Officer in the Company is assumed by the Managing Director, Tengku Dato' Yusof Bin Tengku Ahmad Shahrudin.</p> <p>There is a clear segregation of responsibilities between the Chairman and the Managing Director to ensure a balance of power and authority, such that no one individual has unfettered decision-making powers.</p> <p>The Chairman is primarily responsible for the orderly conduct and function of the Board by focusing on strategy governance, supervising management and reviewing the performance of the Group. The Chairman is also responsible for instilling good corporate governance practices, leadership and the effectiveness of the board.</p> <p>The Managing Director is responsible for the day-to-day running of the Group's businesses and implementation of the Board's decisions and policies.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.4

The Chairman of the board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>	
Application :	Applied
Explanation on application of the practice :	The Board practices a clear division of responsibilities between the Chairman, Managing Director, Executive Directors, Independent Non-Executive Directors and Non-Independent Non-Executive Director. The Chairman has never been an Audit Committee and Joint Remuneration and Nomination Committee member since the date of his appointment to the Board.
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.5

The board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.

Application	:	Applied
Explanation on application of the practice	:	<p>The Company Secretary of Dayang is Mdm Bong Siu Lian. She is a Fellow of the Malaysian Institute of Chartered Secretaries & Administrators ("MAICSA"), a qualification recognized under Section 235(2) of the Companies Act ("CA") 2016. She is also registered with the Companies Commission of Malaysia under Section 241 of the CA 2016 and is issued with a practicing certificate to act as secretary by the Registrar of Companies.</p> <p>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 it necessary in their course of duties.</p> <p>The Board is updated by the Company Secretary on the follow-up of its decisions and recommendations by the Management. Action items would stay as matters arising in the minutes of meetings until they are resolved.</p> <p>The Company Secretary keeps abreast with changes in regulatory changes by attending the relevant training programs for continuous professional development.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.6

Directors receive meeting materials, which are complete and accurate within a reasonable period prior to the meeting. Upon conclusion of the meeting, the minutes are circulated in a timely manner.

Application	: Applied
Explanation on application of the practice	<p>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 new 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.</p> <p>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 ensure sufficient time for directors 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.</p> <p>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.</p> <p>The below board committee meetings conducted separately from the board meeting to enable objective and independent discussion during the meeting :</p> <ul style="list-style-type: none">i) Audit Committee ("AC");ii) Joint Remuneration & Nomination Committee("JRNC");iii) Risk Management Committee("RMC");iv) Corporate Social Responsibility (CSR) Committee and;v) Anti-Bribery & Corruption Compliance Committee ("ABCC") <p>The Chairman of each Committee would inform the Board on the salient matters discussed at their respective Committee meetings which require Board's attention and approval for implementation.</p> <p>The Company Secretary will also follow up with the Management on status of actions taken with reference to the previous minutes of</p>

	meetings for updating the Board. Action items would stay as a matter arising in the minutes of meetings until they are resolved or completed.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is demarcation of responsibilities between the board, board committees and management.

There is clarity in the authority of the board, its committees and individual directors.

Practice 2.1

The board has a board charter which is periodically reviewed and published on the company's website. The board charter clearly identifies–

- the respective roles and responsibilities of the board, board committees, individual directors and management; and
- issues and decisions reserved for the board.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is mindful to protect the interests of its shareholders and other stakeholders. The Board Charter is made available on the Company's website at https://www.desb.net. at INVESTOR RELATIONS-Corporate Governance-Board Charter.</p> <p>In discharging its duties effectively, the Board is guided by the Board Charter which clearly defines the respective roles and responsibilities of the Board and Board Committees as well as matters reserved for the Board.</p> <p>Further on this, the role and responsibilities of the Chairman, Managing Director, Senior Independent Non-Executive Director, Executive and Non-Executive Directors are also stated clearly in the Board Charter.</p> <p>The Senior Independent Non-Executive Director serves as a designated contact to whom concerns pertaining to the Group may be conveyed by shareholders and other stakeholders. The identity and contact of the Senior Independent Non-Executive Director shall be disclosed in the annual report of the Company.</p> <p>The Chairman of each Committee would inform the Board on the salient matters discussed at their respective Committee meetings which require Board's attention and approval for implementation.</p> <p>The Board Charter was adopted on 22 February 2017 and updated on 10 April 2019. The Board Charter shall be reviewed by the Board as and when required to ensure its relevance in assisting the Board to discharge its duties with the changes in the corporate laws and regulations that may arise from time to time and to remain consistent with the Board's objectives and responsibilities.</p>
Explanation for departure	:	

<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

Practice 3.1

The board establishes a Code of Conduct and Ethics for the company, and together with management implements its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.

The Code of Conduct and Ethics is published on the company's website.

Application	:	Applied
Explanation on application of the practice	:	<p>The Code of Conduct and Ethics for Directors 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.</p> <p>The Ethics Conduct provides a 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.</p> <p>The Group has in place a Code of Ethics for its employees which encompasses all aspects of 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.</p> <p>In line with the implementation of section 17A of the Malaysian Anti-Corruption Commission Amendment Act 2018, the Group had also adopted the Anti-Bribery and Corruption Policy on 28 May 2020.</p> <p>The Code of Conduct and Ethics as contained in clause 6 of the Board Charter, Anti-Bribery and Corruption Policy and Whistleblowing Policy are posted on the Company's website at https://www.desb.net. at INVESTOR RELATIONS-Corporate Governance-Board Charter.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure	:		
Timeframe	:		

Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

Practice 3.2

The board establishes, reviews and together with management implements policies and procedures on whistleblowing.

Application	:	Applied
Explanation on application of the practice	:	<p>The Company has adopted a Whistleblowing 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.</p> <p>The policy provides a transparent and confidential avenue for stakeholders to raise issues that include:-</p> <ul style="list-style-type: none">i) Criminal offenses, unlawful acts, fraud, corruption, bribery and blackmail;ii) Failure to comply with legal or regulatory obligations;iii) Misuse of the Company's funds or assets;iv) An act or omission which creates a substantial and specific danger to the lives, health or safety of the employees or the public or the environment;v) Unsafe work practices or substantial of company resources;vi) Abuse of power by an officer of the Company andvii) Deliberate concealment of information (which includes, but not limited to, intentional omission, attempt to cover-up or providing false and misleading information. <p>Confidentiality and anonymity are offered to stakeholders who disclose their concerns in good faith and in doing so, had followed the appropriate disclosure accordingly. Concerns that are expressed anonymously although less credible, will not be disregarded either and will be acted on accordingly.</p> <p>Each allegation will be dealt with fairly and equitably. Actions will be taken based on the nature of the allegation and may be resolved by agreed action.</p> <p>The Whistleblowing Policy was adopted by the Board on 10 April 2019. It is available on the Company's website at https://www.desb.net at INVESTOR RELATIONS-Corporate Governance-Whistleblowing Policy.</p>

Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

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

Practice 4.1

The board together with management takes responsibility for the governance of sustainability in the company including setting the company'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 company strategies, business plans, major plans of action and risk management.

Strategic management of material sustainability matters should be driven by senior management.

Application	:	Applied
Explanation on application of the practice	:	<p>The Group is pre-emptive of the sustainability matters mainly on the economic value creation for the shareholders and stakeholders. We plan to elevate sustainability in company governance, through engaging in direct board oversight and accountability over environmental and social issues, more diversity and special expertise on boards, and linking executive and other employees' compensation to sustainability goals.</p> <p>We are in the progress to open reporting on sustainability strategies, goals and accomplishments. We are also in the progress to develop systematic performance improvements to achieve environmental neutrality and other sustainability goals across the entire value chain, including operations, supply chains and products.</p> <p>In line with sustainability, the Board has the ultimate responsibility to ensure that the sustainability efforts are embedded in the strategic direction of the Company.</p> <p>The Group is monitoring, managing and reporting on a wide variety of issues and the key to our approach is focusing our resources on material sustainability risks and opportunities that are associated with each material factor.</p> <p>The materiality factors are based on the priority of the organisation and we identify the most relevant economic, environmental and social priorities that are consistent with our business strategy. We identified, assessed and prioritised 22 material sustainability initiatives made involving the sustainability working committee. The output of the assessment was plotted on a matrix which illustrates the impact of each material factor on the Company's business as well as the stakeholders.</p> <p>The business and functional units are empowered to interact with their respective stakeholders on their chosen platforms and it involved a large number of different stakeholder groups and this kind of</p>

	<p>engagement is important to ensure we can identify, prioritize and address material matters and be adopted in our business strategies.</p> <p>The materiality table derived to show the different levels of importance of the sustainability matters will be disclosed in the Sustainability Report of the Company.</p>	
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.2

The board ensures that the company's sustainability strategies, priorities and targets as well as performance against these targets are communicated to its internal and external stakeholders.

Application	:	Applied
Explanation on application of the practice	:	<p>The Group 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.</p> <p>As part of the process of conducting the materiality assessment of sustainability matters, the Group has conducted the specific engagement process as follows:</p> <ul style="list-style-type: none"> • 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 ongoing sessions throughout the year to gauge stakeholders' concerns pertaining to the list of sustainability matters identified. • Where applicable, the Group also took into account feedback from other stakeholder groups, gathered through various channels and through the ongoing engagements during the course of conducting its business operation.
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.3

The board takes appropriate action to ensure they stay abreast with and understand the sustainability issues relevant to the company and its business, including climate-related risks and opportunities.

Application	:	Applied
Explanation on application of the practice	:	<p>In line with the sustainability, the Board has the ultimate responsibility to ensure that the sustainability efforts are embedded in the strategic director of the company.</p> <p>Corporate Sustainability Committee (“CSC”) was established to oversee the formulation, implementation and effective management of our sustainability matters in line with the strategies. The CSC is supported by various working groups responsible for implementing the initiatives within the organization. The Managing Director will provide the Board on regular update relating to all key economic, environmental and social risks and opportunities (sustainability matters).</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.4

Performance evaluations of the board and senior management include a review of the performance of the board and senior management in addressing the company’s material sustainability risks and opportunities.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board and Senior Management have performed their respective roles in addressing material sustainability risks and opportunities. The performance evaluation of the Board in addressing the Company’s material sustainability was evaluated through the annual Board’s Effective Evaluation for the assessment year 2021.</p> <p>Whereas for the Senior Management Team, the Company’s material sustainability risks and opportunities are part of their Key Performance Indicators which are reviewed annually.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.5- Step Up

The board identifies a designated person within management, to provide dedicated focus to manage sustainability strategically, including the integration of sustainability considerations in the operations of the company.

Note: The explanation on adoption of this practice should include a brief description of the responsibilities of the designated person and actions or measures undertaken pursuant to the role in the financial year.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.1

The Nomination Committee should ensure that the composition of the board is refreshed periodically. The tenure of each director should be reviewed by the Nomination Committee and annual re-election of a director should be contingent on satisfactory evaluation of the director's performance and contribution to the board.

Application	:	Applied
Explanation on application of the practice	:	<p>The Joint Remuneration & Nomination 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.</p> <p>The Board composition must include the right group of people, with an appropriate mix of skills, knowledge, experience and independence elements that fit the Company's objectives and strategic goals in order to achieve long-term sustainability of the organisation in accordance with the Terms of Reference of the JNRC.</p> <p>Pursuant to Article 93 of the Constitution of Dayang, one-third of the Directors of the Company for the time being shall retire from office once at least in each 3 years but shall be eligible for re-election. The schedule of retirement by rotation was determined by the JRNC and the Directors' eligibility to stand for re-election was also being considered taking into account their tenure of service in accordance with the Board-9-year policy, where the tenure of an independent director should not exceed a term limit of 9 years.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.2

At least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors.

Application	:	Departure															
Explanation on application of the practice	:																
Explanation for departure	:	<p>The present composition of the Board complied with Paragraph 15.02(1) of the Listing Requirements of Bursa Malaysia Securities Berhad which requires at least 2 directors or one-third(1/3) of the board of directors of a listed issuer, which is the higher, are independent directors.</p> <p>The Board takes cognizance that the current composition of the Board does not align with the recommended practice which requires at least half of the board to comprise independent directors.</p> <p>The current board composition is as follows:</p> <table border="1"><thead><tr><th>Designation</th><th>Number of Directors</th><th>Percentage (%)</th></tr></thead><tbody><tr><td>Executive Directors</td><td>5</td><td>45.45</td></tr><tr><td>Non-Independent Non-Executive Director</td><td>1</td><td>9.10</td></tr><tr><td>Independent Non-Executive Directors</td><td>5</td><td>45.45</td></tr><tr><td>Total</td><td>11</td><td>100.00</td></tr></tbody></table> <p>The five (5) Independent Directors who represent 45.45% of the Board, demonstrate independence of judgment and ensure board decisions are made objectively in the best interests of the Company.</p>	Designation	Number of Directors	Percentage (%)	Executive Directors	5	45.45	Non-Independent Non-Executive Director	1	9.10	Independent Non-Executive Directors	5	45.45	Total	11	100.00
Designation	Number of Directors	Percentage (%)															
Executive Directors	5	45.45															
Non-Independent Non-Executive Director	1	9.10															
Independent Non-Executive Directors	5	45.45															
Total	11	100.00															
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>																	
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.															
Timeframe	:	Choose an item.															

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.3

The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director.

If the board intends to retain an independent director beyond nine years, it should provide justification and seek annual shareholders' approval through a two-tier voting process.

Application	:	Not applicable - Step Up 5.4 adopted	
Explanation on application of the practice	:		
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.4 - Step Up

The board has a policy which limits the tenure of its independent directors to nine years without further extension.

<i>Note: To qualify for adoption of this Step Up practice, a listed issuer must have a formal policy which limits the tenure of an independent director to nine years without further extension i.e. shareholders' approval to retain the director as an independent director beyond nine years.</i>						
Application	:	Adopted				
Explanation on adoption of the practice	:	The Board has adopted a 9-year policy for Independent Non-Executive Directors ("INED") taking into account the need for progressive refreshing of the Board [Paragraph 3.2.5 of the Board Charter]. All Independent INEDs have served the Board for less than 9 years at the 15 th AGM in 22 June 2021.				
		Years of Service (#)	0 < # ≤ 1	1 < # ≤ 3	3 < # ≤ 6	6 < # ≤ 9
		Number of Directors	1	2	-	2

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.5

Appointment of board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

Directors appointed should be able to devote the required time to serve the board effectively. The board should consider the existing board positions held by a director, including on boards of non-listed companies. Any appointment that may cast doubt on the integrity and governance of the company should be avoided.

Application	:	Applied																																						
Explanation on application of the practice	:	<p>The Board continually evaluates its requirements as to the appropriate mix of skills and experience required to ensure that its composition remains optimal for the effective discharge of its responsibilities. Their expertise and know-how have been gained through their years of involvement as players in their respective fields. The profiles of the Directors are provided on pages 12 to 17 of the Annual Report.</p> <p>The diversity of the Board's collective skills and experience are as follows:</p> <ol style="list-style-type: none"> 1. Oil & Gas 2. Human Resource and Administration 3. Accounting and Audit 4. Property Development/Construction 5. Finance & Banking 6. Legal and 7. Business Administration. <p>During the year under review, the diversity in race/ethnicity, age and gender of the existing Board were as follows:</p> <table border="1" style="margin-left: 40px;"> <thead> <tr> <th colspan="4">Race/Ethnicity</th> </tr> <tr> <th></th> <th>Malay</th> <th>Chinese</th> <th>Others</th> </tr> </thead> <tbody> <tr> <td>Number of Directors</td> <td>4</td> <td>5</td> <td>2</td> </tr> </tbody> </table> <table border="1" style="margin-left: 40px;"> <thead> <tr> <th rowspan="2">No of Directors</th> <th colspan="6">Age Group</th> <th colspan="2">Gender</th> </tr> <tr> <th>Below 50</th> <th>50-55</th> <th>55-60</th> <th>60-65</th> <th>65-70</th> <th>>70</th> <th>Male</th> <th>Female</th> </tr> </thead> <tbody> <tr> <td></td> <td>3</td> <td>2</td> <td>1</td> <td>1</td> <td>3</td> <td>1</td> <td>9</td> <td>2</td> </tr> </tbody> </table> <p>The appointment of key senior management was also made with due regard for diversity in skills, experience, age, and cultural background. The profiles of the current Senior Management are mentioned on pages 18 to 19 of the Annual Report.</p>	Race/Ethnicity					Malay	Chinese	Others	Number of Directors	4	5	2	No of Directors	Age Group						Gender		Below 50	50-55	55-60	60-65	65-70	>70	Male	Female		3	2	1	1	3	1	9	2
Race/Ethnicity																																								
	Malay	Chinese	Others																																					
Number of Directors	4	5	2																																					
No of Directors	Age Group						Gender																																	
	Below 50	50-55	55-60	60-65	65-70	>70	Male	Female																																
	3	2	1	1	3	1	9	2																																
Explanation for departure	:																																							

<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	




Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.6

In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders. The board utilises independent sources to identify suitably qualified candidates.

If the selection of candidates was based on recommendations made by existing directors, management or major shareholders, the Nominating Committee should explain why these source(s) suffice and other sources were not used.

Application	: Applied
Explanation on application of the practice	<p>: The Joint Remuneration and Nomination Committee (“JRNC”) is empowered by the Board to recommend the right candidates with the necessary skills, experience and competencies to be filled in vacant Board seats.</p> <p>The Board considers recommendations made by existing Board members, the management or major shareholder for the selection of candidates to be considered for appointment as new Board members but may consider independent sources if suitable candidates are not readily available.</p> <p>The process adopted by Dayang for Board appointment is as follows:</p> <div style="text-align: center;"> <p>Nomination of a new director</p>  <p>Evaluation & assessment of the candidate by Joint Remuneration & Nomination Committee</p>  <p>Meeting the candidate, if necessary</p>  <p>If suitable, JRNC recommends the appointment of the candidate to the Board</p> </div>
Explanation for departure	:
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	

Measure	:		
Timeframe	:		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.7

The board should ensure shareholders have the information they require to make an informed decision on the appointment and reappointment of a director. This includes details of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect their capacity to bring an independent judgement to bear on issues before the board and to act in the best interests of the listed company as a whole. The board should also provide a statement as to whether it supports the appointment or reappointment of the candidate and the reasons why.

Application	:	Applied
Explanation on application of the practice	:	<p>The profiles of Directors are published in the Annual Report and on Dayang's website. These include their age, gender, tenure of service, directorships in other companies, working experience and any conflict of interest as well as their shareholdings in Dayang, if any.</p> <p>The Board appoints new Directors to the Board based on the recommendation of the Joint Remuneration & Nomination Committee.</p> <p>In the election for Board appointments, 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 the future.</p> <p>In accordance with Clause 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.</p> <p>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.</p> <p>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.</p> <p>The Directors due to retire at the forthcoming Annual General Meeting are outlined in the Notice of Meeting.</p>
Explanation for departure	:	

Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.

Measure :		
Timeframe :		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.8

The Nominating Committee is chaired by an Independent Director or the Senior Independent Director.

Application	:	Applied
Explanation on application of the practice	:	<p>The Joint Remuneration & Nomination Committee ("JRNC") is chaired by our Independent Non-Executive Director, Encik Ali Bin Adai.</p> <p>A summary of the activities undertaken by the JRNC in the discharge of its duties for the financial year ended 31 December 2021 was as follows:</p> <ul style="list-style-type: none">- Reviewed the profile of Board candidates, and if deemed to possess The requisite competence and caliber will be recommended for appointment as Directors of the Company;- Reviewed the Directors retiring by rotation at the AGM;- Assessed the performance of the Board and its members;- Assessed the performance of the Audit Committee and its members;- Assessed the independence of the Independent Directors;- Recommended to the Board the remunerations of the Executive Directors; and- Reviewed the performance and effectiveness of the Audit Committee and its members pursuant to Paragraph 15.20 of the MMLR.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.9

The board comprises at least 30% women directors.

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Board acknowledges the recommendation of the Malaysian Code On Corporate Governance on the establishment of a boardroom gender diversity policy. During the year under review, the Company comprised two(2) female members on the Board, representing 18.18% of the Board.</p> <p>The Board has no immediate plans to implement a gender diversity policy, as it is of the view that the suitability of candidates is dependent on each candidate's competency, skills, experience, character, time commitment, integrity and other qualities regardless of gender.</p> <p>In the selection of candidates for Board appointment, the Board believes in and provides equal opportunity to candidates who have the required skills, experience, core competencies and other qualities regardless of gender, ethnicity and age.</p> <p>The Board will review the participation of women in senior management to ensure there is a healthy talent pipeline.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	The Board will review the composition of the Board according to the recommendation of the MCCG on the establishment of boardroom gender diversity policy.
Timeframe	:	Within 3 years

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.10

The board discloses in its annual report the company's policy on gender diversity for the board and senior management.

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Board acknowledges the recommendation of the Malaysian Code On Corporate Governance on the establishment of boardroom gender diversity policy. During the year under review, the Company had two (2) female members on the Board, representing 18.8% of the Board.</p> <p>The Board has no immediate plans to implement a gender diversity policy, as it is of the view that the suitability of candidates is dependent on each candidate's competency, skills, experience, character, time commitment, integrity and other qualities regardless of gender.</p> <p>In the selection of candidates for Board appointments, the Board believes in and provides equal opportunity to candidates who have the required skills, experience, core competencies and other qualities regardless of gender, ethnicity and age.</p> <p>The Board will review the participation of women in senior management to ensure there is a healthy talent pipeline.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
Timeframe	:	Choose an item.

Intended Outcome

Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors.

Practice 6.1

The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out its outcome, actions taken and how it has or will influence board composition.

For Large Companies, the board engages an independent expert at least every three years, to facilitate objective and candid board evaluation.

<i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i>	
Application	: Applied
Explanation on application of the practice	: <p>The Joint Remuneration and Nomination Committee (“JRNC”) conducted an annual review of the effectiveness of the Board and Board Committees as well as Board members individual performance evaluation via customised questionnaires which covers Board’s effectiveness as a whole together with Directors’ self and peer assessment.</p> <p>The JRNC also conducted the following evaluation:</p> <ul style="list-style-type: none">i) the review of the Audit Committee members’ performance via questionnaire and self and peer evaluation form to ensure a balanced and objective review by the Directors and the Audit Committee for the abovementioned key areas;ii) Assessment of the Independence of the Independent Directors. <p>The Directors’ self-assessment was conducted to evaluate the mix of skills, experience and the individual Director’s ability to contribute and exercise independent judgement towards the effective functioning of the Board.</p> <p>Based on the aforesaid evaluations conducted for the financial year 2021, the JRNC and the Board were satisfied with the performance of each Director, the Board as a whole and the Board Committees.</p> <p>The Company did not engage any external independent experts or consultants to facilitate the board evaluation process. During the year under review, the assessment and evaluation were conducted in-house.</p>
Explanation for departure	:

Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.

Measure :		
Timeframe :		

Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 7.1

The board has remuneration policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The remuneration policies and practices should appropriately reflect the different roles and responsibilities of non-executive directors, executive directors and senior management. The policies and procedures are periodically reviewed and made available on the company's website.

Application	:	Applied
Explanation on application of the practice	:	<p>The Managing Director's remuneration package is recommended by the Joint Remuneration Nomination Committee to the Board for its approval. Executive Director and Senior Management report to the Managing Director and accordingly their remuneration packages are determined by the Managing Director. Fees for Non-Executive Directors are proposed by the Board and approved by shareholders at the Annual General Meeting ("AGM").</p> <p>The remuneration for Executive Directors comprises two (2) parts namely the fixed and variable remuneration components. The fixed component is the basic salary whereas the variable component relates to incentives tagged to targets and outcomes and the ability to contribute to the long-term strategies of the organisation. Non-Executive Directors shall be eligible for the fixed component. However, they are not eligible to participate in the variable performance-linked incentive scheme in the form of annual bonuses.</p> <p>The Company's policy for Non-Executive Directors is basically to offer remuneration adequate to attract and retain individuals of the appropriate calibre who are able to apply sound independent judgment.</p> <p>Non-Executive Directors are entitled to two (2) kinds of remuneration:</p> <ol style="list-style-type: none">1) meeting allowance when called upon to attend meetings2) Directors' fees are recommended by the Board and approved by shareholders in the AGM. <p>As aforementioned, Executive Directors are paid fee, salary and bonus. However, they are not entitled to meeting allowances.</p>

	No Director is involved in determining their own remuneration.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 7.2

The board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management.

The Committee has written Terms of Reference which deals with its authority and duties and these Terms are disclosed on the company's website.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has established a Joint Remuneration & Nomination Committee ("JRNC") to review and recommend matters relating to the remuneration of the Board.</p> <p>During the year under review, the JRNC comprises of three (3) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director.</p> <p>A copy of the JRNC's Terms of Reference (TOR) is available on the Group's website at https://www.desb.net. The TOR includes requiring JRNC to review and deliberate on the remunerations of Executive Directors and recommend to the Board for its approval.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 8.1

There is detailed disclosure on named basis for the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.

Application	:	Applied
Explanation on application of the practice	:	Instruction – Please disclose the required information in the table below. Sole reference to the annual report, without disclosing the required information in the table provided is not allowed.

No	Name	Directorate	Company ('000)							Group ('000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	Datuk Hasmi Bin Hasnan	Executive Director	120.0	-	-	-	-	-	120.0	138.0	3.5	-	-	-	-	141.5
2	Datuk Ling Suk Kiong	Executive Director	385.2	-	-	-	-	-	385.2	577.8	60.0	874.3	3,828.6	-	95.80	5,436.5
3	Tengku Dato' Yusof Bin Tengku Ahmad Shahrudin	Executive Director	385.2	-	-	-	-	-	385.2	577.8	147.0	865.0	971.4	-	115.3	2,676.5
4	Joe Ling Siew Loung @ Lin Shou Long	Executive Director	321.0	-	-	-	-	-	321.0	321.0	-	1,130.0	971.4	-	136.6	2,559.0
5	Jeanita Anak Gamang	Executive Director	72.0	-	-	-	-	-	72.0	72.0	18.0	194.9	28.6	-	28.2	341.7
6	Ali Bin Adai	Independent Director	72.0	6.5	-	-	-	-	78.5	72.0	6.5	-	-	-	-	78.5
7	Gordon Kab @ Gudan Bin Kab	Independent Director	86.0	6.5	-	-	-	-	92.5	86.0	6.5	-	-	-	-	92.5
8	Koh Ek Chong	Independent Director	72.0	6.5	-	-	-	-	78.5	72.0	6.5	-	-	-	-	78.5
9	Wong Ping Eng (Resigned on 31.12.2020)	Independent Director	-	0.5	-	-	-	-	0.5	-	0.5	-	-	-	-	0.5
10	Chin Hsiun	Independent Director	72.0	3.0	-	-	-	-	75	72.0	3.0	-	-	-	-	75.0
11	Hasmawati Binti Sapawi	Independent Director	72.0	3.5	-	-	-	-	75.5	72.0	3.5	-	-	-	-	75.5
12	Chen King Yu	Non-Executive Non-Independent Director	49.0	2.0	-	-	-	-	51.0	49.0	2.0	-	-	-	-	51.0
13	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

14	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
15	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 8.2

The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Board acknowledges the recommendation of the Malaysian Code On Corporate Governance to disclose on named basis of the remuneration of its key senior management. The Board shall continue with the practice of ensuring confidentiality of the remuneration of its employees for the best interest of the Group, taking into consideration the sensitivity, security and staff morale.	
		The Board assures that there is a robust internal process to ensure that the remuneration of Senior Management is fair and competitive when benchmarked internally and externally with the market	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

No	Name	Position	Company					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
2	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
3	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
4	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
5	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 8.3 - Step Up

Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

No	Name	Position	Company ('000)					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
2	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
3	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
4	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
5	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.
The company's financial statement is a reliable source of information.

Practice 9.1

The Chairman of the Audit Committee is not the Chairman of the board.

Application	:	Applied
Explanation on application of the practice	:	<p>The Audit Committee ("AC") is chaired by Mr Koh Ek Chong who is an Independent Non-Executive Director, while the Chairman of the Board is Datuk Hasmi Bin Hasnan.</p> <p>This is to ensure that the objectivity of the Board and the review of the AC's findings and recommendations are not impaired.</p> <p>The AC comprises 3 members who are Independent Non-Executive Directors ("INEDs") The AC Chairman, Mr. Koh Ek Chong is a Fellow member of the Association of Chartered Certified Accountants (Uk), a member of Malaysian Institute of Accountants (MIA), associate member of the Chartered Tax Institute of Malaysia and a certified member of the Financial Planner Association of Malaysia</p> <p>The current Chairman of the Board is not an AC member which is consistent with Practice 1.4 of the MCCG.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee’s findings and recommendations.
The company’s financial statement is a reliable source of information.

Practice 9.2

The Audit Committee has a policy that requires a former partner of the external audit firm of the listed company to observe a cooling-off period of at least three years before being appointed as a member of the Audit Committee.

Application	:	Applied	
Explanation on application of the practice	:	The Company has always recognised the need to uphold independence. None of the members of the Board were former key audit partners of the External Auditors.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 9.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor to safeguard the quality and reliability of audited financial statements.

Application	:	Applied
Explanation on application of the practice	:	<p>The assessment on the suitability, objectivity and independence of the external auditors is conducted annually to recommend its re-appointment.</p> <p>In the fourth quarter of 2021, the External Auditors, Messrs. KPMG presented to the Audit Committee ("AC"), the 2021 Audit Plan which outlined members of its engagement team, audit timeline, the areas of audit emphasis and their focus on audit matters.</p> <p>On 12 April 2022, the AC reviewed the performance of the external auditors pursuant to Paragraph 15.21(1)(j) of the Bursa Malaysia Listing Requirements.</p> <p>The AC was of the opinion that KPMG PLT has performed satisfactorily and recommended their re-appointment as external auditors for the ensuing year subject to shareholders' approval at the forthcoming Annual General Meeting.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.
The company's financial statement is a reliable source of information.

Practice 9.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on adoption of the practice	:	The Audit Committee is comprised solely three (3) Independent Non-Executive Directors.

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 9.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate, competent and are able to understand matters under the purview of the Audit Committee including the financial reporting process.

All members of the Audit Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

Application	:	Applied
Explanation on application of the practice	:	<p>The Chairman and members of the Audit Committee ("AC") are financially literate, have sufficient understanding of the Group's business and commercial expertise skills required to discharge their roles and responsibilities effectively.</p> <p>The AC members are expected to undertake appropriate continuing education programmes to ensure that they keep abreast of relevant developments and enable them to sustain active participation during deliberations.</p> <p>All AC members will continue to attend relevant conferences, seminars and training programmes to keep themselves abreast of relevant developments in accounting standards, practices and rules as and when required.</p> <p>Pursuant to Paragraph 15.20 of the Main Market Listing Requirements, an annual assessment on the term of office and the performance of the AC was undertaken by the Joint Remuneration & Nomination Committee ("JRNC") for the financial year 2021. The JRNC Committee recommended to the Board that the AC had performed its duties as per the terms of reference and that its members be retained for another term of office.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure	:		
Timeframe	:		

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 10.1

The board should establish an effective risk management and internal control framework.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board acknowledges its responsibility and is committed in maintaining a sound system of internal control and risk management practice. However, such system is designed to manage rather than eliminate risks and thus the system can only provide reasonable but not absolute assurance against occurrence of any material misstatements, losses or fraud.</p> <p>The Board has in place a Risk Management Framework and 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.</p> <p>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.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company’s objectives is mitigated and managed.

Practice 10.2

The board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board via the Risk Management Committee oversees the risk management matters of the Group including identifying, managing, monitoring and mitigating significant risks.</p> <p>The Board is updated on the Group’s internal controls system which encompasses risk management practices as well as financial, operational and compliance controls on a quarterly basis.</p> <p>The Audit Committee (“AC”) evaluates the adequacy and effectiveness of the Group’s internal control systems by reviewing actions identified in reports provided by the Internal and External Auditors. The AC also reviews the internal and external auditors’ recommendations and management responses to these recommendations to ensure that they are attended to promptly and implemented accordingly.</p> <p>The features of the Company’s risk management and internal control framework are available in the Statement on Risk Management and Internal Control in the Company’s 2021 Annual Report.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 10.3 - Step Up

The board establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company's risk management framework and policies.

Application :	Not Adopted
Explanation on adoption of the practice :	

Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 11.1

The Audit Committee should ensure that the internal audit function is effective and able to function independently.

Application	:	Applied
Explanation on application of the practice	:	<p>The Group's internal audit function is outsourced to an independent professional firm ("Internal Audit"). The Board obtains sufficient assurance of the effectiveness of risk management, internal control and governance processes in the Group, through regular reviews and appraisals conducted by the Internal Auditor, which reports directly to the Audit Committee. The Audit Committee ("AC") determines the adequacy of the scope, function and resources of the internal audit function as well as the competency of the Internal Auditor.</p> <p>In its endeavour to provide reasonable assurance on the state of internal control in the Group, the Internal Auditor carried out its reviews based on 2021 Internal Audit Plan which was developed using a risk-based approach and approved by the Audit Committee.</p> <p>The Internal Auditor reports to the AC on its findings, conclusions and recommendations. Internal Auditor also conducts regular follow-up audits to ensure that corrective actions and recommendations were implemented appropriately.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 11.2

The board should disclose–

- whether internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence;
- the number of resources in the internal audit department;
- name and qualification of the person responsible for internal audit; and
- whether the internal audit function is carried out in accordance with a recognised framework.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Internal Audit function is currently outsourced to an independent professional firm (“Internal Audit”) and reports functionally to the Audit Committee (“AC”) of the Board. This reporting relationship promotes independence and objectivity, which assures adequate consideration of audit recommendations and planned suggestive corrective actions. The activities of the Internal Audit are guided by the Annual Internal Audit Plan that are presented to and approved by the AC.</p> <p>The Internal Audit function is carried out based on Baker Tilly International Audit Methodology, which is closely consistent with the International Professional Practice Framework (IPFF) of the Institute of International Auditors.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

Practice 12.1

The board ensures there is effective, transparent and regular communication with its stakeholders.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board recognises the importance of an effective communication channel between the Board, shareholders and various stakeholders. 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.</p> <p>The Annual General Meeting ("AGM") 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. At the AGM, the Chairman encourages active participation from the shareholders during the Questions and Answers session to clarify their concerns.</p> <p>The Group's investor relationship is helmed by the Group Managing Director, Tengku Dato' Yusof Bin Tengku Ahmad Shahrudin and the Head of Corporate Affairs, Zaim Husni Omar who will attend to the needs of the investment community, shareholders, fund managers and analysts.</p> <p>The Group maintains a website at https://www.desb.net for shareholders and the public to access information in respect of the Group's background and business, Board and Management, corporate governance, terms of reference and financial performance for easy reference.</p> <p>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.</p> <p>His email contact is kohekchong@hotmail.com</p>
Explanation for departure	:	

<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other’s objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

Practice 12.2

Large companies are encouraged to adopt integrated reporting based on a globally recognised framework.

Application	:	Not applicable – Not a Large Company	
Explanation on application of the practice	:		
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.1

Notice for an Annual General Meeting should be given to the shareholders at least 28 days prior to the meeting.

Application	:	Applied	
Explanation on application of the practice	:	<p>The 15th Annual General Meeting (“AGM”) of the Company was held on 22 June 2021 and the Notice convening the AGM was sent to the shareholders on 24 May 2021 which was 28 days prior to the AGM.</p> <p>The Notice of AGM outlines the resolutions to be tabled at the said meeting and is accompanied with explanatory notes where applicable to enable shareholders to make informed decisions in exercising their voting rights.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.2

All directors attend General Meetings. The Chair of the Audit, Nominating, Risk Management and other committees provide meaningful response to questions addressed to them.

Application	:	Applied	
Explanation on application of the practice	:	<p>All 11 directors attended the 15th Annual General Meeting (“AGM”) held on 22 June 2021 to engage directly with shareholders and to be accountable for their stewardship of the Company</p> <p>The Chairman of the Audit Committee, Joint Remuneration & Nomination Committee and Risk Management Committee as well as the external auditors, Messrs KPMG PLT were present at the AGM to respond to queries from shareholders.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.3

Listed companies should leverage technology to facilitate–

- voting including voting in absentia; and
- remote shareholders' participation at general meetings.

Listed companies should also take the necessary steps to ensure good cyber hygiene practices are in place including data privacy and security to prevent cyber threats.

Application	:	Applied
Explanation on application of the practice	:	<p>The 15th Annual General Meeting (“AGM”) held on 22 June 2021 was convened fully virtual in line with Securities Commission Guidance Note on the Conduct of General Meetings for listed issuers issued on 24 May 2021.</p> <p>All the resolutions put forward the 15th AGM were voted by poll in accordance with paragraph 8.29A of the Main Market Listing Requirements (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.</p> <p>Tricor Investor & Issuing House Services Sdn. Bhd. was appointed as the Poll Administrator and Scrutineer Solutions Sdn. Bhd. as Independent Scrutineer to oversee the polling processes at the 15th AGM. All ordinary resolutions were passed by a majority of votes by members present either in person or by proxy. To provide further assurance to the public, Tricor Malaysia is ISO27001 certified in October 2021. In addition to this, the TIIH Online is hosted on a secure cloud platform and the data centre is ISO27001 certified.</p> <p>The Summary of the Key Matters of the 15th AGM (including all the Questions raised at the meeting and the Answers thereto) were made available on Dayang’s website: https://www.desb.net at INVESTOR RELATIONS-15th AGM, 15th AGM Annexure A and 15th AGM Annexure B.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
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Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.4

The Chairman of the board should ensure that general meetings support meaningful engagement between the board, senior management and shareholders. The engagement should be interactive and include robust discussion on among others the company's financial and non-financial performance as well as the company's long-term strategies. Shareholders should also be provided with sufficient opportunity to pose questions during the general meeting and all the questions should receive a meaningful response.

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i>	
Application	: Applied
Explanation on application of the practice	: <p>The Notice of Annual General Meeting ("AGM") and a Circular to Shareholders are sent to the shareholder at least 28 days prior to the AGM and this provides shareholder with sufficient time to fully evaluate new resolutions being proposed to make informed voting decision at the AGM.</p> <p>The external auditors, Messrs KPMG PLT were invited to attend the 15th AGM pursuant to Section 285 Companies Act 2016 to respond to any question which might be raised in respect of the audit of the financial statements.</p> <p>During the AGM, the Board's responses to questions submitted in advance by the Minority Shareholders Watch Group were projected on the screen and read by the Head of Corporate Affairs. The Managing Directors addressed and live questions posed by shareholders through the query box.</p>
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:
Timeframe	:

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.5

The board must ensure that the conduct of a virtual general meeting (fully virtual or hybrid) support meaningful engagement between the board, senior management and shareholders. This includes having in place the required infrastructure and tools to support among others, a smooth broadcast of the general meeting and interactive participation by shareholders. Questions posed by shareholders should be made visible to all meeting participants during the meeting itself.

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.</i>	
Application	: Applied
Explanation on application of the practice	: <p>The 15th Annual General Meeting (“AGM”) held on 22 June 2021 was convened fully virtual in line with Securities Commission Guidance Note on the Conduct of General Meetings for listed issuers on 24 May 2021.</p> <p>All the resolutions put forward the 15th AGM were voted by-poll in accordance with paragraph 8.29A of the Main Market Listing Requirements (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.</p> <p>Tricor Investor & Issuing House Services Sdn. Bhd. was appointed as the Poll Administrator and Scrutineer Solutions Sdn. Bhd. as Independent Scrutineer to oversee the polling processes at the 15th AGM. All ordinary resolutions were passed by a majority of votes by members present either in person or by proxy. To provide further assurance to the public, Tricor Malaysia is ISO27001 certified in October 2021. In addition to this, the TIIH Online is hosted on a secure cloud platform and the data centre is ISO27001 certified.</p>
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:
Timeframe	:

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.6

Minutes of the general meeting should be circulated to shareholders no later than 30 business days after the general meeting.

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>	
Application	: Departure
Explanation on application of the practice	:
Explanation for departure	: The 15 th Annual General Meeting (“AGM”) was held on 22 nd June 2021. The proceedings of the AGM including the responses to the questions raised by the shareholders and proxies before and during the AGM were recorded in the minutes of the AGM. The Summary of Key Matters Discussed was uploaded on Company’s website: https://www.desb.net at About Dayang-INVESTOR RELATIONS-15 th AGM.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	: Please explain the measure(s) the company has taken or intend to take to adopt the practice.
Timeframe	: Choose an item.

**SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT
CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA**

Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.

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