

**DAYANG ENTERPRISE HOLDINGS BHD**  
**16<sup>TH</sup> ANNUAL GENERAL MEETING – 19 MAY 2022**

**Reply Queries to Minority Shareholders Watch Group (MSWG)**

**Operational and Financial Matters**

1. **The gross profit margin in FY 2021 was 12.2%, much lower than 31.7% gross profit margin in FY 2020. (Page 83 of AR)**

- a) **What were the reasons for the lower gross profit margin in FY2021?**

The overall profitability of the Group was significantly affected by our vessel-chartering subsidiary (“PPB”) which recorded a lower vessel utilisation of 44% in 2021 as compared to 53% recorded in 2020. The lower gross profit margin was also due to the additional cost incurred attributed to the delays in the project schedules related to the Covid-19 pandemic.

In FY2021, PPB changed the estimated useful lives of 8 Anchor Handling Tug Supply (“AHTS”) from the initial 25 years to 15 years and that resulted in additional depreciation charges of RM41.3 million.

- b) **What are the measures taken to address the low gross profit margin moving forward?**

The Group continues to be prudent and sensible in managing our operations. Management is focusing on keeping our base costs low while pursuing higher productivity and efficiency.

2. **Perdana Petroleum Berhad (“PPB”), a subsidiary of the Group (63.74%) has changed the useful lives of its 8 Anchor Handling Tug Services (“AHTS”) from 25 years to the current 15 years that resulted in a one-off depreciation charge of RM41.3 million.**

- a) **Does the change in the useful lives apply to the 8 AHTS only? What about the other classes of assets like the 6 Accommodation Work Barges (“AWB”) and 2 Workboats (“WB”)?**

Yes, the change in the useful life only applies to the 8 AHTS. There is no change in the estimated useful lives for the remaining 2 workboats and 6 work barges.

- b) **What are the current depreciation policies on AWB and WB and the depreciation charges for AWB and WB in FYs 2021 and 2022?**

There is no change in the estimated useful lives for the remaining 2 workboats and 6 work barges.

3. **Please provide the marine utilisation rates for AHTS, AWB and WB respectively for the period ended March 2022 and FY 2021.**

Rates improvement are between 2-5%.

4. **What are the daily chartered rates for AHTS, AWB and WB respectively for the period ended March 2022 as compared to FY 2021?**

With the prospect of the economic and oil price recovery, the Group expects some improvement in the DCR for the upcoming projects.

5. **The allowance for impairment loss on trade receivables increased to RM12.1 million in FY2021 from RM0.28 million in FY2020, an increase of RM11.8 million or 4221%. (Page 127 of AR)**

- a) **What were the reasons for the high impairment losses on trade receivables in FY2021?**

The impairment losses on trade receivables recognised by our vessel-chartering subsidiary (“PPB”) in FY2021 were due to clients’ unfavorable financial standing.

- b) **Please provide the name and amount for the top three debtors who have high impairment losses in FY2021?**

Due to PDPA and the confidential clause of the contract we are unable to disclose the name of the debtors in detail. The outstanding amount is as per below:

	Amount (RM)
<b>Debtor 1</b>	3,648,431.62
<b>Debtor 2</b>	6,743,512.88
<b>Debtor 3</b>	1,407,396.00
<b>Total</b>	<b>11,799,340.50</b>

- c) **What is the amount of impairment loss of RM12.1 million that has been collected as of March 2022?**

On-going discussion with the debtors on the proposed repayment plan.

6. **Regarding the current high brent crude oil price, any effect to the Company profit? Any new contracts of topside maintenance service within coming 2 years?**

We are of the opinion that the current high crude oil price may attract oil majors to increase allocation for the development as well as embarking on maintenance related works. Should that happen, Dayang, as a provider support services for oil majors should enjoy some upside.

The Group remains attributed and continue to uphold our motto of Focus Towards Excellence. With established track record and resources and assets at the Group’s disposal, we are confident that we will be very competitive in any bidding exercise.