Together Beyond Excellence.

DNeX

Positioned for the Future
Going Beyond

INTEGRATED REPORT 2023
18 MONTHS REPORT
PERIOD ENDED 31 DECEMBER 2023

ABOUT THIS REPORT

DAGANG NeXCHANGE BERHAD Integrated Report ("IR") 2023

This Integrated Report 2023 ("IR 2023" or "this Report") is a detailed account of Dagang NeXchange Berhad's ("DNeX" or "the Group") strategies, initiatives and performance during the 18 months from 1 July 2022 to 31 December 2023 ("FY2023") and aims to elucidate our holistic and purposeful approach to creating value for our business and stakeholders over the short, medium and long term.

SCOPE & BOUNDARY

This Report holistically covers the primary activities of our business clusters, key support areas and subsidiaries within both our Malaysian and international operations. In addition to financial reporting, this Report provides comprehensive analysis of our non-financial performance, opportunities, risks and outcomes associated with our key stakeholders that significantly impact our ability to generate value.

REPORTING FRAMEWORKS

This Report is prepared with reference to the following recognised standards and guidelines:

- Main Market Listing Requirement ("MMLR") by Bursa Malaysia Securities Berhad ("Bursa Malaysia")
- Malaysian Code of Corporate Governance ("MCCG") by Securities Commission Malaysia
- Corporate Governance Guide (4th Edition) issued by Bursa Malaysia
- Malaysian Financial Reporting Standards ("MFRS")
- The Companies Act ("CA") 2016
- International Financial Reporting Standards ("IFRS")
- International Integrated Reporting Framework by IFRS Foundation

The disclosures of our sustainability statement, which is contained within this Report, are guided by:

- Sustainability Reporting Guide (3rd Edition) of Bursa Malaysia
- Global Reporting Initiative ("GRI") Universal Standards 2021
- United Nations' Sustainable Development Goals ("UN SDGs")
- FTSE4Good Bursa Malaysia Index's Environmental, Social and Governance ("ESG") Indicators
- Task Force on Climate-Related Financial Disclosures ("TCFD")

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COMBINED ASSURANCE STATEMENT

We employ a coordinated assurance model to assess and assure various aspects of the business operations including elements of external reporting. These assurances are provided by the Management and the Board, Internal Audit and independent external service providers.

FORWARD-LOOKING STATEMENTS

This report includes forward-looking statements and forecasts concerning our future performance, prospects and business strategies. These are based on current expectations and reasonable assumptions, which are subject to change due to various factors beyond our control. Consequently, actual results may differ materially from those anticipated in these statements. We caution readers against placing undue reliance as they inherently involve uncertainties and contingencies.

MATERIALITY

The key topics disclosed in this Report are determined via an established, three-step materiality determination process, whereby the input of internal and external stakeholders is considered, leading to the formulation of material matters, which are defined as issues that impact our performance as a business and the assessments of our business by our stakeholders.

These material matters, and our actions therein, are presented and consistently referenced throughout this Report.

FEEDBACK

We value your input and strive to continuously improve our reporting practices. Feedback on this Report can be emailed to communications@dnex.com.my.

BOARD RESPONSIBILITY STATEMENT

The Board acknowledges its responsibility of ensuring the integrity of this Report which, in its opinion, provides a fair and balanced account of the Group's performance during FY2023. The Board further certifies that this Report has been prepared in accordance with Bursa Malaysia's MMLR.

This Report was approved by the Board of Directors on 30 April 2024, and signed on its behalf by:

Tan Sri Dato' Sri Haji Syed Zainal Abidin Bin Syed Mohamed Tahir
Executive Chairman

Azhar Bin Othman
Group Chief Operating Officer

PRIORITISED UN SDGs

This report aligns with the following UN SDGs as part of our commitment to sustainable development and creating positive social, environmental and economic impacts:

M7 Product Quality and Safety
M8 Community Relations
M9 Business Ethics
M10 Business Model Resilience
M11 Data Privacy and Security
M12 Supply Chain Management

Our Key Stakeholders

- Employees
- Customers
- Shareholders and Investment Community
- Government and Regulators
- Business Partners and Suppliers
- Media
- Society and Communities

Our Key Risks

- Global Geopolitical Stability
- Availability of Financial Resources
- Cybersecurity and Data Privacy
- Human Capital Attraction and Retention
- Environmental, Social and Governance

Welcome to

DAGANG NeXCHANGE BERHAD

Integrated Report 2023

COVER RATIONALE

Driven by a relentless pursuit of growth, innovation, and resilience, DNeX, a prominent technology player, navigates the dynamic business landscape with an unwavering focus. Our proactive approach transcends domestic borders, seeking new horizons and partnerships in the global arena. By tapping into diverse customer bases and revenue streams, we capitalise on emerging markets and opportunities, ensuring sustainable growth in the long run.

Leveraging our expertise and industry-leading insights, we develop tailored solutions that empower our customers. This approach, coupled with our commitment to staying ahead of industry trends through continuous innovation, ensures we deliver high-quality products and exceptional services that create tangible value for both our customers and stakeholders.

Sustainability isn't a peripheral concern, but woven into the very fabric of our growth plans. As an ESG-conscious corporation, we proactively minimise our environmental footprint, guiding us towards a greener future.

By combining our global outlook, unwavering commitment to innovation, and leadership in sustainable practices, DNeX is strategically positioned to thrive in the ever-evolving technological landscape. We are poised to not only adapt to the future but also to shape it responsibly, leaving a lasting positive impact on the world around us.

This Integrated Report is available at
www.dnex.com.my

53rd ANNUAL GENERAL MEETING

Multipurpose Hall,
Level 3A, Dagang Net Tower,
Block 10 (A&B) Corporate Park, Star Central,
Lingkaran Cyberpoint Timur, Cyber 12,
63000 Cyberjaya, Selangor, Malaysia

Wednesday, 19 June 2024

10.00 a.m.

inside this report

EXECUTIVE CHAIRMAN'S STATEMENT

POSITIONING DNeX FOR LONG-TERM PROSPERITY

Tan Sri Dato' Sri Haji Syed Zainal Abidin Bin Syed Mohamed Tahir
Executive Chairman

Dear Shareholders,

I hereby present to you DNeX's Integrated Report 2023, an account of our strategies, actions and performance across the 18 months ended 31 December 2023 ("FY2023").

It is said that the measure of an organisation lies in its response to adversities, and FY2023 certainly had its fair share. Instead of waiting for macroeconomic and industry challenges to subside, our team took the front foot, adapting to new market realities and moving to capture transformative growth opportunities that will lay the groundwork for our long-term growth. This proactive and energetic response shows how far we have come as a company and how much more we can achieve in the future.

WITH OPPORTUNITY COMES COMPLEXITY

In December 2022, I assumed the role of Executive Chairman of DNeX, bringing with me the experience and knowledge I had gained from my two years as Group Managing Director. While I retain oversight and influence over the day-to-day operations of the Group, my responsibilities are now more high-level in nature – including spearheading our long-term strategic direction, forging international partnerships and maintaining strong stakeholder relationships.

This change in role came at a time of great transformation for the Group. After being a prominent but locally focused player primarily focused on the IT market, we had ventured into the burgeoning semiconductor industry with the acquisition of a 60 per cent stake in SilTerra Malaysia Sdn Bhd ("SilTerra") while increasing our stake in Ping Petroleum Limited ("Ping") to 90 per cent, marking our entry as a majority owner into the UK energy market. These breakthrough developments unleashed new possibilities for the Group and duly contributed to a remarkable improvement in our financial performance in FY2022. However, they also placed us squarely in the unforgiving geopolitical and macroeconomic nexus, exposing us to a wider range of risks that have added complexity to our operating environment.

During FY2023, these risks had a material effect on our performance as a business, and nowhere was this more apparent than in our Technology division. With SilTerra serving a 100 per cent overseas client base, the Russia-Ukraine conflict and US-China trade war exacerbated supply chain disruptions and created uncertainty in the market, negatively affecting performance. Moreover, the technology downcycle – evidenced by reduced demand for personal computers ("PCs") and smartphones – drove the division's revenue further downwards.

Our Energy division, meanwhile, suffered a regulatory shock due to the UK government's decision to implement an Energy Profits Levy ("EPL") on the exceptional profits of oil and gas players. This resulted in an additional deferred tax liability of RM143.2 million, significantly affecting the division's annual profitability and altering its prospects moving forward.

Having transitioned from being a local to a global player, we accept that these downside impacts are part and parcel of our business – they are necessary risks that come with the opportunity that our widened, multi-sectoral reach provides us. However, it is also clear that in order to thrive amidst our new circumstances, we must embrace new ways of doing business; approaches that minimise risk, drive agility to capture emerging opportunities and empower our people to be drivers of positive change.

> **"I am proud to say that our journey on this front is progressing strongly, and throughout the rest of this statement I shall delve deeper into what we are doing to position DNeX for long-term prosperity."**

I am proud to say that our journey on this front is progressing strongly, and throughout the rest of this statement I shall delve deeper into what we are doing to position DNeX for long-term prosperity.

STRATEGICALLY DIVERSIFYING OUR PORTFOLIO

With our widened presence exposing us to a wider range of industry-specific risks, we are strategically diversifying our portfolio by investing in emerging opportunities with considerable growth potential.

In our Technology division, we continue to see the benefits of our foresighted foray into micro-electromechanical system ("MEMS") technologies and Silicon Photonics ("SiPh"), which are emerging technologies that command higher average selling prices and offer greater profit margins. These leading-edge technologies boast vast applications in emerging sectors such as electric vehicles ("EVs") and high-performance computing ("HPC"), positioning us to capitalise on global digital transformation and the shift to low-carbon transport. Presently, we are undergoing product testing and qualification with new customers in these fields, with our efforts to capture this exciting opportunity supported by an expansion of SilTerra's capacity.

Meanwhile, in response to the UK's new energy tax regime, we pivoted to focus on the opportunities presented in Malaysia's upstream oil and gas sector. Leveraging our strong reputation as a safe and environmentally responsible operator, Ping secured three Production Sharing Contracts ("PSC") with PETRONAS under the Malaysia Bid Round 2022 ("MBR 2022") – for the Meranti Cluster, A Cluster and Abu Cluster. While these fields will take time and considerable investment to develop and monetise, they offer strong upside potential and, most importantly, enable us to focus our business within a more favourable market that is oriented towards growth in the oil and gas sector.

EXECUTIVE CHAIRMAN'S STATEMENT

Our IT division is also diversifying its revenue sources, parlaying its core capabilities in operating the National Single Window ("NSW") to provide trade facilitation solutions to a wider range of public and private sector clients. Most notably, in October 2023 Dagang Net secured a contract from the Port Klang Authority to develop, implement and maintain Phase 1 of the Malaysia Maritime Single Window ("MMSW"), a unified digital platform that promises to streamline and drive efficiencies in shipping and maritime trade at the national level.

In addition to this, I am actively working to further our partnership with Ajlan & Bros Holding Group ("Ajlan"), a key player in the Middle East that boasts a wide network across most of the countries within the Gulf Cooperation Council ("GCC"). As the region – and Saudi Arabia in particular – gears up on its monumental development plans, we are in an ideal position to contribute to large-scale smart city, e-government services and system integration projects, leveraging our growing capabilities in IoT, Big Data and analytics. This will position us as an international player in IT and open the door to even more "blue ocean" opportunities ahead.

BUILDING A HIGH-PERFORMANCE CULTURE

While our diversification across borders, technologies and industries offers immense potential for the future, our ability to maximise these opportunities rests squarely on the quality of the human capital at our disposal.

With the objective of nurturing a high-performance culture, we formulated our new corporate values in FY2023, centred around four key attributes that we have identified as key to success in a fast-evolving global context – Driven, Adaptable, Responsible and Ethical, or DARE.

With change a constant, being driven is a must to stay at the forefront. Accordingly, we want our people to never settle for "good enough", but instead look continuously forward to what is next, seeking out opportunities for business and personal growth at every turn. Our aim is to cultivate an entrepreneurial mindset in each member of our workforce, empowering them to find new solutions and develop creative value propositions that forge compelling competitive advantage for the Group.

Of course, immediate progress is not always possible and factors beyond our control may present setbacks to achieving our objectives, as was illustrated clearly during the challenges of FY2023. During such times, it is vital that our people adapt with agility, strength and purpose, pivoting their attention to effective alternatives or new opportunities.

Underlying these qualities is the imperative of acting responsibly, in line with high ethical standards, across everything we do. With our Environmental, Social and Governance ("ESG") performance directly impacting the trust of our customers and partners, and our ability to secure funding, any instance of unethical business conduct or non-compliance with ESG or ethics-based regulations could have significant reputational, financial and legal consequences.

These core values are being socialised across our workforce through comprehensive employee engagements and embedded within our existing training and development programmes. Ultimately, they will serve to future-proof our people – and DNeX as an organisation – against a global landscape that is evolving faster than ever before.

The Launch of DARE, 27 February 2024

EMBRACING SUSTAINABILITY AT OUR CORE

As touched upon above, sustainability has become a vital cog of every global organisation. Today's businesses, investors and customers are more likely to base their decisions on the commitment and track record of a company in delivering socioeconomic value and protecting natural environments, making it mission-critical that we remain ahead of expectations.

Our approach is to treat sustainability not merely as a compliance issue but see it as an enabler for improved business performance. As an example, we have plans to install solar panels within SilTerra's operations. This not only reduces our carbon footprint – in line with our efforts to become a net zero emissions company by 2050 – but drives long-term cost efficiency in production, with the potential to sell excess energy generated back to the grid for profit.

This pursuit of shared valued is echoed by our collaboration with Cerulean Winds Limited, a specialist in creating solutions for oil and gas decarbonisation. Through our partnership, we are working to develop a first-of-its-kind floating wind turbine that will power Ping's Excalibur FPSO vessel in the UK upon launch. In the hard-to-abate energy sector, this promises to be a defining breakthrough, and its geographically flexible nature means that we may potentially be able to sell the solution to other players in the oil and gas sector.

These highlights merely scratch the surface of our extensive work across the ESG spectrum, with continuous and purposeful efforts from our teams to improve employee health and safety, drive higher standards in product quality and support sustainable community development. For more information, read our Sustainability Statement from page 110 to 141.

Casting our eyes towards FY2024, we look forward to taking further steps on our sustainability journey, guided by our Sustainability Framework. Our upcoming climate risk assessment will provide us with a comprehensive view of the risks and opportunities associated with climate change and our transition to low-carbon operations, informing more effective and holistic decision-making on business practices and potential investments. Meanwhile, we will also conduct a Group-wide human rights risk assessment to identify potential risks related to human rights violations across our various jurisdictions. This assessment will be key to minimising the severe downside consequences that any non-compliance may cause and will earmark us as a responsible organisation within the global arena.

EXECUTIVE CHAIRMAN'S STATEMENT

STRENGTHENING OUR GOVERNANCE STANCE

Robust and effective governance underlies our sustainability-related and operational initiatives, ensuring that our standards are upheld across our business, and is even more important given our continued expansion across new geographies.

With our operations already aligned to an extensive suite of policies and practices, our work in FY2023 focused on strengthening our stance by undertaking progressive improvements and driving awareness of our standards amongst our employees and stakeholders.

I would also like to highlight our work to enhance sustainability across our supply chain, which is a key issue that our stakeholders have impressed upon us in recent years. Through coordinated training programmes, we aim to thoroughly communicate our ESG standards amongst our vendors and suppliers, empowering them to journey with us and capture new growth opportunities beyond Malaysia's shores.

Supporting our efforts to strengthen governance, we have made strides in improving the diversity of experiences, skills and competencies made available to the Group via our Board of Directors. In FY2023, we welcomed Tan Sri Acryl Sani bin Haji Abdullah Sani, a former Inspector General of Royal Malaysia Police, and En. Muhammad Saifullah bin Mohd Isa, who also serves as our Head of Corporate Strategy & Investment, to the Board. Reflecting their professional backgrounds, they bring to the table a wealth of knowledge in anti-corruption and corporate finance and planning, respectively, supporting our efforts to forge and maintain trust-based partnerships with private and public entities as we expand our global presence.

On this note, I would like to extend my sincere thanks, on behalf of the Board, to our former Chairman, Tan Sri Abdul Rahman Mamat, and our former Executive Director, Encik Zainal 'Abidin Bin Abd Jalil, for their sterling service to the Group and relentless dedication to its advancement during their tenures. I wish them all the best in their future endeavours.

STANDING READY FOR THE UPSWING

Looking back on the past 18 months, it is an unmistakeable fact that, largely due to external factors, our financial performance did not meet the high expectations that we have set for ourselves. With that said, I wish to re-emphasise the confidence that I share with the Group's management that brighter days are around the corner.

> **"Our upcoming climate risk assessment will provide us with a comprehensive view of the risks and opportunities associated with climate change and our transition to low-carbon operations, informing more effective and holistic decision-making on business practices and potential investments."**

Across our business divisions, there is much room for optimism. In the Technology division, our proactive investment in MEMS and SiPh positions us to capitalise on the rapid growth in data warehousing and Artificial Intelligence ("AI"), and is already picking up steam with new customers onboarded, while the US-China trade war opens the door to growth in Malaysia's semiconductor and technology ecosystem. In Energy, PETRONAS aims to grow Malaysia's oil and gas production to two million barrels of oil equivalent per day by 2025, towards which our new assets will contribute to achieving. Meanwhile, the consistent additions to our IT orderbook – across various public and private industries and applications – is evidence that we have an important role to play in Malaysia's accelerating digital transformation. This is before mentioning the exciting potential that our partnerships in the Middle East and North Africa proffer for us.

These prospects are indeed promising and exciting. We are strategically positioning ourselves in emerging sectors and opportunities that have the potential to deliver outsized value for the Group, driving growth beyond what we have experienced in years prior. However, the nature of emerging investments is that they take time to gestate, to be implemented and realise value – and this is the period that we are in right now.

As we ready ourselves for the upswing, we are supported by strong financial fundamentals and the continuing, steadfast support of our stakeholders, for which I am endlessly grateful.

To our shareholders, thank you for your unceasing trust during trying times. To our various government and business partners, please accept my gratitude for seeing potential in DNeX as an architect for national advancement and supporting our domestic and international endeavours. And to our customers, we are thankful for your faith in our capacity to continually adapt to your needs and iron out any pain points that exist on our shared journey.

Most importantly, to our people – you are the central piece of our value creation jigsaw, and your contributions are the one key enabler that empowers success in everything we do. Together, let us DARE to dream, aspire and achieve. With our ambitions high, we can harness the opportunities of today and position DNeX for greater success tomorrow and far into the future.

Tan Sri Dato' Sri Haji Syed Zainal Abidin Bin Syed Mohamed Tahir
Executive Chairman

GROUP CHIEF OPERATING OFFICER'S STATEMENT

BUILDING RESILIENCE AS WE TRANSFORM FOR THE FUTURE

Dear Shareholders,

The past eighteen months have presented the DNeX Group with a unique blend of challenges and opportunities. Shifting market trends, evolving regulatory frameworks and unforeseen operational dynamics have collectively impacted our short-term financial performance. However, amidst these headwinds, we have demonstrated agility and adaptability, pivoting with purpose to uncover new prospects for our diverse businesses and establish a sturdy foundation for sustainable growth.

In this statement, I will elaborate on our ongoing initiatives to catalyse this transformative shift in our organisational culture, placing focus on balancing our portfolios, bolstering our financial resilience and capitalising on emerging opportunities presented by our growing size and scale. Most importantly, we are nurturing a workforce with the right capabilities and mindset to compete at the international level and uphold our commitment of delivering long-term value to our stakeholders.

RECALIBRATING TO UNLOCK OUR GLOBAL POTENTIAL

The remarkable surge in our revenue over recent years, soaring from RM330 million in FY2021 to RM1.9 billion over the past 18 months, has been truly remarkable. However, amidst this meteoric rise, we have encountered significant challenges that have necessitated a thorough reassessment of our strategies, competencies and leadership.

Since assuming the role of Group Chief Operating Officer ("GCOO") in December 2022, I embarked on a mission to orchestrate transformative change within DNeX, aimed at addressing gaps in our capabilities, governance and compliance and cultivating an organisation equipped with the necessary people, culture and systems to thrive in the global arena.

> **"Transformative strategies are being integrated into every facet of our organisation, commencing with a concerted effort to recalibrate the mindset of our people – the cornerstone of our enterprise."**

> **"The remarkable surge in our revenue over recent years, soaring from RM330 million in FY2021 to RM1.9 billion over the past 18 months, has been truly remarkable"**
>
> **Azhar Bin Othman**
> Group Chief Operating Officer

Transformative strategies are being integrated into every facet of our organisation, commencing with a concerted effort to recalibrate the mindset of our people – the cornerstone of our enterprise. Amongst our many reforms was the appointment of a new HR director and the introduction of our new corporate values: Driven, Adaptable, Responsible, and Ethical ("DARE"). These values encapsulate our commitment to operating as a high-performing organisation that balances internal development with unwavering operational excellence and business integrity.

Concurrently, a myriad of strategic and operational initiatives has been set in motion across all three divisions to fortify our financial and operational fundamentals while laying the groundwork for robust future growth.

Although our financial outcomes have yet to fully reflect the impact of these measures, it is imperative to acknowledge that enduring change requires time and commitment. We are steadfast in our belief that we are on the right track towards realising our ambitions.

GROUP CHIEF OPERATING OFFICER'S STATEMENT

GROUP PERFORMANCE REVIEW

In the eighteen months from 1 July 2022 to 31 December 2023 ("FY2023"), the Group recorded a revenue of RM1,913 million, with our Technology division contributing 52 per cent, Energy contributing 33 per cent and our IT segment making up the remaining 15 per cent. These figures underscore our strategic diversification and the strength of our multi-sectoral presence.

Despite these commendable achievements, the Group's profitability faced significant headwinds due to various unfavourable market, regulatory and operational conditions. A notable example was the decline in semiconductor demand, which significantly impacted SilTerra's performance.

The Group's core profitability remained healthy and sound with normalised PAT and PATANCI of RM88.7 million and RM101.0 million respectively, demonstrating the underlying strength of our operations.

These excluded external factors such as the increase in Ping's tax liabilities following the recent implementation of Energy Profits Levy ("EPL") by the UK Government, and other assets impairments and deferred tax reversal. The reported loss after tax of RM191 million and loss after tax and controlling interests of RM120 million reflected the adjustments due to the above factors.

Notwithstanding these transient challenges, the Group has successfully maintained a positive annual operating cash flow and a strong net cash position, underpinning our ability to pursue strategic growth initiatives. With total cash reserves surpassing our borrowings, we are well-positioned to leverage opportunities for further expansion, supported by a solid gearing ratio of just 0.2 times.

> **"The Group recorded revenue of RM1,913 million, with our Technology division contributing 52 per cent, Energy contributing 33 per cent and our IT segment making up the remaining 15 per cent."**

SEGMENTAL REVIEW

Technology Division

Our technology division encountered challenging market dynamics during FY2023, marked by a downturn in the semiconductor market that hindered our ability to meet manufacturing capacity requirements to ensure production profitability. However, it is vital to recognise that the semiconductor demand has historically exhibited cyclical patterns, and such downturns are inherent in the industry. We maintain confidence in the long-term viability of this sector and are steadfastly focused on positioning ourselves optimally for the next upswing while diversifying our business to ensure portfolio resilience against future market uncertainties.

Having anticipated such market fluctuations, we had already begun proactively expanding SilTerra's horizons beyond its core business in 2022, channelling over USD150 million into the research, development and commercialisation of emerging technologies, notably microelectromechanical systems ("MEMS") and Silicon Photonics.

With MEMS and Silicon Photonics possessing numerous applications across the Artificial Intelligence ("AI"), electric vehicles ("EV") and medical sectors, amongst others, the demand for these emerging technologies is steadily increasing and anticipated to maintain an upward trend. This therefore represents an opportune time for SilTerra to penetrate the market and validates our strategic investment into these sectors to future proof our business.

With our newly developed products currently undergoing product testing and qualifications with new global customers, and a 20 per cent expansion of our manufacturing capacity completed in 2023, we are well-positioned to capitalise on future demand and benefit from the higher average selling prices and profit margins these products will offer. Several new customers from the AI and EV sectors have already been onboarded, providing us with a springboard to launch our new emerging technologies into the market.

Energy Division

Even as the world collectively transitions away from fossil fuels, there remains great potential for growth in the oil and gas sector, with the recent COP28 summit confirming the vital role that oil will continue to play in ensuring energy security in the coming decades. However, the ongoing energy transition has led to regulatory developments such as the Energy Profits Levy, which has heavily impacted our profitability and decreased the feasibility of rapid expansion in the UK.

"With MEMS and Silicon Photonics possessing numerous applications across the Artificial Intelligence ("AI"), electric vehicles ("EV") and medical sectors, amongst others, the demand for these emerging technologies is steadily increasing and anticipated to maintain an upward trend"

In response to this evolving landscape, we have adeptly capitalised on our strengths as a low-cost operator with extensive global experience and a robust track record to shift Ping Petroleum's focus towards expanding operations closer to home.

Acting with speed and agility, we have successfully bid for new domestic projects from PETRONAS and acquired interests in three fields across Malaysia over the past year. This includes acquiring a 60 per cent working interest in the Meranti Cluster, located off the east coast of Peninsular Malaysia, as well as a 70 per cent working interest in the A Cluster located at Sarawak, both of which were secured in January 2023. However, with these two oilfields still in the early development stages, we also acquired a 100 per cent working interest in the Abu Cluster in October 2023. This late life asset bears the potential for near-term revenue generation and represents our immediate focus as we target first oil production in early 2025.

GROUP CHIEF OPERATING OFFICER'S STATEMENT

These domestic expansion efforts have injected a balanced blend of near-term and long-term prospects into our energy portfolio, while diversifying our exposure across various geographical locations. Furthermore, our move to invest in projects with near-term revenue potential will provide a stronger financial foundation for pursuing our long-term ambitions in the UK.

This strategic approach is paramount, given that our Anasuria asset currently stands as our sole oil-producing asset, and the yet developed Avalon field requiring an estimated investment of USD300 million before commencing the production of oil in 2028, at the very earliest.

On this note, we have further bolstered our long-term prospects in the UK North Sea by acquiring a 42.5 per cent interest in the Fyne oil field in November 2023. Situated in proximity to our existing Anasuria operations, this acquisition aligns with our strategy of pursuing new projects in the surrounding vicinity of existing assets, enabling optimal utilisation of resources and equipment across multiple projects. This strategic approach will also be replicated for our Meranti and Abu clusters, which are strategically located around 180km from each other.

IT Division

Our IT division stands as the foundational pillar upon which DNeX was established, historically relying on government contracts from operating the National Single Window ("NSW") to ensure revenue stability. Leveraging the invaluable experience, infrastructure and network garnered from NSW operations, we have ventured into private sector trade facilitation, subsea telecommunications and technology consulting and system integration in recent years.

While this diversification has broadened our expertise and unearthed numerous exciting opportunities for domestic and international growth, it has also shed light on areas within our processes and competencies that require attention, as evidenced by the division's profitability struggles in FY2023. To restore stability and equip ourselves adequately to capitalise on emerging opportunities, we are actively undertaking strategic initiatives to bolster our financial and operational fundamentals across the IT Division.

A key ongoing initiative involves consolidating SealNet and Dagang Net to streamline our B2B and B2G businesses, with the execution of this plan on track for completion by end 2024. By coordinating resources and enhancing internal collaborative synergies, we aim to unlock greater cost efficiencies, enhance customer service, and improve profitability. Even before the completion of this exercise, I challenged Dagang Net to reduce costs, and I am pleased to report that the team succeeded in reducing external fees, notably to consultants, by RM3 million during FY2023.

Concurrently, in conjunction with the consolidation exercise, we have established a new IT Strategy and Transformation Department to spearhead the alignment of our B2B and B2G businesses, subsequently leading the charge for procuring large-scale IT projects that harness the combined expertise and resources of Dagang Net, SealNet and IAC.

Recognising challenges faced by our current or legacy project, we took and conducted proactively a comprehensive study and implemented robust measurements to enhance the financial management in our unwavering commitment to financial excellence.

Noteworthy business development updates during FY2023 include Dagang Net securing a 3.5-year contract from the Port Klang Authority in October 2023 to develop, implement and maintain the Malaysia Maritime Single Window ("MMSW") Phase 1. Furthermore, Dagang Net launched TradeSwift DAGANGNET, an all-in-one trade facilitation SuperApp enabling entities involved in global trade to perform multiple trade facilitation services in real-time. IAC has also clinched a two-year maintenance contract extension worth RM11.2 million from the Inland Revenue Board of Malaysia ("IRBM") for the maintenance, support and enhancement of its Hasil Integrated Taxation Systems ("HITS").

DRIVING INTERNAL TRANSFORMATION

As a diversified business with various divisions, each posing its own challenges and opportunities, we recognise the importance of enhancing the competencies and capabilities of our people in lockstep with our ambitions. In my inaugural year as GCOO, I have instituted a clear mission to propel DNeX towards becoming a high-performing organisation. Central to this vision is cultivating a workforce of capable, independent and resourceful individuals poised to give their utmost for the company's success.

To achieve this objective, we have built upon our appointment of a new HR Director and the establishment of our new core values to embark on a series of initiatives aimed at strengthening our workforce. Key undertakings over the past year include the implementation of robust learning programmes, talent development initiatives and succession roadmaps to enhance the competencies and prospects of our employees, while bolstering our ability to attract and retain the requisite talent to achieve our ambitions.

We have also taken steps to bolster financial acumen and cost discipline throughout the organisation. Drawing from lessons learnt, we are adopting a more holistic approach to managing our costs and deploying innovative solutions to maximise our bottom line. A demonstration of our proactive approach is evident in our response to global currency fluctuations, notably the weakening of the British pound in 2022 and the ringgit in 2023. Through meticulous cost analysis, we leveraged our multi-currency revenue streams to implement natural hedging strategies, effectively limiting potential forex losses and reducing overall expenses.

GROUP CHIEF OPERATING OFFICER'S STATEMENT

Moreover, we are also enhancing our Enterprise Resource Planning ("ERP") system to provide our management teams with seamless access to critical data points and analysis. This upgrade will significantly improve productivity and ensure accurate decision-making based on precise insights. Such advancements are pivotal in achieving heightened efficiency in management, a fundamental requirement for our Group to compete effectively on the global stage.

I firmly believe that a robust organisational culture and a highly competent workforce will serve as the dual engines propelling DNeX into a new era of growth. While driving such a cultural shift requires time, we have already taken significant strides forward. Through the implementation of a comprehensive roadmap and the introduction of new systems and processes, we are uniting our employees under a collective vision, fostering a culture of collaboration and excellence across the Group.

OUTLOOK

Despite the challenges encountered in the period under review, we remain optimistic about the future prospects across all our divisions. Our strategic focus is on enhancing operational efficiencies, fortifying fundamentals and identifying high-growth opportunities within each business segment. As a diversified Group, it is imperative that each division achieves profitability independently and contributes significantly to our overall progress.

While our Technology division faced profitability struggles in FY2023, we see significant long-term potential for growth and expansion. The anticipated recovery of the global semiconductor industry, driven by increasing demand for AI and high-performance computing

("HPC"), coupled with stabilising demand in key sectors, presents promising opportunities. Furthermore, our strategic emphasis on integrating emerging technologies like MEMs and Silicon Photonics into our product mix positions us well to capitalise on market growth, supported by the expansion of our production capacity.

In the Energy division, favourable oil prices are expected to continue, which will provide stability for our operations at the Anasuria cluster in the North Sea. To drive progress in our UK-based endeavours, the Group's corporate team is collaborating with Ping to drive greater alignment with our transformation goals and support fundraising and fund management efforts for the development of the Avalon and Fyne fields.

In Malaysia, our immediate goal is to reactivate the Abu Cluster and commence production in 2025, before shifting our focus to the development plans for the Meranti cluster. We have also submitted further bids for more Malaysian fields as part of Petronas Malaysian Bid Round ("MBR+") in 6Q of the period under review, with the awarding of these tenders expected to be announced in the second half of 2024.

Opportunities also lie in store for OGPC in light of PETRONAS' aim to sustain and grow Malaysia's oil and gas production to two million barrels of oil equivalent per day (MMboe/d) by 2025 and beyond. With this target set to create significant new opportunities in the oil and gas sector, OGPC is pursuing various general maintenance and pipeline maintenance tenders.

> To all stakeholders, I assure you that with our transformation into a high-performing organisation, DNeX remains on the right track to deliver long-term stability and sustainable growth. In every success story, there are obstacles to overcome, and true success lies in our ability to learn from mistakes and reinvent ourselves. This is our time of reinvention, and I am confident that the transformed DNeX will emerge stronger and more resilient than ever.

Regarding our IT division's prospects, we are actively expanding our collaboration with esteemed partners, including leading data and business analytics firms such as CapGemini and Strateq, to strengthen our ability to provide end-to-end IT solutions. Through these strategic alliances, coupled with the guidance of our IT Strategy and Transformation Department, we aim to expand our pipeline of large-scale IT projects in both the public and private sectors, both domestically and internationally.

We are keeping a close eye on the Malaysian government's ongoing emphasis to digitalise its services and adopt modern systems, a commitment that was underscored by the setting up of Jabatan Digital Negara in December 2023. As one of the few local companies equipped with the necessary experience and infrastructure, we are poised to leverage our expertise and established relationships to bid for digital transformation projects across various government ministries.

On the global front, we remain focused on advancing our international collaborations, initiated in 2022 through our partnership with Saudi Arabia's Ajlan & Bros Holding Group ("Ajlan"). Over the past year, we have not only formed a Joint Venture with China's Zhongheguoji Construction Group ("Zhongheguoji") but also solidified a Collaboration Agreement involving DNeX MENA, Zhongheguoji, and Ajlan.

While these collaborations will undoubtedly require time to mature, we recognise immense potential in synergising our expertise with the technological prowess of our Chinese counterparts. Together, we aim to secure projects in the Middle East and North Africa, particularly in the domains of smart city development, e-government services and system integration projects.

ACKNOWLEDGEMENTS

In closing, I extend my heartfelt appreciation to the Board of Directors, senior management team and entire DNeX workforce for their guidance, support and dedication over the past eighteen months. As we navigate this transformative period, it is imperative that we unite as a team and implement the necessary changes to unlock the full potential of our diverse business divisions.

I am also grateful for the continuous support from our shareholders, customers, government agencies, business partners and other loyal stakeholders. Thank you for your faith in our strategies and sharing in our vision for the future.

To all stakeholders, I assure you that with our transformation into a high-performing organisation, DNeX remains on the right track to deliver long-term stability and sustainable growth. In every success story, there are obstacles to overcome, and true success lies in our ability to learn from mistakes and reinvent ourselves. This is our time of reinvention, and I am confident that the transformed DNeX will emerge stronger and more resilient than ever.

Azhar Bin Othman
Group Chief Operating Officer

EMBEDDING ESG INTO OUR BUSINESS

As our business expands across industries and borders, we are subject to more stringent regulations and heightened stakeholder expectations in relation to Environmental, Social and Governance ("ESG") matters.

Taking a proactive approach to this challenge, we have established our Sustainability Framework, which articulates our Group-wide approach to ESG. The framework is pillared on four themes, under which long-term ambitions have been established. We will progress towards these ambitions through focused, consistent efforts across each of our material matters, positioning DNeX as a responsible and future-ready organisation that is worthy of our stakeholders' continued trust.

DNeX SUSTAINABILITY FRAMEWORK

Organisational Purpose

Together Beyond Excellence.

DNeX

Committed to deliver business innovation that creates value for stakeholders

Ambitions

Environmental

Net Zero emissions by 2050

Social

Be a local employer of choice

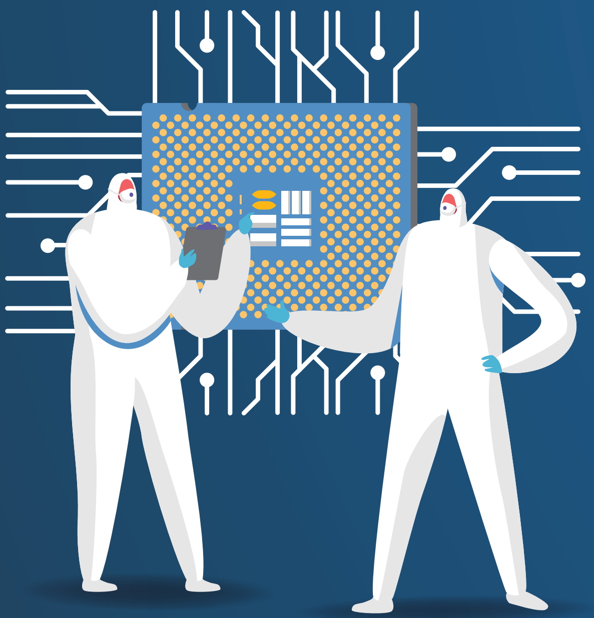
Be a preferred partner with our customers and an impactful organisation to the community

Governance

Be an ESG-driven organisation and drive ESG development across our suppliers

Themes	Material ESG Issues	Associated SUSTAINABLE DEVELOPMENT GOALS
Stewarding a Sustainable Environment	GHG Emissions; Energy Management; Resource Management; Ecological Impact	
Empowering Our People	Workforce Management; Employee Health & Safety	
Creating Value for Our Customers and Community	Product Quality & Safety; Community Relations	
Embracing Good Governance for Business Resilience	Business Ethics; Data Privacy & Security; Business Model Resilience; Supply Chain Management	

To discover our sustainability initiatives and performance in detail, please read the Sustainability Statement section of this Report from page 110 – 141.



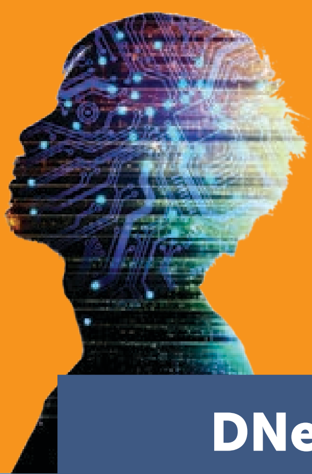
Making Things Better, TOGETHER

OVERVIEW OF DAGANG NeXCHANGE BERHAD

Together Beyond Excellence.

VISION

To be a leading multinational corporation that is trusted for its world-class services and expertise.



MISSION

We are vibrant talents who are committed to deliver business innovation that creates value for stakeholders.

DNeX HIGH PERFORMANCE SHARED VALUES

DNeX has introduced its High Performance Shared Values with the primary objectives towards being results driven, innovative, playing-to-win and doing-the-right-thing. This set of values - Driven, Adaptable, Responsible and Ethical ("DARE") – encapsulates how DNeX Group would like to operate as a high-performing organisation, balancing the needs for both internal development and continued operational excellence. The new shared values provide a framework of actionable behaviours for employees to inculcate in the workplace that will lead to high-performance culture, while developing the right core, leadership, and technical competencies that the organisation can measure itself against.

Driven We relentlessly drive to achieve our goals, constantly strive for excellence through collaborative efforts and focus on delivering impactful results. **(We Play to Win)**

Responsible We maintain a strong sense of responsibility, ensure accountability in all endeavors, and seek win-win solutions through continuous learning and dedicated efforts. **(We Achieve Results with Care)**

ADAPTABLE We embrace innovation and encourage creative thinking and agile responses to challenges, always exploring new ideas and approaches. **(We Strive to be Innovative)**

Ethical We uphold ethical standards, integrity, and transparency, and create a conducive and safe working environment while never compromising on our values. **(We Do the Right Thing)**

WHO WE ARE

Dagang NeXchange Berhad ("DNeX") is a Malaysia-based investment holding company that operates through three segments, namely Technology, Energy, and Information Technology ("IT"). Established in 1970, the company's core businesses encompassed a group of specialised companies, each providing bespoke services, solutions and infrastructures, engineered and led by industry and technology experts.

In Technology, the company is a leading semiconductor foundry while in Energy, the company is making its mark in upstream exploration and production as well as equipment supply and maintenance. In IT, the company is a leading provider of award-winning eServices for Trade Facilitation and has a wealth of knowledge, expertise and operational know-how in the provisioning of eServices for Trade Facilitation, Technology Consulting and Systems Integration, as well as Subsea Telecommunications.

KEY STRATEGIC THRUSTS

- **PORTFOLIO DIVERSIFICATION**
- **FINANCIAL PRUDENCE**
- **HUMAN CAPITAL DEVELOPMENT**
- **CUSTOMER CENTRICITY**
- **GOVERNANCE AND EXCELLENCE**

2023 KEY HIGHLIGHTS

Financial Highlights

Revenue

RM1,912.93 MILLION

(2022: RM1,457.38 million)

Profit Before Tax

RM157.24 MILLION

(2022: RM612.99 million)

Loss After Tax

-RM190.79 MILLION

(2022: Profit After Taxation of RM707.27 million)

Total Assets

RM4,641.89 MILLION

(2022: RM4,625.63 million)

Share Capital

RM1,017.40 MILLION

(2022: RM1,017.32 million)

Note: 2023: 18 months period 1 July 2022 - 31 December 2023
2022: 12 months period 1 July 2021 - 30 June 2022

Business Highlights

2 April 2024

Ping UK strengthens its North Sea portfolio with three new licenses: Glenn and Hutton fields from the UK's 33rd licensing round, and the Pilot field following the acquisition of an 81.25% stake from Orcadian Energy PLC.

7 March 2024

Dagang Net signs an MoU with Korea Trade Network ("KTNET") with the intent to support and collaborate for a few initiatives involving Port Community System, Electronic Customs and IT Consultancy services in the trade facilitation area. The MoU will leverage Dagang Net's homegrown technologies and KTNET's global capabilities in Port Community System, Electronic Customs, and IT Consultancy services.

22 February 2024

IAC secures a maintenance contract extension from the Inland Revenue Board of Malaysia ("IRBM") for the software maintenance, support, and application improvement of IRBM's Hasil Integrated Taxation Systems ("HITS") system.

21 November 2023

Ping UK completes the farm-in to UK Petroleum Licence P2451 which contains the Fyne field, located near its Anasuria FPSO unit in the Central North Sea.

30 October 2023

DNeX's Energy unit secures new production sharing contracts ("PSC") with PETRONAS in Malaysia for Abu Cluster, part of Malaysia Bid Round 2022 ("MBR 2022").

23 October 2023

DNeX partners with Zhongheguoji Construction Group Co Ltd ("CSI") to form a joint venture enterprise ("JVE") for sourcing advanced technology from China. This strengthens ties with Ajlan & Bros Information Systems Technology and expands DNeX's presence in the Middle East and North Africa ("MENA") region.

18 October 2023

DNeX's subsidiary, Dagang Net Technologies Sdn Bhd, secures a contract to develop Malaysia Maritime Single Window ("MMSW"), a digital platform for trade and shipping services. This includes the development, implementation, and maintenance of MMSW Phase 1.

12 October 2023

DNeX partners with Strateq Sdn Bhd to explore IT opportunities such as Big Data, Analytics, artificial intelligence, and data governance. They aim to pursue large-scale IT projects in both public and private sectors.

9 October 2023

DNeX's subsidiary, Dagang Net Technologies Sdn Bhd, launches TradeSwift DAGANGNET, an all-in-one trade facilitation SuperApp.

7 June 2023

DNeX's subsidiary, Innovation Associates Consulting Sdn Bhd ("IAC") launches EGADS, a cloud-based ERP application for Government agencies.

24 March 2023

DNeX forms joint venture with Ajlan & Bros Holding to establish a joint-venture company ("JVCo") in the Kingdom of Saudi Arabia.

1 March 2023

DNeX launches Sustainability@DNeX to accelerate its Environmental, Social and Governance ("ESG") stewardship in creating long-term value for its stakeholders.

21 February 2023

DNeX partners with MIMOS Berhad to explore Government projects and initiatives in enhancing digital technology capabilities, including software development, networking, system integration, consultation services, cloud computing, and Fourth Industrial Revolution (IR 4.0) technologies.

2 February 2023

DNeX's subsidiary Innovation Associates Consulting Sdn Bhd ("IAC") bags maintenance contract for the Inland Revenue Board of Malaysia's Hasil Integrated Taxation Systems.

17 January 2023

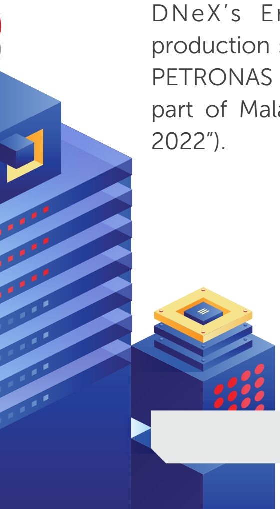
DNeX's subsidiary, Ping Petroleum Sdn Bhd ("PPSB") signs two PSCs - Meranti Cluster and A Cluster - with PETRONAS in Malaysia.

16 November 2022

DNeX's subsidiary, Dagang Net Technologies Sdn Bhd ("Dagang Net"), partners with Kale Logistics Solutions Private Limited to introduce the Airport Cargo Community System ("ACS") platform.

20 October 2022

DNeX inaugurates Group-wide Corruption-Free Pledge, bolstering its stance against bribery and corruption.



Sustainability Highlights

ESTABLISHED THE BASELINE of the Group's **SCOPE 1** and **SCOPE 2 GHG EMISSIONS.**

ESTABLISHED GROUP OCCUPATIONAL SAFETY AND HEALTH ("OSH") COMMITTEE to oversee OSH policies and practices.

Delivered **RM309,067.41** in **COMMUNITY RELATIONS** for **28** beneficiaries through CSR activities and zakat contributions.

INAUGURATED GROUP-WIDE CORRUPTION-FREE PLEDGE, BOLSTERING its stance against bribery and corruption.

AWARDS & RECOGNITIONS

August 2023

Innovation Associates Consulting Sdn Bhd ("IAC") has been conferred with **Award of Excellence by Kababangan Petroleum Operating Company ("KPOC")** during its Contractor Award and Safety Forum 2023.

October 2023

IAC has been awarded **Top 10** Most Promising Customer Experience Management Solution Providers APAC from CIOReview.

November 2022

DNeX has been awarded **The Most Improved Performance** Over 3 Years – RM800 million to RM5 billion Market Capitalisation **(Silver Award) at The ESG Awards 2022**

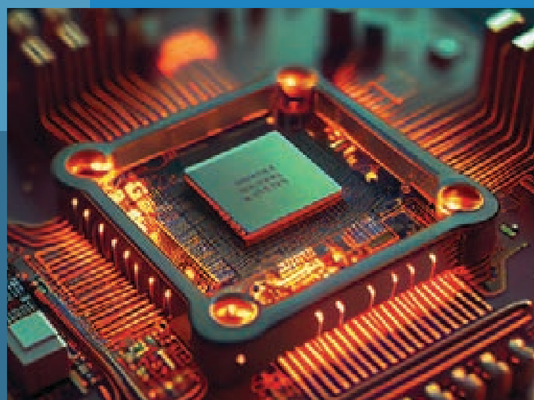
WHAT DIFFERENTIATES US: OUR STRENGTHS

Innovating Businesses, Growing Together

DNeX prides itself on its ability to offer effective, workable, and commercially realistic solutions to exceed customers' requirements. Its reputation for pragmatic services results from the company's emphasis on understanding customers' objectives, priorities, and needs. An essential element of this is the close working relationship the company fosters with customers, where it places a premium on understanding customers' commercial strategies and goals, and how they defend their competitive edge.

Depth of Technology

DNeX leverages the technological expertise of its highly qualified teams of certified professionals, backed by their vast experience in providing added value in delivering the best solutions and services for customers.



Domestic and Regional Expertise

DNeX's technology-driven experience, track record and problem-solving skills in diverse industries extend to projects not only in Malaysia but internationally as well.

Holistic and Integrated Approach

DNeX has extensive experience in engaging, consulting, and advising end-users across the spectrum of projects to devise workable and realistic solutions for customers.

Quality Assurance

To ensure consistent quality of service standards, DNeX emphasises on standard operating procedures in its workflow. The company also goes to great lengths to preserve data and confidentiality to safeguard customers' interests.

OUR PRESENCE

TECHNOLOGY, HUMANISED FOR YOU

OFFICE LOCATIONS

TOTAL **15**

11 MALAYSIA

1 UNITED KINGDOM

1 CHINA

1 INDONESIA

1 TAIWAN

GROUP CORPORATE STRUCTURE

AS AT 1 APRIL 2024

3.80% FOXCONN SINGAPORE PTE LTD	11.37% ARCADIA ACRES SDN BHD	84.83% PUBLIC >20,000 SHAREHOLDERS

Together Beyond Excellence.

DNeX

TECHNOLOGY

- 100.0% **DNeX SEMICONDUCTOR SDN BHD**
  - 60.00% SILTERRA MALAYSIA SDN BHD
    - 100.0% SILTERRA CAPITAL BERHAD
    - 100.0% SILTERRA SALES & MARKETING SDN BHD
      - 100.0% SILTERRA SALES & MARKETING (L) LTD
        - 100.0% SILTERRA USA, INC.
    - 100.0% PEMBINAAN WAFERFAB SDN BHD

ENERGY

- 100.0% **OGPC SDN BHD**
  - 100% DNeX DRILLING TECH AND OILFIELD SERVICES SDN BHD
  - 100.00% OGPC O & G SDN BHD
- 100.0% **DNeX ENERGY SDN BHD**
  - 90.00% PING PETROLEUM LIMITED
    - 100.0% PING PETROLEUM UK PLC
    - 100.0% PING PETROLEUM SDN BHD
- 100.0% **FORWARD ENERGY GENERATION LTD**

INFORMATION TECHNOLOGY

- 100.00% **DAGANG NET TECHNOLOGIES SDN BHD**
  - 100% SEALNET SDN BHD
  - 48.78% PT DAGANG SAMUDERA HUTAMA
    - 95.00% PT DNeX TELCO INDONESIA
  - 99.00% PT DAGANG NET INDONESIA
  - 51.00% GENAXIS GROUP SDN BHD
    - 60.00% INNOVATION ASSOCIATES CONSULTING SDN BHD
  - 100.00% DNeX VMS SDN BHD
  - 51.00% DNeX TELCO SERVICES SDN BHD
  - 100.00% GLOBAL MARKET eCOMMERCE SDN BHD
    - 55.00% IMIZU SDN BHD
  - 51.00% GLOBAL eCOMMERCE LIMITED
  - 51.00% DNeX RFID SDN BHD
- 100.0% **DNeX CAPITAL SDN BHD**
- 100.0% **DNeX SOLUTIONS SDN BHD**
- 100.0% **DNeX MENA SDN BHD**
  - 100% DNeX (BEIJING) TECHNOLOGY CO. LTD.

TECHNOLOGY, Humanised For You

Technology is only as good as its purpose. That is why we constantly embrace, challenge and improve on today's latest technological advancements to provide communities an edge that impacts life for the better.

WHAT WE DO: CORE BUSINESS

SEMICONDUCTOR

SilTerra Malaysia Sdn Bhd ("SilTerra") is a 60 per cent-owned subsidiary of DNeX. It was founded in 1995 to provide a compact technological foundation for the country to become a developed nation, as well as a catalyst for influencing and developing breakthroughs in a variety of fields.

Originally known as Wafer Technology Malaysia Sdn Bhd, the company has undergone several transformations including a rebranding to SilTerra in 1999 and an acquisition by DNeX and partner, Beijing Integrated Circuit Advanced Manufacturing and High-End Equipment Equity Investment Fund Center (Limited Partnership) ("CGP Fund") in 2021.

SilTerra is a global semiconductor foundry, specialising in Complementary Metal Oxide Semiconductor ("CMOS") production technologies for advanced logic, mixed signal, radio frequency, and high voltage applications. SilTerra has expanded into more advanced technology fields, such as Silicon Photonics, Biophotonics, Micro-electromechanical System ("MEMS") on CMOS, Galium Nitride ("GaN") BCD, and Discrete Power — sometimes known as "More-Than-Moore" technologies.

UPSTREAM EXPLORATION & PRODUCTION

Ping Petroleum Limited ("Ping") specialises in late-life oil and gas properties, with an emphasis on brownfield redevelopment of producing fields.

Ping devotes its efforts towards preserving energy supply and exploring possibilities that help respond to rising demand of energy by acquiring important production assets in a fiscally transparent location.

With a strong emphasis on continuous improvement, the company advocates extending the life cycle of its oil and gas assets to optimise return on investment. It continues to seek new strategic partnerships as well as further acquisitions towards building an attractive portfolio of exploration and production assets

EQUIPMENT SUPPLY & MAINTENANCE

The company, through OGPC Sdn Bhd, provides end-to-end solutions to the oil and gas value chain – from engineering design project management, field services, and after sales support with its team of committed personnel covering repair and maintenance scope. The company services various industries in oil and gas, refining, petrochemicals, power, utilities, and manufacturing.

As an oil and gas integrated service company, OGPC represents numerous world-leading OEMs and has gained a strong brand image and industry recognition.

INFORMATION TECHNOLOGY

TRADE FACILITATION

DNeX has pioneered and spearheaded initiatives aimed at creating paperless, electronic Customs-related services to ease the facilitation and streamlining of international trading processes for the import and export, trade and logistics industries.

Through our subsidiary Dagang Net Technologies Sdn Bhd ("Dagang Net"), DNeX provides eServices for Trade Facilitation. Dagang Net is the operator of Malaysia's National Single Window ("NSW"), which facilitates electronic Customs-related transactions and duty payments and electronic document transfers between members of its trading community.

Besides providing eServices for Trade Facilitation for the Business – to Government ("B2G") segment, the company has also expanded these services for the Business – to Business ("B2B") segment.

DNeX, through its subsidiary SealNet Sdn Bhd, offers a one-stop cloud-based services for the B2B segment of trade facilitation. The company provides a robust electronic platform solution to simplify cargo trade management processes and connects domestic and international logistics communities.

TECHNOLOGY CONSULTING AND SYSTEM INTEGRATION

The company's Technology Consulting and System Integration ("Tech Consulting and SI") division provides specialised guidance and consultation on various technology aspects, offering enterprise level COTS (Commercial-Off-The-Shelf) solutions with low code capabilities and up to customised solutions for system integration. From ideation, design advisory, implementation and commissioning, the company aims to address specific client challenges and see it as an opportunity to be the trusted advisor to create value from each implementation. Leveraging on its industry experts, technology innovation, and tailored strategies, the company ensures clients remain competitive and will benefit from the digital transformation journey, supported by Innovation Associates Consulting Sdn Bhd ("IAC") and DNeX Solutions Sdn Bhd ("DNeX Solutions").

IAC focuses on six core Line of Business areas: Business & Technology Advisory Services ("BTAS"), Next Generation Enterprise Applications ("NGEA"), Application Development and Innovation ("ADI"), Enterprise Managed Services & Cloud Services ("EMSCS") and Offshore Augmentation ("OA") with the professional consulting and technical services available for Malaysia and international markets. With key enterprise customers such as Accountant General, Ministry of Finance Malaysia and Inland Revenue Board ("IRB") of Malaysian Government, IAC aims to be one of the recognised Malaysia-based Global IT players in the region.

DNeX Solutions specialises in public sector IT Project Management and Infrastructure Consulting, emphasising the importance of aligning standard operating procedures in Planning, Developing, and Executing tailored project solutions for clients. Its service offerings encompass comprehensive Supply Management for IT hardware and solutions, including procurement, delivery, installation, testing, and commissioning nationwide in Malaysia. Moreover, DNeX Solutions extends maintenance services nationwide and offers online technical support, utilising the expertise of local professionals trained and supported by multinational suppliers and strategic partners.

SUBSEA TELCO SERVICES

Equipped with advanced technology and expertise coupled with integrated support services, the company offers turnkey solutions for the design, engineering, supply, installation, and repair maintenance of marine fibre optic and power cables.

Our range of services encompasses marine cable installation and maintenance and end-to-end solutions to a wide variety of markets and industries, including telecommunications, oil and gas, renewable energy, power and scientific research.

CORPORATE MILESTONES

1970

Inception

Founded as TIME Engineering Sdn Bhd to trade and distribute welding products.

1972

Electric Power Component Manufacturing

Manufacture and supply electrical switchgears, switchboards and transformers.

1981

System Integration

Established footing in ICT with core offering to supply hardware and provide services to the government sector.

1983

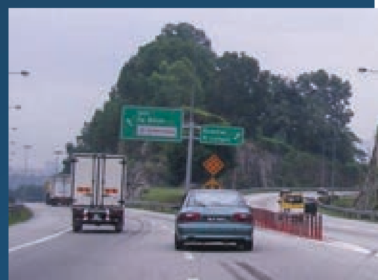
Public Listed Company

Listed on the Main Board of Bursa Malaysia Securities Berhad and renamed as TIME Engineering Berhad.

1989

Toll Road Development

- Pioneered solutions for the design and construction of Malaysia's first major toll roads.
- Provided Malaysia's first comprehensive toll gate solutions and services for both the North South Expressway and the New Klang Valley Expressway, as well as the Malaysia-Singapore Second Crossing.
- Introduced the high-tech Intelligent Traffic System, engineered for efficient expressway management.



1994

Fibre Optic Telecommunications

Rolled out Malaysia's first fully digital fibre optic telecommunications network.

1995

SMK-Dagang Net

Designed and developed the first direct interface for Sistem Maklumat Kastam through pioneering efforts to enhance the use of eGovernment services, smartcards, and electronic fund transfers for the Port Klang trading and logistics community.

Toll System

Developed the first local toll system in Malaysia.

1996
Subsea Engineering
- Introduced Malaysia's first Remotely Operated Vehicle and Cable Joining System.
- Also installed the Malaysia-Thailand-East submarine fibre optic cable link for the Telecommunications Organisation of Thailand.

1997
Railways & LRT
Provided trackwork solutions for PUTRA LRT and advised on rail infrastructure for the KL Sentral Station in Brickfields.

Sabah IPP
Became first Independent Power Producer in Sabah that became (at the time) the largest power supplier in the state's electricity board.

1998
TIME Highway Radio
Launched Malaysia's first private radio station & THR Ford Transport Mobile, the first outdoor broadcasting vehicle designed to engage the public for opinions and concerns on current issues.

2003
PPSMI
Appointed by the Government of Malaysia to supply multimedia teaching equipment and hardware for the nationwide implementation of Teaching and Learning of Mathematics and Science in English initiative ("PPSMI").

2004
B2G eServices
Appointed by the Government of Malaysia to operate the electronic customs declaration value-added network and electronic permits for other government agencies.

2005
Islamic Capital Market
The first rated Sukuk Musharakah in the world through the Issuance of Asset-Backed Sukuk Musharakah Programme with nominal value of up to RM2 billion.

2009
National Single Window
Exclusively appointed to design, develop, operate and maintain Malaysia's National Single Window.

2013
B2G eServices
Developed and operated the Information System of Dangerous Goods and Free Zone for Port Klang Authority.

CORPORATE MILESTONES

2014

Rebranding to DNeX
A new corporate brand identity to welcome new expansive business direction.

National Single Window
Retained as exclusive operator of Malaysia's National Single Window for Trade Facilitation.

DNeX Energy
Established a diversified business arm to focus on oil & gas services and power generation.

2015

myCargo2U®
Launched myCargo2U®, Malaysia's first all-in-one solution for Cargo and Trade Management.

Pan Asia Exchange
Groundbreaking collaboration with the Pan Asian Alliance to connect 340,000 suppliers in Asia with global buyers.

Directional Drilling
First Malaysian service provider for sub-surface directional drilling work.

Bangladesh IPP
Developed a small power plant in Bangladesh that is set to serve the local community.

2016

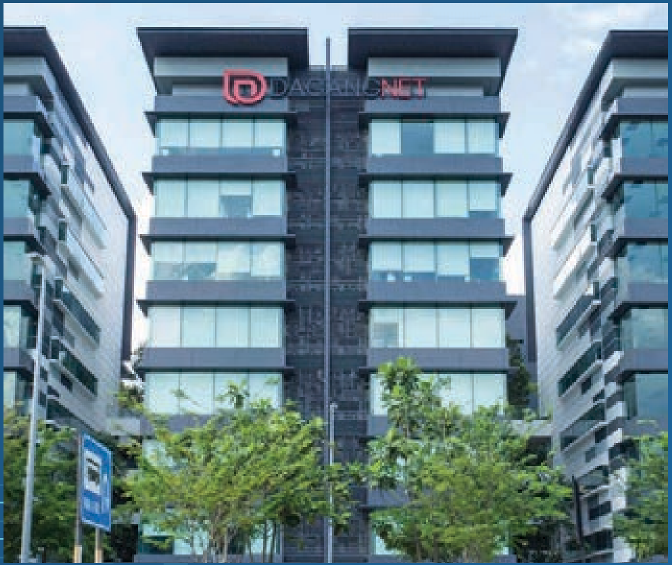
Ping Acquisition
Marked DNeX's entry into the upstream oil & gas segment with its acquisition of 30 per cent interest in Ping Petroleum Limited ("Ping") for the producing Anasuria Cluster in the North Sea.

OGPC Group Acquisition
Acquired a leading provider of equipment, maintenance and services for oil and gas, petrochemical, power, and general industries.

Vehicle Entry Permit ("VEP") and Road Charges ("RC") System Project
Awarded a total subcontract to pioneer the development, operation, and management of the VEP and RC System for 5 years.

2017

SealNet
Launched as 1Trade™, SealNet is a B2B web-based application that simplifies cargo and trade management processes via a one-stop portal.



2018

Genaxis-IAC Acquisition
Acquired Innovation Associates Consulting Sdn Bhd ("IAC") through Genaxis Group Sdn Bhd. IAC was earlier contracted by the Government of Malaysia to implement an accrual accounting shared system - the Government Financial and Management Accounting System ("iGFMAS").

Dagang Net Digital Platform ("DNDP")
Launched DNDP, a unified business platform converging Trade Facilitation & Supply Chain, Global Halal Services, and Financial Technology digital offerings.

EC-Council Global Services
Licensed by world class EC-Council Global Services to provide its standard of cyber security consultancy and advisory services in Malaysia.

2019

Regional Network
Established its regional footprint through the opening of an office in Jakarta, offering eServices and IT Solutions to cater to the Indonesian market.

Automatic Tank Gauging ("ATG") system
Awarded contract to supply, install, test, commission and maintain ATG for some 200 PETRONAS stations worldwide.

2023

Local O&G Assets
Ping Petroleum Sdn Bhd signed Production Sharing Contracts ("PSCs") with PETRONAS for discovered oil and gas resources in Malaysia.

TradeSwift DAGANGNET
Dagang Net launched TradeSwift DAGANGNET, an all-in-one trade facilitation SuperApp designed to be a one-stop centre for all logistics and cross-border trade services.

SUSTAINABILITY @DNeX

Sustainability@DNeX
DNeX launched Sustainability@DNeX initiative to drive the Group's Sustainability Framework with a focus towards sustainable development by balancing profitable growth with environmental and social responsibilities while institutionalising good governance.

2020

Collaboration with MARii
Dagang Net Technologies Sdn Bhd collaborated with Malaysia Automotive Robotics and IoT Institute ("MARii") to jointly develop and operate a Web-based information system for used vehicles.

2021

Ping Acquisition
Completed acquisition of additional 60 per cent stake in Ping, expanding its holding to 90 per cent.

SilTerra Acquisition
Acquired 60 per cent stake in SilTerra Malaysia Sdn Bhd ("SilTerra"), a global semiconductor foundry.

Avalon Oilfield Acquisition
Ping acquired the remaining 50 per cent stake in UK North Sea Block 21/6b, License P.2006, containing the Avalon Oil Development.

New Technology for Automotive Application ICs
SilTerra unveiled a new technology, 180nm Bipolar-CMOS-DMOS ("BCD") automotive grade process technology, for automotive application integrated circuits ("ICs") or chips used in vehicles.

2022

New Manufacturing Technology
SilTerra introduced C-SOI®-based technology for MEMS and Photonics devices.

Progress in Avalon Development
Ping obtains "No Objection" on Concept Select for Avalon Development, the company's green field asset.

OUR APPROACH TO VALUE CREATION

ASSESSING OUR CONTEXT

EVALUATING OUR BUSINESS LANDSCAPE

We continuously monitor our operating environment across the geopolitical, macroeconomic and industry dimensions to identify and analyse key trends and factors that may affect our business.

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ENGAGING WITH OUR STAKEHOLDERS

We engage with our stakeholders to understand their evolving needs and communicate our business priorities. Aided by transparent, two-way communication, we can develop strategies and approaches that deliver sustainable, shared value.

Key Stakeholders:

- Employees
- Business Partners and Suppliers
- Customers
- Media
- Shareholders and Investment Community
- Society and Communities
- Government and Regulators

40 See page

IDENTIFYING KEY RISKS & OPPORTUNITIES

Using our key trends as a basis, we identify specific risks and opportunities that are relevant to our business. All risks are subjected to our comprehensive risk management processes, which aim to mitigate potential negative impacts.

Key Risks:

- Global Geopolitical Stability
- Human Capital Attraction & Retention
- Availability of Financial Resources
- Environmental, Social and Governance
- Cybersecurity & Data Privacy

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IDENTIFYING & PRIORITISING OUR MATERIAL ISSUES

IDENTIFYING OUR MATERIAL MATTERS

Our material matters are defined as the issues that may over the short, medium or long term impact our ability to create value and achieve our strategic objectives.

To proactively identify these issues, we undertake detailed materiality assessments on a regular basis, within which we canvass the feedback of our internal and external stakeholders on shortlisted issues. This leads to the creation of a finalised list of material matters, as detailed below.

- M1 GHG Emissions
- M2 Energy Management
- M3 Resource Management
- M4 Ecological Impact
- M5 Workforce Management
- M6 Employee Health & Safety
- M7 Product Quality & Safety
- M8 Community Relations
- M9 Business Ethics
- M10 Business Model Resilience
- M11 Data Privacy & Security
- M12 Supply Chain Management

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DEVELOPING AND IMPLEMENTING STRATEGIES

FORMULATING BUSINESS STRATEGIES

Our five key strategic thrusts define the transformations that need to take place for us to become leaders in our three business sectors.

Informed by our material matters, risks and stakeholder inputs, we develop strategies that deliver against these thrusts, advancing us against our long-term objectives.

Key Strategic Thrusts:

- Portfolio Diversification
- Financial Prudence
- Human Capital Development
- Customer Centricity
- Governance and Excellence

ALLOCATING OUR CAPITALS

We utilise the "Six Capitals" framework when formulating our strategies. Doing so empowers us to maximise our existing resources and drive efficiencies.

Our Capitals:

- Financial Capital
- Intellectual Capital
- Human Capital
- Manufactured Capital
- Social and Relationship Capital
- Natural Capital

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BUSINESS MODEL

We seek to actively manage our activities and their impacts to ensure we enhance the positive and minimise the negative outcomes of our business model, thereby generating and sustaining value for all our stakeholders.

Business Activities

- TECHNOLOGY
- ENERGY
- INFORMATION TECHNOLOGY
- TRADE FACILITATION
- TECHNOLOGY CONSULTING AND SYSTEM INTEGRATION
- SUBSEA TELCO SERVICES

CREATING VALUE

Ultimately, we aim to create long-term, shared value through our business activities, with our performance tracked by Key Performance Indicators ("KPIs") that are aligned with our strategies and key strategic thrusts.

VALUE, FOR US, ENTAILS:

- Meeting stakeholder goals
- Providing sustained growth in total returns for investors and funders
- Being a preferred business partner for vendors and suppliers
- Being recognised as a responsible community partner

EMBEDDING ESG ACROSS OUR BUSINESS

Our business activities, strategies and thinking are underscored by deep consideration of our impacts on people, communities, the national economy and the environment. By embedding ESG within our operations, we strive to build our business and further our reputation as a responsible organisation, holistically.

OUR VALUE CREATING BUSINESS MODEL

VISION To be a leading multinational corporation that is trusted for its world-class services and expertise.

OUR CAPITALS ... ENABLE VALUE-ADDING ACTIVITIES THAT CREATE . . .

Inputs

FINANCIAL CAPITAL

- Share Capital: **RM1,017.40 million**
- Total Assets: **RM4,641.89 million**
- Shareholders' Equity: **RM1,769.64 million**
- Total Borrowings: **RM297.40 million**

INTELLECTUAL CAPITAL

- Investment in R&D and emerging technologies
- Deep experience in low cost oil and gas production
- Leading provider of IT and Trade Facilitation solutions

HUMAN CAPITAL

- An experienced and diverse Leadership Team and a strong Board
- An Innovative, Driven, Customer Centric, High Performance and Ethical Culture
- Strong in Compliance and Governance

MANUFACTURED CAPITAL

- Market-Leading Innovative digital products, services and client value propositions
- Omni-Channel Technology allowing seamless and multiple customer touch points

SOCIAL & RELATIONSHIP CAPITAL

- Responsible Procurement from diverse supply chain with a focus on localisation
- Focused and committed corporate social investment
- Constructive Engagement with Government and regulators

NATURAL CAPITAL

- Utilisation of natural resources including water, energy, and other resources efficiently in operations

STRATEGIC PRIORITIES

- Portfolio Diversification
- Financial Prudence
- Human Capital Development
- Customer Centricity
- Governance and Excellence

MATERIAL MATTERS

M1 GHG Emissions	M7 Product Quality & Safety
M2 Energy Management	M8 Community Relations
M3 Resource Management	M9 Business Ethics
M4 Ecological Impact	M10 Business Model Resilience
M5 Workforce Management	M11 Data Privacy & Security
M6 Employee Health & Safety	M12 Supply Chain Management

MARKET TRENDS

Digitalisation	Macroeconomic and Geopolitical Uncertainty
Talent Crunch	Decarbonisation

SUSTAINABILITY PILLARS

ECONOMIC: Ensuring business sustainability

ENVIRONMENT: Ensuring no harm to our people and environment

SOCIAL: Nurturing people and developing talent

BUSINESS ACTIVITIES

TECHNOLOGY
- Semiconductor

INFORMATION TECHNOLOGY
- Trade Facilitation
- Technology Consulting and System Integration
- Subsea

SUPPORTED BY ROBUST GOVERNANCE FRAMEWORK
Corporate Governance and Business Ethics Risk and Crisis Management

MISSION

We are vibrant talents who are committed to deliver business innovation that creates value for stakeholders.

OUR VALUES

DRIVEN

ADAPTABLE

RESPONSIBLE

ETHICAL

...VALUE FOR OUR STAKEHOLDERS.

Outputs

TECHNOLOGY

- Investing in emerging technologies such as MEMS and Silicon Photonics

ENERGY

- Upstream Exploration & Production
- Equipment Supply and Maintenance

ENERGY

- Lifted volume 1,126,479 bbls

INFORMATION TECHNOLOGY

- Exchange of Trade Data Electronically
- Digitalisation of Customer Processes

Outcomes | Stakeholders | UN SDGs | Trade-Offs

FINANCIAL CAPITAL

- ◆ Net Asset Per Share: RM0.69 (2022 : RM0.74)
- ◆ Share Price: RM0.400 (2022 : RM0.790)
- ◆ Retained Earnings: RM643.86 million (2022 : RM763.09 million)
- ◆ Total Assets: RM4,641.89 million (2022 : RM4,625.63 million)

UN SDGs: 8, 12, 16

Trade-Offs: Our ongoing expansion efforts will place pressure on our Financial Capital through capex spending but will empower long-term gains to our Manufactured and Social & Relationship Capitals.

INTELLECTUAL CAPITAL

- ◆ Advancement into advanced technology domains including Silicon Photonics, Biophotonics, Micro-electromechanical System ("MEMS") on CMOS, Galium Nitride ("GaN") BCD, and Discrete Power - sometimes known as "More-Than-Moore" technologies
- ◆ Progress in the development of Avalon greenfield assets
- ◆ Expansion of the existing trade ecosystem through new services such as eCert and Non-Preferential Certificate of Origin

UN SDGs: 8, 10

Trade-Offs: We are actively expanding our existing IT capabilities into new sectors, leveraging our Human Capital and driving gains in Intellectual Capital that will serve our long-term transformation objectives.

HUMAN CAPITAL

- ◆ Cash Payments to Employees & Other Expenses: RM260.42 million (2022: RM223.24 million)

UN SDGs: 3, 10, 8

Trade-Offs: The strength of our Human Capital depends on our ability to attract and retain top talent, which is affected by our financial strength (Financial Capital), the opportunities we can provide in global sectors and markets (Intellectual Capital) and our leadership in ESG (Natural Capital).

MANUFACTURED CAPITAL

- ◆ Investment in IT infrastructure: RM9.06 million (2022: RM1.72 million)
- ◆ Capital Expenditure: RM809.18 million (2022: RM270.43 million)

UN SDGs: 12

Trade-Offs: We operate in fast-evolving markets, and retaining the competitiveness of our manufacturing and technological capabilities will require consistent financial investment (Financial Capital) and employee upskilling (Human Capital).

SOCIAL & RELATIONSHIP CAPITAL

- ◆ Direct and Indirect Tax and Zakat Contributions: RM90.45 million (2022: RM47.68 million)
- ◆ Paid to Suppliers/Vendors: RM1,062.40 million (2022: RM811.15 million)

UN SDGs: 4, 11, 17

Trade-Offs: Through our commitment to and action on community development and environmental protection, we strive to burnish our reputation as a responsible organisation, opening the door to global growth opportunities that enhance our Financial Capital.

NATURAL CAPITAL

- ◆ Established the baseline of the Group's Scope 1 and Scope 2 GHG emissions

UN SDGs: 6, 7, 13

Trade-Offs: Achieving our sustainability goals will require consistent, focused efforts in upskilling our workforce (Human Capital), decarbonising our production processes (Natural Capital) and building our network of strategic partnerships (Social & Relationship Capital).

◆ Value creation ◆ Value preservation ◆ Value erosion

Note: The Company had changed its financial period end from 30 June to 31 December. Consequently, the comparative figures for the statements of profit or loss and other comprehensive income, statements of changes in equity, statements of cash flows and their related notes are not comparable to that for the current 18-month period ended 31 December 2023.

STAKEHOLDER ENGAGEMENT

We engage with our stakeholders through relevant platforms to gain an understanding of their needs and their stance on key issues. The insights we gain from these engagements form a key component of the entire value creation process, informing the material matters we identify and strategies we develop.

EMPLOYEES

Why We Engage

By engaging with our employees, we can foster a greater sense of belonging at work. This leads to increased productivity, higher levels of innovation, improved morale, and ultimately, better business performance.

How We Engage

- Internal communications and meetings R
- Townhall meetings Q
- Employee engagement programmes R
- Employee feedback surveys R
- Training, learning and development sessions R
- Performance management reviews A

Key Concerns

- Employee benefits and compensation
- Employee engagement and satisfaction
- Work-life balance
- Labour practices and workplace conditions
- Employee development and training
- Health and wellness programmes
- Strategic direction and business growth
- Business ethics and governance
- Diversity and inclusion

Our Response

- Attracting and retaining top talent through fair and competitive compensation packages
- Investing in skills and competency improvement training and development programmes
- Establishing and maintaining platforms for feedback, alongside a structured grievance mechanism and whistleblowing channel
- Complying with relevant health and safety regulations and implementing safety protocols
- Supporting employee health and wellness

How We Measure Value

- Attendance for training and development programmes
- New hires and turnover rate
- Workforce diversity, equity and inclusion
- Employee engagement metrics
- Number of hours volunteered for CSR activities

Quality of Engagement

★★★★★

Material Matters:

M5 M6 M9 M10

Capitals:

UN SDGs:

QUALITY OF ENGAGEMENT

No existing relationship	☆☆☆☆☆
Relationship established, but much work to be done to improve quality of relationship	★★☆☆☆
Relationship established, value-generating connection, but with some room for improvement	★★★☆☆
Good-quality, mutually beneficial relationship, with some room for improvement	★★★★☆
Strong relationship of mutual benefit	★★★★★

FREQUENCY OF ENGAGEMENT

- R Regularly
- Q Quarterly
- A Annually
- AWR As and When Required

CUSTOMERS

Why We Engage

By engaging with our customers, we strive to strengthen their understanding of our products, solutions and strategies. This builds loyalty, drives repeat business and empowers us to attain our long-term value creation goals.

How We Engage

- Customer feedback surveys A
- Customer support channels (e.g. our careline, mobile app and live chat) R
- DNeXPost newsletters R
- Business meetings R

Key Concerns

- Product and service quality
- Customer service and support
- Data privacy and security
- Ethical and sustainable practices
- Innovation and product development
- Operational efficiency
- Business resilience

Our Response

- Maintaining dedicated support channels and customer feedback mechanisms
- Consistently enhancing our operational processes, especially in service and product delivery
- Introducing quality control measures and rigorous testing processes to ensure the safety and reliability of products and services
- Investing in research and development to drive product innovation and meet evolving customer needs
- Instituting encryption protocols and data protection policies
- Providing regular updates on our latest business developments

How We Measure Value

- Customer satisfaction scores achieved during annual surveys
- Obtaining feedback from customers
- Tracking customer complaints
- Number of returning customers

Quality of Engagement

★★★★☆

Material Matters:

M7 M9 M10 M11 M12

Capitals:

UN SDGs:

STAKEHOLDER ENGAGEMENT

GOVERNMENTS & REGULATORS

Why We Engage

By engaging with governments and regulators, we can reduce compliance-related risks and create the conditions for us to contribute more meaningfully to national development and sustainability goals and blueprints.

How We Engage

- Business meetings R
- Performance reports and disclosures AWR
- Periodic events AWR

Key Concerns

- Regulatory compliance
- Environmental stewardship
- Corporate Social Responsibility ("CSR") activities
- Contribution to national economy through taxes paid, jobs created and more
- Development of solutions that benefit the nation

Our Response

- Investing in the Malaysian IT, technology and energy landscape
- Championing sustainable practices across our business divisions
- Enhancing our Sustainability Framework to bolster our ESG stewardship
- Closely monitoring our processes to maintain ongoing regulatory compliance

How We Measure Value

- Conformance and compliance with regulatory expectations
- Taxes and zakat paid
- Reports submitted to Bank Negara Malaysia

Quality of Engagement

Material Matters:

M1 M4 M5 M6 M8 M9 M10

Capitals:

UN SDGs:

SHAREHOLDERS & INVESTMENT COMMUNITY

Why We Engage

By engaging with our shareholders and the investment community, we gain insights into the factors that influence their investment decisions, enabling us to develop strategies and approaches that drive their continued satisfaction and support. Through regular engagement, we also further our reputation as a transparent and responsible organisation.

How We Engage

- Performance reports and disclosures R
- Announcements on Bursa Malaysia, including financial results AWR
- Annual General Meetings ("AGMs") A
- Analyst briefing sessions Q
- Investor relations engagements AWR
- DNeX website R
- Integrated report A

Key Concerns

- Financial performance
- Strategic direction and business growth
- Environmental stewardship
- CSR activities

Our Response

- Delivering precise and prompt reports on our financial performance
- Implementing robust corporate governance practices
- Enhancing our Sustainability Framework to bolster our ESG stewardship

How We Measure Value

- Key annual financial guidance
- Dividend Pay-out (%)
- ROE (%)
- Total investment (RM)

Quality of Engagement

★★★☆☆

Link to:

Material Matters:

M9 M10

Capitals:

UN SDGs:

STAKEHOLDER ENGAGEMENT

BUSINESS PARTNERS & SUPPLIERS

Why We Engage

By engaging meaningfully with our business partners and suppliers, we can ensure that our standards are upheld and that we are meeting their needs in turn, thus fostering mutually beneficial, long-term relationships.

How We Engage

- Business meetings R
- Periodic events AWR
- Supplier assessments A
- Supplier registrations AWR

Key Concerns

- Regulatory compliance
- High quality goods and services
- Product innovation
- Business resilience
- Business ethics and governance
- Stance on discrimination
- Opportunities for collaboration
- User-friendliness of the e-procurement system
- Procurement guidelines, including sustainable practices

Our Response

- Implementing robust corporate governance practices across the Group
- Collaborating with industry peers to create more effective and impactful solutions
- Maintaining a whistleblowing channel for confidential reporting of concerns
- Clearly discussing concerns and communicating expectations through regular meetings
- Enhancing our operational processes, especially in service and product delivery
- Undertaking regular supplier performance reviews

How We Measure Value

- Supplier performance review

Quality of Engagement

★★★☆☆

Material Matters:

M7 M9 M10 M11 M12

Capitals:

UN SDGs:

MEDIA

Why We Engage

By engaging with the media, we can ensure that information on Group developments is conveyed to our stakeholders in a timely and accurate manner. Strong media relations also empower us to minimise adverse effects from any crises that occur.

How We Engage

- Media releases AWR
- Media conferences AWR
- Media interviews AWR

Key Concerns

- Strategic direction and business growth
- Financial performance
- Product innovation
- Environmental stewardship
- CSR activities
- Business ethics and compliance
- Senior appointments

Our Response

- Ensuring the provision of accurate and timely information on our business developments
- Promptly addressing media inquiries
- Regularly engaging with media outlets through one-on-one interviews, company features and other article formats
- Enhancing communication and disclosures on our website to facilitate information dissemination
- Disclosing results and information in a transparent manner

How We Measure Value

- Frequency of media releases per communication platform

Quality of Engagement

Material Matters: M4 M8 M9 M10

Capitals:

UN SDGs:

SOCIETY & COMMUNITIES

Why We Engage

By engaging transparently with local communities, we can build greater trust in our organisation, address concerns related to our activities and, ultimately, develop approaches that drive sustainable socioeconomic development alongside the growth of our business.

How We Engage

- CSR programmes AWR
- Sponsorships and donations AWR
- Social media postings R

Key Concerns

- Environmental stewardship
- CSR activities
- Community welfare and well-being
- Job opportunities

Our Response

- Investing consistently in impactful CSR initiatives that drive long-term community development
- Offering sponsorships and/or donations to local institutions and NGOs
- Prioritising local communities when sourcing for employees and suppliers
- Enhancing our Sustainability Framework to enhance ESG stewardship

How We Measure Value

- CSR investment disbursed (RM)
- Employee volunteer hours
- Zakat wakalah disbursed (RM)

Quality of Engagement

Material Matters: M3 M4 M5 M8 M9

Capitals:

UN SDGs:

VALUE WE CREATE

To succeed over the long term, our actions must not only serve our immediate business objectives but also benefit our stakeholders.

Recognising this, we holistically consider what value represents to each of our stakeholder groups and identify key risks and opportunities that may arise from our relationships with them. This analysis informs our approach to strategy development, empowering us to create shared value and remain firmly on track against our transformation goals.

EMPLOYEES

VALUE FOR US

- Increased productivity and innovation through a skilled and motivated workforce
- Enhanced reputation and brand image as an employer of choice, attracting top talent
- Long-term growth and sustainability through a pipeline of future-ready talent
- Reduced turnover and associated costs by retaining talented employees

VALUE FOR THEM

- Competitive remuneration and benefits
- Work-life balance and employee well-being as a result of a supportive work environment
- Opportunities for learning, development and career advancement
- High level of job security
- Ability to address social and environmental issues through their work

RISKS

- Difficulty in attracting and retaining highly skilled talent
- Excessive workloads and insufficient support systems for employee growth
- Economic downturns or company restructuring efforts
- Challenges in adapting to meet the needs of younger talent
- Hazards and potential accidents or injuries in the workplace
- Incidents of workplace discrimination, corruption or other unethical practices

OPPORTUNITIES

- Investing in competitive compensation and benefits packages to attract and retain top talent
- Providing opportunities for ongoing training and professional development to upskill and retain employees
- Spearheading efforts to reduce workloads, improve support systems and enhance overall job satisfaction
- Proactively monitoring economic trends and market conditions to anticipate and mitigate the impact of economic downturns
- Offering mentorship and career development programmes to support the growth and advancement of younger talent
- Implementing robust health and safety protocols to prevent workplace accidents and injuries
- Establishing clear channels for reporting and addressing unethical behaviour to uphold ethical standards and maintain trust

BUSINESS INITIATIVES

- Frequent engagement programmes and platforms
- Robust learning and development framework
- Providing CSR volunteerism opportunities

VALUE CREATION INDICATORS & HIGHLIGHTS

- Attendance for training and development programmes
- New hires and turnover rate
- Workforce diversity, equity and inclusion
- Employee engagement metrics
- Number of hours volunteered for CSR activities

Material Matters	Capitals	UN SDGs
M5 M6 M9 M10		3 4 5 8 10 16 17

CUSTOMERS

VALUE FOR US

- Revenue generation from sales of products or services
- Long-term profitability due to customer loyalty and repeat business
- Valuable feedback and insights which drive product/service improvements and innovation

VALUE FOR THEM

- High-quality products or services that meet their needs and expectations
- Competitive pricing that offers good value for money
- Convenience and accessibility in terms of purchasing options and delivery methods
- Excellent customer service and support to address their concerns and queries
- Innovation and customisation options that enhance their experience
- Rigorous, industry-leading cybersecurity and data privacy measures

RISKS

- Competition from other companies offering similar products or services
- Damaged brand reputation due to negative reviews
- Incidents of workplace discrimination, corruption or other unethical practices
- Infiltration of confidential business and customer data due to cybersecurity breaches

OPPORTUNITIES

- Building long-term relationships through customer loyalty and repeat business
- Innovating and improving our products/services based on customer feedback
- Utilising technology for operational and production efficiency, enhancing customer experience and satisfaction
- Establishing clear channels for reporting and addressing unethical behaviour to uphold ethical standards and maintain trust
- Implementing robust data privacy measures to strengthen customer trust and loyalty

BUSINESS INITIATIVES

- Dedicated support channels and feedback mechanisms
- Quality control processes to ensure the safety and reliability of products and services
- Constant innovation to address evolving needs
- Data protection policies and protocols

VALUE CREATION INDICATORS & HIGHLIGHTS

- Customer satisfaction scores
- Feedback and complaints
- Customer retention rate

Material Matters	Capitals	UN SDGs
M7 M9 M10 M11 M12		

VALUE WE CREATE

GOVERNMENTS & REGULATORS

VALUE FOR US

- Reduced legal risks and potential penalties due to compliance with relevant laws and regulations
- Influence on regulatory decisions and policies that affect the industry or market
- Access to government contracts, enhancing our reputation and ensuring a steady revenue stream

VALUE FOR THEM

- Support of national agendas and development plans through alignment with government priorities, such as economic development, sustainability and social welfare
- Contribution to national economies through taxes, foreign currency receipts and job creation
- Compliance with laws and regulations to protect public interests and maintain order in the marketplace
- Access to information and insights from companies to inform policy-making and regulatory decisions

RISKS

- Fines, penalties or legal actions due to non-compliance with laws and regulations
- Any change in the government of Malaysia, potentially resulting in the loss of government contracts
- Inability to obtain necessary permits or approvals for business activities due to changes in foreign government policies, hindering our performance
- Regulatory scrutiny or investigations into our practices, which may damage our reputation and credibility

OPPORTUNITIES

- Utilising our diverse industry presence to contribute to shaping Malaysia's national development blueprint
- Leveraging our Information Technology ("IT") capabilities to secure additional government contracts and propel Malaysia's digital transformation agenda
- Enhancing Malaysia's global positioning in expanding industries like semiconductor manufacturing
- Emerging as a frontrunner in ESG practices within our respective industries
- Strengthening our transparency and accountability measures in response to regulatory inquiries

BUSINESS INITIATIVES

- Alignment of strategies with support for national industry sectors
- Sustainable practices and ESG stewardship
- Compliance with regulations

VALUE CREATION INDICATORS & HIGHLIGHTS

- Regulatory compliance track record
- Taxes and zakat paid
- Reports submitted to Bank Negara Malaysia

Material Matters

M1 M4 M5 M6 M8 M9 M10

Capitals

UN SDGs

SHAREHOLDERS & INVESTMENT COMMUNITY

VALUE FOR US

- Access to capital for investment in growth opportunities, expansion and innovation
- Potential for long-term partnerships and strategic collaborations with investment banks and research houses
- Increased visibility and credibility in the financial markets, attracting potential investors and partners
- Recognition and support for our sustainable business practices and ESG initiatives, enhancing our reputation and brand value

VALUE FOR THEM

- Potential for capital appreciation through increases in our share price
- Dividend payments, providing income to shareholders
- Influence on company decisions through voting rights at shareholder meetings
- Access to financial information and performance updates to make informed investment decisions

RISKS

- Disruptions to our business caused by geopolitical, economic or environmental factors or non-compliance with environmental regulations
- Share price volatility due to market fluctuations or changes in investor sentiment
- Loss of investor confidence resulting from poor financial performance or corporate governance issues
- Incidents of workplace discrimination, corruption or other unethical practices

OPPORTUNITIES

- Developing robust risk management strategies to enhance business resilience
- Implementing sustainable practices to improve our corporate reputation and attract environmentally conscious investors
- Introducing enhanced investor relations methods, such as site visits, to foster greater transparency and trust
- Strengthening our thought leadership by participating in industry-level and investor conferences
- Leveraging technological advancements to improve operational efficiency and competitiveness
- Utilising our transformation plan to broaden our presence within current industries and explore new sectors
- Establishing clear channels for reporting and addressing unethical behaviour to uphold ethical standards and maintain trust

BUSINESS INITIATIVES

- Precise and prompt financial performance reports
- Robust corporate governance
- Sustainable practices and ESG stewardship

VALUE CREATION INDICATORS & HIGHLIGHTS

- Key annual financial guidance
- Dividend Pay-out (%)
- ROE (%)
- Total investment (RM)

Material Matters	Capitals	UN SDGs
M9 M10		

VALUE WE CREATE

BUSINESS PARTNERS & SUPPLIERS

VALUE FOR US

- Innovation and new ideas for our products and services through collaborative relationships
- Consistent supply of high-quality inputs to maintain the integrity and reliability of our offerings
- Opportunities to enter new markets or access innovative technologies through mutually beneficial partnerships
- Collaboration and support in achieving shared sustainability goals and responsible business practices

VALUE FOR THEM

- Long-term partnerships and collaboration opportunities, leading to shared growth and success
- Timely payments and fair compensation for goods or services provided
- Clear communication and transparency in business dealings, fostering trust and loyalty
- Opportunities for networking and access to new markets or customers through collaboration with us

RISKS

- Volatility in commodity prices or currency fluctuations, affecting input costs and profit margins
- Supply chain disruptions due to natural disasters, geopolitical events or economic downturns, impacting our production and delivery schedules
- Reputation damage due to incidents of non-compliance with ethical or environmental standards, leading to the loss of trust and business opportunities

OPPORTUNITIES

- Improving operational efficiency through continuous improvement initiatives, reducing costs and enhancing competitiveness in the market
- Forming strategic partnerships or alliances with companies to gain access to new markets, technologies or distribution channels
- Adopting sustainable business practices to meet increasing consumer and regulatory demands for environmentally friendly products and services
- Establishing clear channels for reporting and addressing unethical behaviour to uphold ethical standards and maintain trust

BUSINESS INITIATIVES

- Robust corporate governance
- Collaboration with industry peers
- Frequent communication and provision of whistleblowing channel
- Sustainable practices and ESG stewardship
- Process enhancements
- Regular supplier reviews

VALUE CREATION INDICATORS & HIGHLIGHTS

- Supplier performance review

Material Matters	Capitals	UN SDGs
M7 M9 M10 M11 M12		

MEDIA

VALUE FOR US

- Exposure to target audiences through news coverage and feature articles, raising brand awareness and visibility
- Opportunities for positive publicity and reputation management through favourable media coverage
- Platform for sharing corporate messages, announcements and updates with stakeholders and the public
- Access to valuable market insights and consumer trends via media reports and analyses

VALUE FOR THEM

- Opportunities for advertising revenue through sponsored content, commercials and partnerships
- Access to exclusive news stories, interviews and events, attracting readership
- Collaboration on content creation and distribution, expanding audience reach and engagement

RISKS

- Negative publicity or damaging news coverage that tarnishes our reputation and credibility
- Misinterpretation or misrepresentation of our messages or actions by media outlets, leading to public misunderstanding or backlash
- Increased scrutiny from regulators or authorities due to media attention, resulting in investigations or legal actions
- Loss of customer trust and loyalty due to negative media coverage, impacting our sales and revenue

OPPORTUNITIES

- Strategically partnering with media outlets to amplify brand messages and communicate our transformation roadmap, expansion plan and positive impact on national development
- Enhancing information disclosure through our website and social media to provide comprehensive insights
- Proactively addressing and rectifying negative perceptions or misconceptions through transparent communication and engagement with the media
- Implementing crisis communication strategies and providing media training to effectively manage and mitigate reputational risks during adverse media situations

BUSINESS INITIATIVES

- Accurate, transparent and timely updates on business developments
- Regular engagement through various platforms
- Convenient information access via website updates

VALUE CREATION INDICATORS & HIGHLIGHTS

- Frequency of media releases

Material Matters

M4 M8 M9 M10

Capitals

UN SDGs

VALUE WE CREATE

SOCIETY & COMMUNITIES

VALUE FOR US

- Access to skilled labour and talent pools from local communities
- Public trust and social licence to operate
- Production of socially responsible products and services
- Collaboration with community stakeholders and the government agencies to address social and environmental challenges

VALUE FOR THEM

- Stimulated economic growth and job creation through employment opportunities and business activities
- Social welfare initiatives, including community development, education and healthcare, to enhance quality of life
- Environmental sustainability through conservation projects and resource management to benefit local ecosystems and communities
- CSR initiatives, such as charitable donations, volunteerism and philanthropy, to address societal needs and enhance community well-being
- Support during challenging times, such as financial aid in the aftermath of natural disasters

RISKS

- Increased public scrutiny of our business practices, environmental impact and social responsibility efforts
- Negative perceptions or backlash from local communities can damage our reputation and brand image, leading to loss of trust and credibility
- Projects or initiatives that affect local communities may face resistance or opposition, resulting in delays, protests or legal disputes

OPPORTUNITIES

- Increasing the depth and frequency of engagements on pertinent projects to cultivate mutual understanding and backing
- Collaborating to develop solutions that tackle social or environmental challenges
- Elevating the employee journey and refining our rewards system to draw in more skilled talent from local communities to join our team

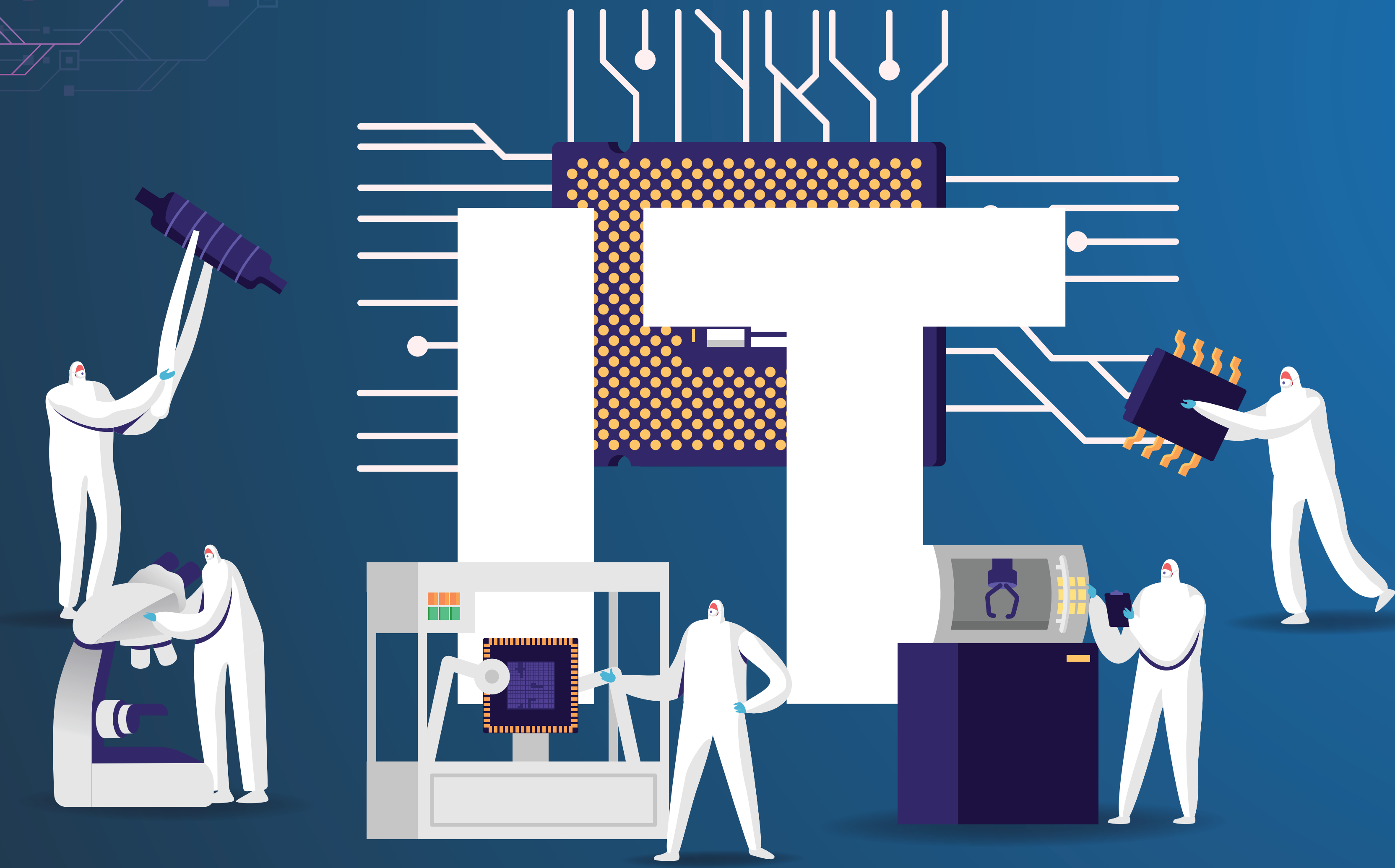
BUSINESS INITIATIVES

- Impactful CSR initiatives that drive long-term community development
- Sponsorships and/or donations to local institutions and NGOs
- Local prioritisation for employees and suppliers
- Sustainable practices and ESG stewardship

VALUE CREATION INDICATORS & HIGHLIGHTS

- CSR investment disbursed (RM)
- Employee volunteer hours
- Zakat wakalah disbursed (RM)

Material Matters	Capitals	UN SDGs
M3 M4 M5 M8 M9		



FUTURE PROOF YOUR BUSINESS IN THE DIGITAL AGE

Cost-efficient, secure, and effortless. Our expertise in digital innovation, equipped with the latest technological advancement, fuelling your business to operational excellence through trade facilitation, cloud-based logistics and cross border services, and technology consulting and system integration. Our solutions are tailor-made for you. Let's take your business to a whole new level

OUR MATERIAL MATTERS

MATERIALITY

Our sustainability agenda is guided by the principle of materiality, which dictates that our efforts should be aligned with key topics that are significant to our business and our stakeholders.

In FY2022, in line with our adoption of integrated reporting, we carried out our first materiality assessment. The assessment encompassed extensive consultations with internal and external stakeholders, and a benchmarking exercise covering our industry peers and relevant national commitments. The assessment followed the following five steps:

1 Identification

A comprehensive list of sustainability issues was compiled based on recognised standards such as the Sustainability Accounting Standards Board ("SASB"), Global Reporting Initiative ("GRI") and the United Nations' Sustainable Development Goals ("UN SDGs"). Following internal consultations, the list was refined to focus on issues that are most relevant and material to DNeX Group.

2 Mapping to Industry Peers

An internal team cross-referenced the identified sustainability issues with those of our industry peers. This process aimed to validate our selection decisions and uncover any additional material issues that should be considered.

3 Mapping to National Commitments

The identified sustainability issues were compared to Malaysia's national sustainability commitments to pinpoint additional considerations.

4 Prioritisation

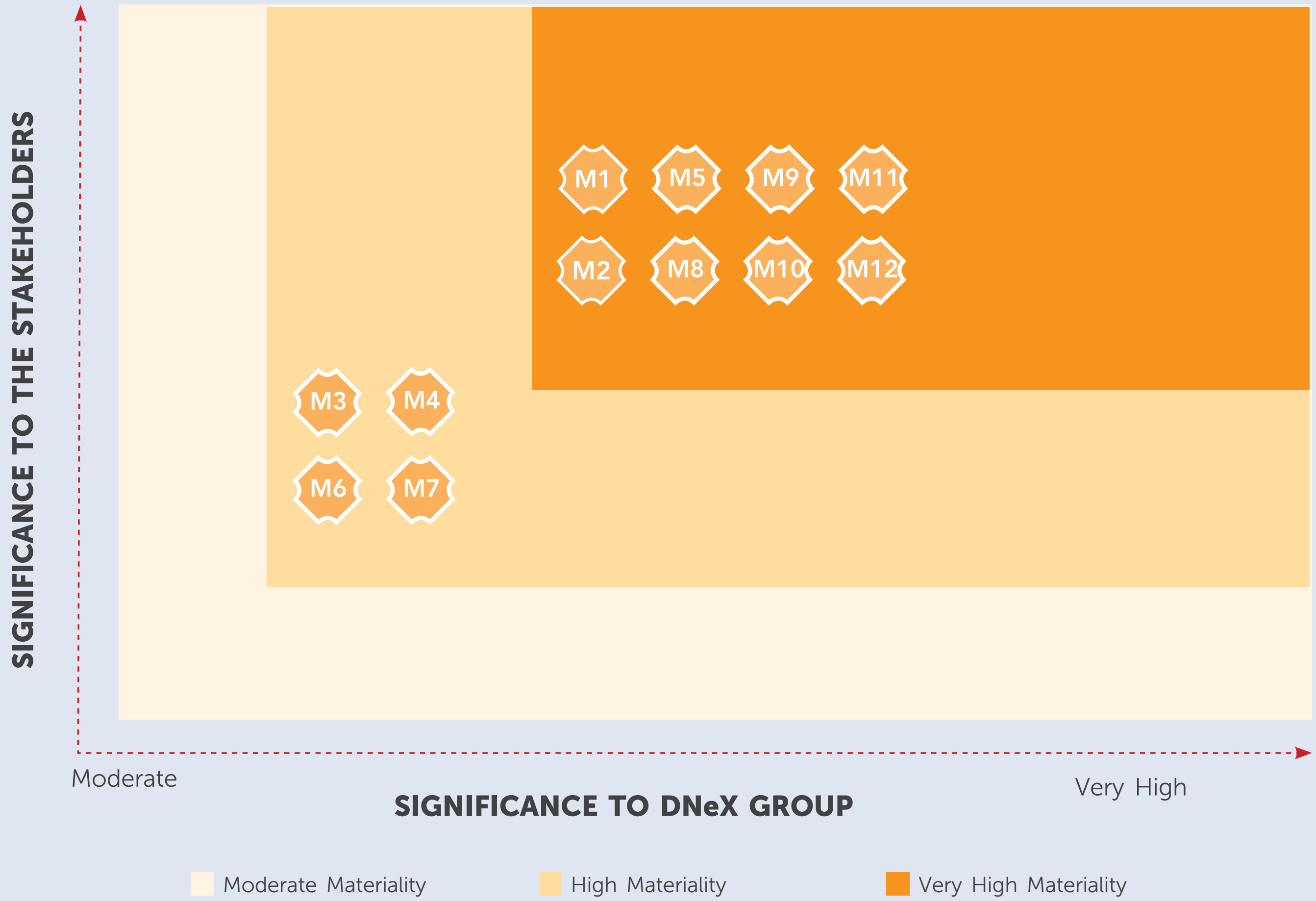
Based on the outcomes of the mapping exercises undertaken, internal stakeholders shortened the long list of sustainability issues into a final list of 12 sustainability matters deemed as most material to our Group-wide ESG impact.

5 Finalisation

The final list of sustainability matters was approved by the Board, thus serving as the foundation of our Sustainability Framework and our Group-wide sustainability initiatives and actions.

To ascertain the continued relevance of our existing sustainability matters, we undertook an internal materiality validation exercise in FY2023. As a result of this process, we concluded that each of the sustainability matters presented in our FY2022 Sustainability Statement remained material to DNeX Group.

These 12 sustainability matters, and their relative significance to DNeX Group and our stakeholders, are depicted in the materiality matrix below.



MATERIAL MATTERS

- M1 GHG Emissions
- M2 Energy Management
- M3 Resource Management
- M4 Ecological Impact
- M5 Workforce Management
- M6 Employee Health & Safety
- M7 Product Quality & Safety
- M8 Community Relations
- M9 Business Ethics
- M10 Business Model Resilience
- M11 Data Privacy & Security
- M12 Supply Chain Management

OPERATING ENVIRONMENT

By closely monitoring our operating environment, we acquire a deeper understanding of external factors that could affect our operations or financial performance. This enables us to adapt our strategies and approaches across all business segments, enhancing our sustainability and ensuring we remain well-positioned for long-term value creation.

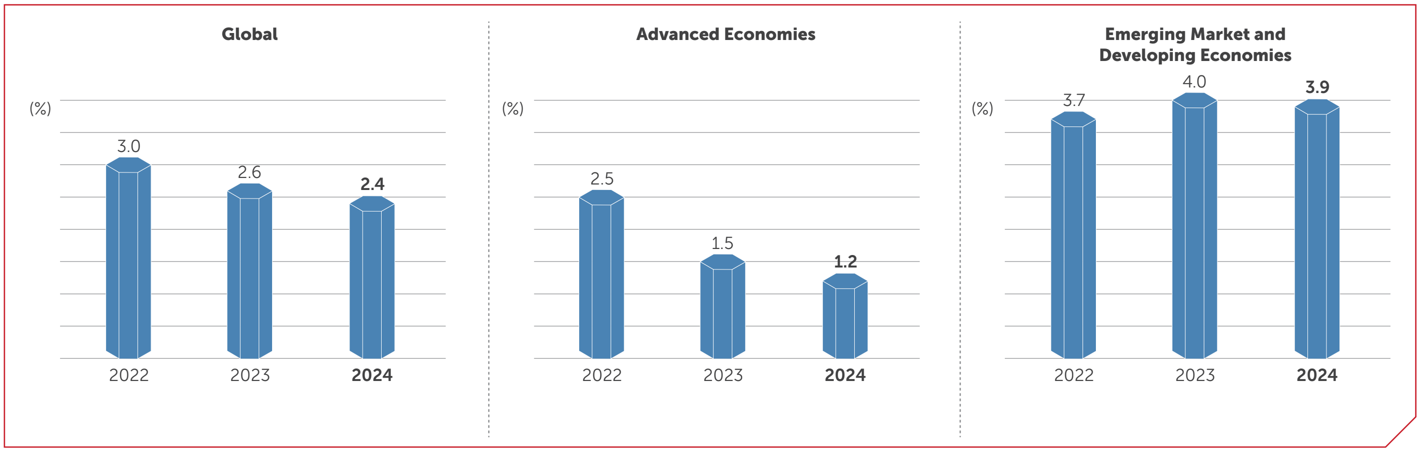
GLOBAL ECONOMY REMAINS UNCERTAIN

Ongoing tensions in the Middle East, alongside the persistent Russia-Ukraine conflict, continue to disrupt global energy supply chains and contribute to volatility in energy and raw material prices. These factors, combined with inflationary pressures, have subdued economic growth, with global growth slowing from 3.0% in 2022 to 2.6% in 2023, and a further decrease to 2.4% anticipated in 2024[1].

The impact of this deceleration is more pronounced in advanced economies, whereas emerging and developing market economies are expected to grow over three times faster in 2024 compared to their advanced counterparts.

Despite the challenges posed by a sluggish global economy, our proactive approach to diversifying our product portfolio and expanding our geographical presence will serve to reduce our exposure to market risks.

Global GDP Growth Rate (%)

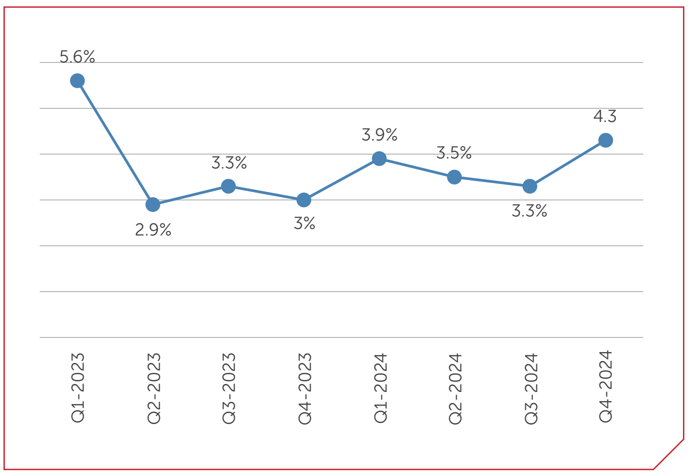


MALAYSIAN ECONOMY POISED FOR MODERATE GROWTH

Amidst a challenging environment, Malaysia's GDP growth in 2023 slowed to 3.7%[2] from the robust 8.7% recorded in 2022 during the post-Covid economic recovery phase. This deceleration was primarily attributed to factors such as sluggish global trade, geopolitical tensions, tighter monetary policies, and the global downturn in the technology sector, directly impacting SilTerra's sales performance. However, improving labour market conditions provided some support to growth throughout the period.

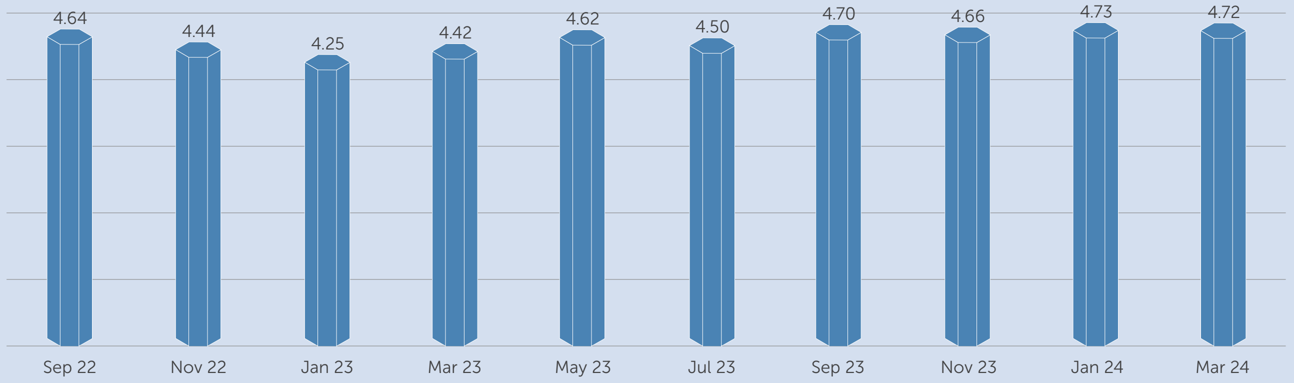
Looking ahead to 2024, Malaysia's economy is expected to be underpinned by resilient domestic expenditure, an upturn in external demand, and a recovery in the technology sector. However, growth is projected to hover between 3.3% and 4.3% during 2024[3], showing only marginal improvement compared to 2023.

Malaysia GDP Growth Rate



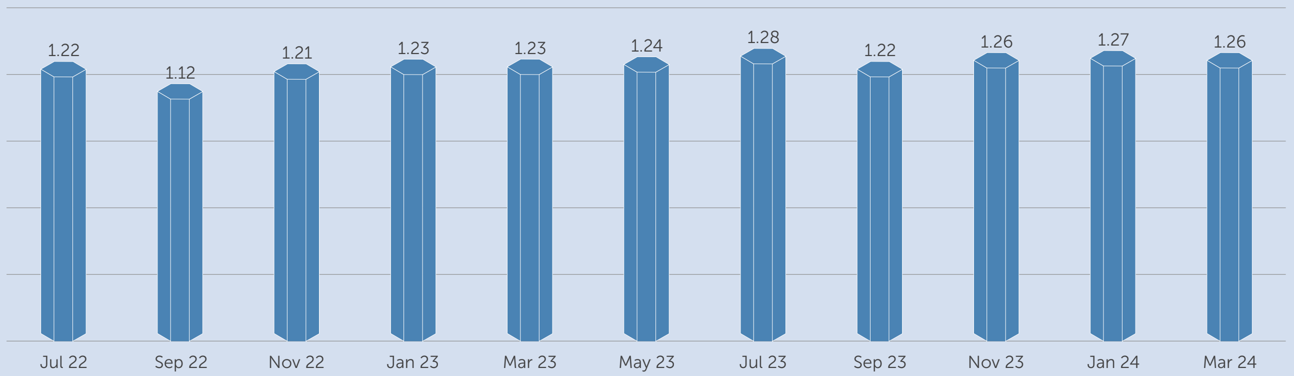
In foreign currency markets, the Malaysian Ringgit witnessed a significant decline against the United States Dollar ("USD") over the past year, reaching its lowest level since the Asian financial crisis in 1998. While this weaker exchange rate for the Ringgit is expected to have a net positive impact on our businesses with revenue denominated in USD, we remain vigilant of the potential volatility of the British Pound ("GBP") against the USD, which could impact Ping's profitability from its UK operations.

FOREX USD vs RM



Source: Bank Negara Malaysia (www.bnm.gov.my)

FOREX GBP vs USD



Source: Exchange Rates The UK | https://www.exchangerates.org.uk/GBP-USD-exchange-rate-history.html

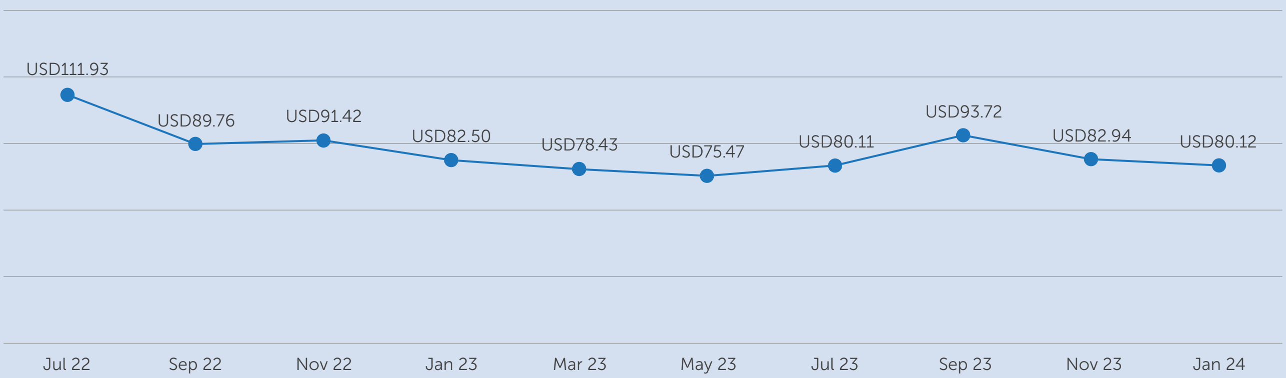
OIL PRICES EXPECTED TO REMAIN STABLE

With our Energy segment revenue heavily reliant on fluctuating oil prices, our revenue in FY2023 was impacted as oil prices normalised over the past 18 months following a sharp spike in 2022.

Looking ahead, we anticipate that the Brent crude oil price will average USD82 per barrel in 2024 and USD79 per barrel in 2025[4], similar to its 2023 average of USD82 per barrel. We expect the price of West Texas Intermediate ("WTI") to be slightly lower but generally follow a comparable trajectory.

OPERATING ENVIRONMENT

Brent Crude Price per Barrel



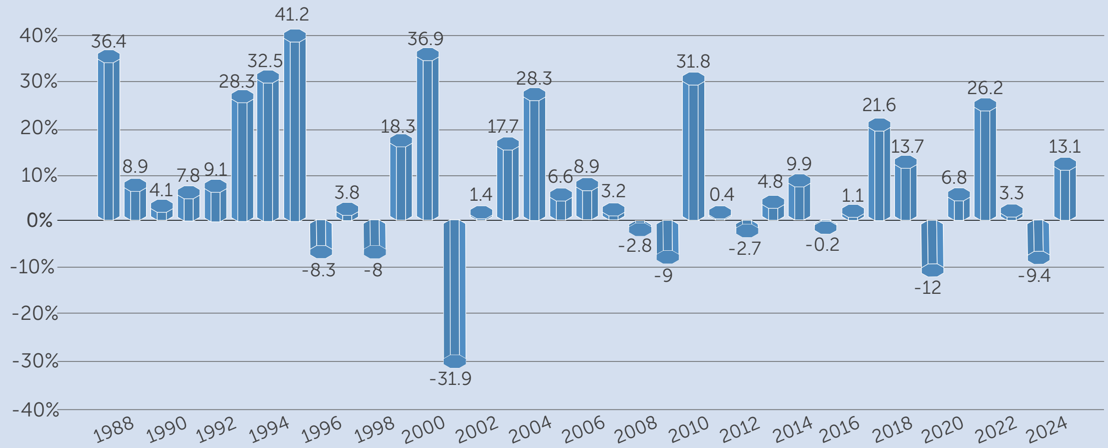
Source: County Economic (Crude Oil Brent US Dollars per Barrel | countryeconomy.com) and OilPrice (https://oilprice.com/)

SEMICONDUCTOR DEMAND SET TO REBOUND

The semiconductor market experienced a notable downturn during FY2023, with total sales estimated at USD520 billion, down from USD574.1 billion in 2022[5]. This downturn significantly affected sales demand and revenue for our Technology segment over the past 18 months.

However, the outlook for 2024 suggests a robust upswing in the global semiconductor market, with projections indicating a 13.1 percent increase, reaching a valuation of USD588 billion. Notably, the Asia Pacific region, along with the Americas, are forecasted to demonstrate significant double-digit year-over-year growth in this industry segment.

Semiconductor market revenue growth worldwide from 1988 to 2024



Note: this table was sourced from the webpage provided - https://www.statista.com/statistics/266976/forecast-revenue-growth-in-the-semiconductor-industry-worldwide/

References:

1 *The World Bank, Global Economic Prospects – Jan 2024*
2 *Bank Negara Malaysia, Economic and Financial Developments in Malaysia in the Fourth Quarter of 2023 - https://www.bnm.gov.my/-/qb23q4_en_pr*
3 *Trading Economics, Malaysia's GDP Annual Growth Rate - https://tradingeconomics.com/malaysia/gdp-growth-annual*
4 *U.S. Energy Information Administration (EIA), EIA expects relatively flat crude oil prices in 2024 and 2025 - https://www.eia.gov/todayinenergy/detail.php?id=61222*
5 *World Semiconductor Sales Statistics ("WSTS"), WSTS Semiconductor Market Forecast Fall 2023 - https://www.wsts.org/76/Recent-News-Release*

KEY MARKET TRENDS

Staying abreast of ongoing market developments in our operational domains is crucial, allowing us to discern and assess the implications of emerging trends. These insights empower us to respond swiftly, mitigating risks and seizing opportunities presented by these significant market shifts.

DIGITALISATION

The ongoing rapid digitalisation presents both opportunities and risks for our businesses. Heightened digitalisation exposes us to cyber threats, potentially disrupting our operations and tarnishing our reputation. Concurrently, our adoption of new technologies necessitates significant capital investment, potentially impacting our operating margins.

Nevertheless, this digital transformation trend also fuels demand for our systems integration and consulting services, particularly in supporting public and private sector initiatives to digitalise services. Furthermore, it bolsters our trade facilitation business, where digital platforms are central. Additionally, the increasing adoption of technologies such as AI, electric vehicles, and modern medical equipment drives demand for semiconductors and emerging technologies like MEMS and Silicon Photonics offered by SilTerra.

Our Response

To align with this trend, we are progressively adopting digital technologies across our operations, enhancing efficiency across the board, from customer acquisition to internal communications. Strategic partnerships are also being forged to expand our digital offerings and extend the reach of our solutions globally. Additionally, we have expanded manufacturing capacity at SilTerra to meet the anticipated surge in market demand.

MACROECONOMIC AND GEOPOLITICAL UNCERTAINTY

Continued geopolitical conflicts are exerting direct and indirect pressures on the global economy, impacting financial, trade, and commodity channels[1]. Escalating tensions between nations can disrupt trade flows, leading to supply chain disruptions and affecting commodity prices, including oil and gas.

We remain vigilant about the possibility of a stagnant global economy affecting demand and revenue across our business divisions. Additionally, high raw material costs and supply chain bottlenecks may escalate our production and distribution expenses. Conversely, Ping may benefit from elevated oil prices, and there could be opportunities for strategic acquisitions at reduced costs amidst macroeconomic uncertainty.

Our Response

Moving ahead, we are committed to maintaining lean operations and leveraging economies of scale to mitigate operating costs. We will also explore diversification opportunities to cushion the impact of any sector-specific challenges on overall Group profitability.

KEY MARKET TRENDS

TALENT CRUNCH

A pressing concern confronting corporations worldwide is the scarcity of skilled talent, with a Korn Ferry study projecting that by 2030, over 85 million jobs could remain unfilled due to a shortage of qualified individuals[2]. Various factors contribute to this issue, including shifting demographics, public policies, wage dynamics, supply-demand imbalances, and shortcomings in the education system.

This talent shortage poses a potential challenge for our business, particularly in fiercely competitive sectors like energy and semiconductors. It is imperative that we attract and retain top-tier talent to propel our business aspirations forward and ensure the Group's long-term sustainability.

Our Response

Acknowledging the significance of addressing this emerging trend, we have initiated transformative strategies to augment our internal capabilities and reshape the mindset of our workforce. These efforts include the appointment of a new HR director and the introduction of new corporate values that embody our commitment to fostering a high-performance culture.

DECARBONISATION

The imperative for corporate entities to manage their carbon emissions and transition towards decarbonisation is becoming increasingly pronounced, with nations worldwide implementing national policies to drive action. In Malaysia, the government has similarly launched its National Energy Transition Roadmap in July 2023, aimed at steering the country's transition from a traditional fossil fuel-based economy to a high-value green economy.

It is crucial for us to take decisive action on this issue, ensuring that we fulfil our role in mitigating the environmental impact of our operations and guarding against the adverse consequences of inaction, such as regulatory non-compliance, reputational damage, and diminished investor confidence. Through a robust climate action agenda, we can enhance our reputation as a forward-thinking organisation, future-proof our operations, and attract increased investment and strategic partnerships.

Our Response

In FY2023, we took a significant step forward in our climate action journey by conducting our first greenhouse gas (GHG) inventory, which encompassed Group-wide Scope 1 and Scope 2 emissions. Having established 2022 as our baseline year for calculations, we are committed to making meaningful annual progress towards reducing our carbon emissions.

References:

1 *Economics Observatory, How are geopolitical risks affecting the world economy? - https://www.economicsobservatory.com/how-are-geopolitical-risks-affecting-the-world-economy*

2 *Korn Ferry, The $8.5 Trillion Talent Shortage - https://www.kornferry.com/insights/this-week-in-leadership/talent-crunch-future-of-work*

KEY RISKS AND MITIGATION

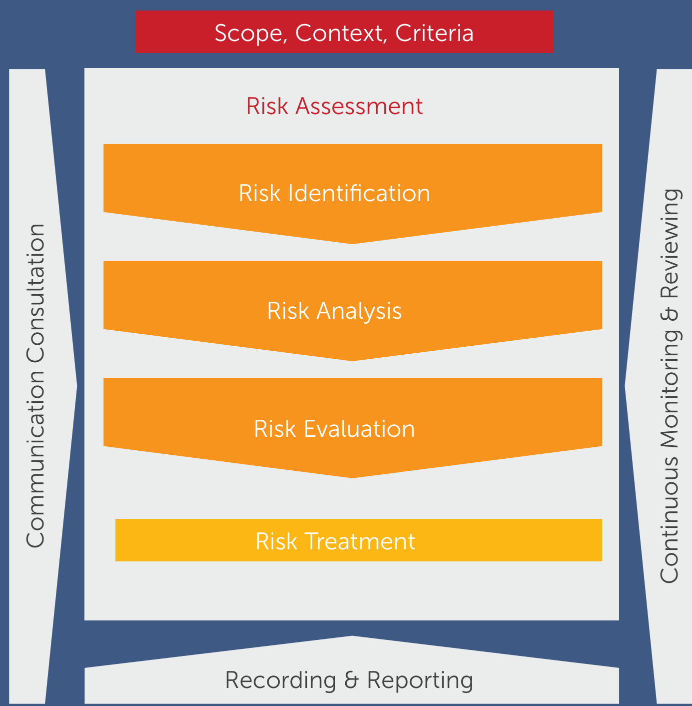
To enhance risk management across the Group, we adhere to a robust Enterprise Risk Management ("ERM") framework that is rooted in the internationally recognised ISO 31000 Risk Management – Guidelines standard.

The ERM framework is accompanied by our internal control system, through which we monitor and address significant risks impacting our strategies and ability to meet our objectives. The framework is adaptable to the evolving business landscape and undergoes periodic review and adjustment, particularly in response to significant changes in operational procedures, legislation or risk management best practices. It fosters a structured approach to risk management and decision-making across all levels of our Group, driving accountability in managing risks and undertaking mitigation strategies.

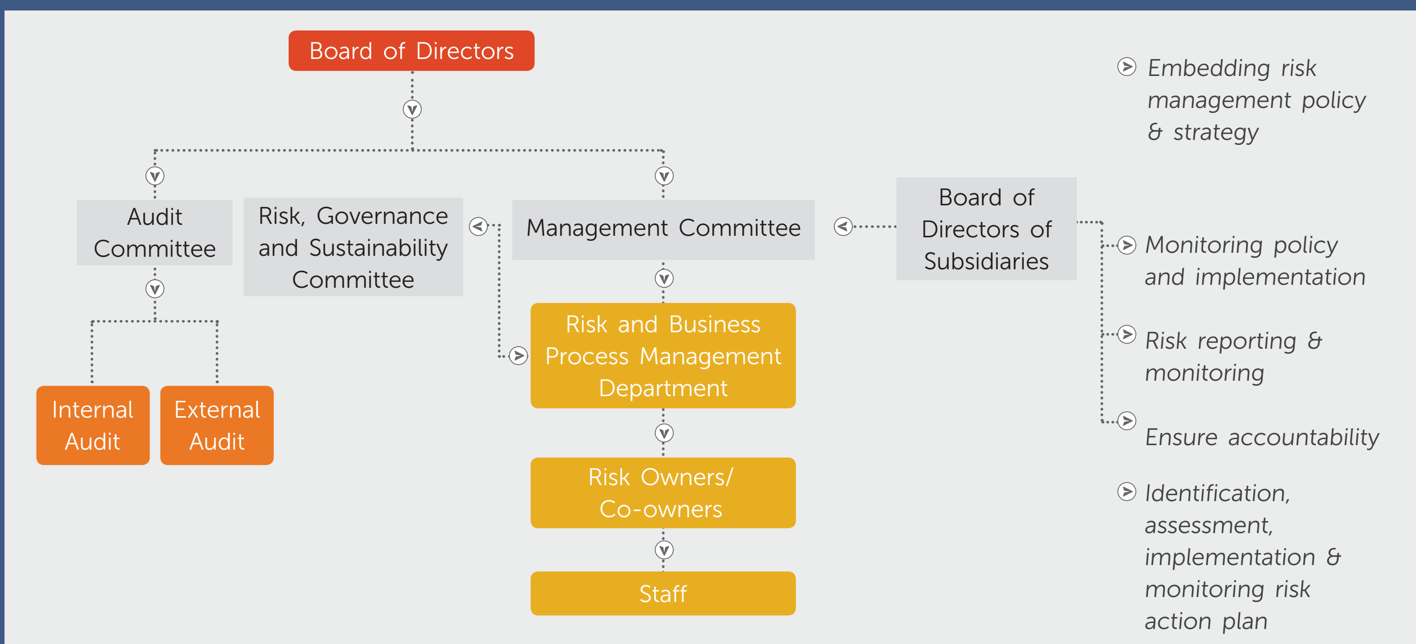
The framework is supported by the quarterly updating of our Risk Register, which takes into account potential risks across the strategic, financial, operational, human capital and technological dimensions. Additionally, our risk reporting covers emerging concerns such as cybersecurity, environmental, social and governance ("ESG") factors including climate change and other environmental considerations, as well as geopolitical and regulatory risks.

Ultimately, risk reporting falls under the purview of our Board of Directors ("Board") via its Risk, Governance and Sustainability ("RGSC") Committee. For further insight into our Risk Management Framework, processes and systems, please refer to the Statement of Risk Management and Internal Control section of this report.

OUR ENTERPRISE RISK MANAGEMENT FRAMEWORK



OUR RISK MANAGEMENT OVERSIGHT STRUCTURE



KEY RISKS AND MITIGATION

Risk Trend

Increased | Decreased | Unchange

GLOBAL GEOPOLITICAL STABILITY

Risk Trend

Description & Implication on Value Creation

The Russia-Ukraine war, trade tensions between the United States of America ("USA") and China, and strained relations between China and Taiwan have contributed to an uptick in inflation. Consequently, we have been impacted by a slowdown in economic growth and investment, disruptions in our supply chains and hindrances in accessing crucial raw materials and energy resources.

Opportunities

- Taking advantage of the relocation of manufacturers to ASEAN and Malaysia in response to the USA-China trade war
- Capitalising on Malaysia's relative geopolitical stability to build our presence in an increasingly fractured geoeconomic environment

Our Response & Mitigating Actions

- Reviewing and adjusting our strategies and operational frameworks
- Collaborating closely with expert consultants to mitigate global geopolitical stability risks and minimise impacts
- Conducting ongoing evaluations and updates on global geopolitical stability risks and their effects on our operations
- Diversifying our supply chains to decrease dependence on individual suppliers or markets wherever feasible

Risk Impact

- Investors/partnerships might hesitate to invest in company assets and technology.
- Company business will be affected significantly due to the supply chain disruption
- Uptrend cost pressure due to hight inflation in UK and higher level of O&G activities is still a concern

IMPACTING

Capitals Impacted	Stakeholders	Material Matters	Strategy
		M9 M10 M12	

AVAILABILITY OF FINANCIAL RESOURCES

Risk Trend

Description & Implication on Value Creation

Maintaining a robust cash position is crucial to facilitating our business expansion and diversifying our revenue streams. Shortages in funding could impede our ability to secure future projects and delay the release of new products and services to market, potentially impacting our reputation and long-term business sustainability.

Opportunities

- Taking advantage of favourable funding mechanisms that allow us to amortise capex over a longer timeframe, thus reducing balance sheet impacts
- Striking strategic partnerships that enable us to expand our market reach and unlock new growth opportunities with lower upfront investment

Our Response & Mitigating Actions

- Implementing structured cash flow management to maintain adequate financial resources across all business segments
- Continuously assessing our capital spending requirements to optimise shareholder value and ensure a healthy cash flow position
- Establishing disciplined cost reduction initiatives, such as exploring leaner operations and leveraging economies of scale, to enhance efficiency and drive savings
- Regularly monitoring our foreign exposure and employing natural hedging strategies to mitigate potential impacts effectively
- Conducting ongoing reviews and streamlining our business strategies to improve our liquidity positions and adapt to changing market conditions
- Strengthening our relationships with current banking partners and cultivating connections with new financial institutions to diversify and expand our financial support options

Risk Impact

- May lead to disruptions to capital expansion plans
- May experience loss new technology/process enhancements
- May lead to possible delay to implement project to productions

IMPACTING

Capitals Impacted	Stakeholders	Material Matters	Strategy
		M9 M10	

KEY RISKS AND MITIGATION

CYBERSECURITY & DATA PRIVACY

Risk Trend

Description & Implication on Value Creation

In light of the increasing scale and sophistication of cyberattacks and threats, it is imperative to prioritise the enhancement of our cybersecurity measures. Breaches in internet technology ("IT") security could result in non-compliance with security standards, system interruptions, data leaks and the loss of confidential information, consequently posing a risk of reputational damage and loss of customer trust.

Opportunities

- Exploring and integrating advanced cybersecurity technologies like artificial intelligence ("AI"), machine learning and automation to enhance our threat detection and response capabilities
- Consequently, earmarking ourselves as a company that is leading in cyber and data protection, thus unlocking global business opportunities

Our Response & Mitigating Actions

- Ensuring compliance with ISO 27001 standards
- Initiating security enhancement projects and activating detection solutions
- Organising annual cybersecurity training to enhance the awareness of cybersecurity risks amongst all employees
- Building competencies in cybersecurity through training and certification for IT staff on cybersecurity and data privacy risks, threats and mitigations
- Implementing robust cybersecurity measures to protect our data from breaches

Risk Impact

- Probability of exposure or loss resulting from a cyber attack or data breach to the company
- Company may encounter reputational and financial damage due to the recent technological advances that may lead to cybersecurity threats

IMPACTING

Capitals Impacted	Stakeholders	Material Matters	Strategy
		M9 M10 M11	

HUMAN CAPITAL ATTRACTION & RETENTION

Risk Trend

Description & Implication on Value Creation

The quality of our workforce is a key determinant of our success in a fast-evolving global environment. By creating a high-performance culture and supporting continuous professional development, we can bring out the best in our people and enhance our attractiveness as an employer, driving us forward to achieve our transformation goals. On the other hand, a lack of quality human capital may cause us to fall behind our peers and limit our ability to expand and thrive as a global organisation.

Opportunities

- Establishing ourselves as an employer of choice by creating a high-performance culture and offering competitive remuneration and benefits
- Instilling an agile and entrepreneurial mindset amongst our employees, and thus empowering ourselves to capitalise on global growth opportunities
- Strengthening our reputation as a responsible and ethical organisation, with our people as ambassadors of our values

Our Response & Mitigating Actions

- Engaging an external consultant to develop a roadmap and steer our journey towards creating a high-performance culture
- Digitalising our Performance Management System and human resource ("HR") tools and processes
- Crafting personalised career plans and growth strategies to enhance employee growth and drive retention
- Enhancing our employee benefits and offer activities that promote holistic employee well-being
- Introducing our DARE (Driven, Adaptable, Responsible, Ethical) Core Values, representing the qualities that we want our employees to embody

Risk Impact

- May reduce our competitiveness against other market players
- May hamper our innovation and business development potential
- Potential challenges and uncertainties to develop succession planning from one leader, executive, or key employee to another

IMPACTING

Capitals Impacted	Stakeholders	Material Matters	Strategy
		M5 M6	

KEY RISKS AND MITIGATION

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Risk Trend

Description & Implication on Value Creation

Governments, regulatory bodies and financial institutions are placing more stringent demands on the sustainability practices of organisations, while investors and business partners are considering ESG performance when deciding which companies to partner with or invest in. As such, it is vital that we take the lead on this front – not only by ensuring compliance with ESG requirements but by developing breakthrough solutions that deliver shared benefit for our business, communities and the environment.

Opportunities

- Proactively embracing renewable energy by installing solar panels within our operations and exploring energy efficiency technologies
- Establishing Energy business as a low-carbon, sustainable oil and gas player through cutting-edge initiatives such as its industry-first floating wind turbine, which is being developed in collaboration with Cerulean Winds Limited
- Enhancing our long-term client, investor and employee value propositions by building our reputation as a leader in ESG

Our Response & Mitigating Actions

- Actively planning initiatives to ensure compliance with ESG policy/regulations and consistently monitoring ESG regulatory requirements in our areas of operation
- Initiating engagement with tax consultants to explore potential taxes associated with ESG
- Continuously engaging with our stakeholders to understand ESG issues that matter to them and provide updates on our sustainability efforts
- Establishing a Management Sustainability Working Committee to oversee and implement sustainable practices across all aspects of our operations

Risk Impact

- Non-compliance ESG requirement may hinder funding resources from financial institutions
- Low emissions technology may not have sustainable supply chain leading to a rise in material costs
- Obligatory investment in climate commitment into business strategy

IMPACTING

Capitals Impacted	Stakeholders	Material Matters	Strategy
		M1 M2 M3 M4 M8	

OUR STRATEGIES

At the heart of our ongoing transformation lie the five key strategic thrusts outlined below. Together, they guide our endeavours towards generating sustainable value for all stakeholders, while providing the impetus to embark on ambitious ventures to broaden our horizons and tap into new avenues of growth. By implementing these strategies, we are establishing a robust foundation upon which the Group can deliver consistent results and steady growth for the long term.

PORTFOLIO DIVERSIFICATION

Diversifying our business interests, networks and aspirations serves as a valuable shield against adversity, economic downturns and financial challenges. This approach allows us to navigate downturns in specific industry sectors with a well-balanced portfolio.

Consequently, we are actively seeking opportunities to enhance our existing portfolio across all business segments. Our focus is on initiatives that will bolster and diversify sustainable revenue sources for the Group, thereby mitigating our exposure to unforeseen developments in particular sectors or geographical locations.

FINANCIAL PRUDENCE

Amidst economic uncertainties and global disruptions, the significance of financial prudence cannot be overstated. Recent events, from the COVID-19 pandemic to geopolitical tensions, underscore the necessity of foresight and responsible financial management. By making judicious investments, implementing stringent cost control measures, and diligently managing our debt and cash flows, we fortify our resilience against external shocks while positioning ourselves for sustainable growth.

To this end, we are dedicated to strengthening our internal controls, ensuring vigilant monitoring of financial risks, and fostering a culture of fiscal discipline across the organisation. Through these measures, we strive to navigate uncertainties with confidence and drive the Group towards continued success.

HUMAN CAPITAL DEVELOPMENT

In an ever-changing business landscape, nurturing our human capital has become mission critical. By investing in the development of our workforce, we equip ourselves with the skills and expertise needed to navigate challenges and seize opportunities in a dynamic marketplace. Placing the right individuals in key roles, we empower our teams to lead with agility and drive our strategic objectives forward.

Moreover, we are cultivating a culture of ownership and innovation, where every employee feels empowered to take initiative and contribute towards our collective goals. Through these endeavours, we aim to foster a high-performance organisational culture that propels us towards sustained growth and achievement.

CUSTOMER CENTRICITY

In today's increasingly complex and uncertain market landscape, understanding our customers' evolving expectations is crucial. We are committed to engaging closely with them to gain deep insights into their needs and preferences, allowing us to design solutions that meet their requirements more effectively and efficiently.

To accomplish this, we harness the power of data analytics to uncover actionable market and industry insights, while investing in upskilling our customer-facing teams and refining our customer touchpoints to strengthen our relationships and operational efficiencies. By continuously innovating and enhancing our delivery model, we foster trust and loyalty among customers, thereby fortifying the stability and growth potential of our business.

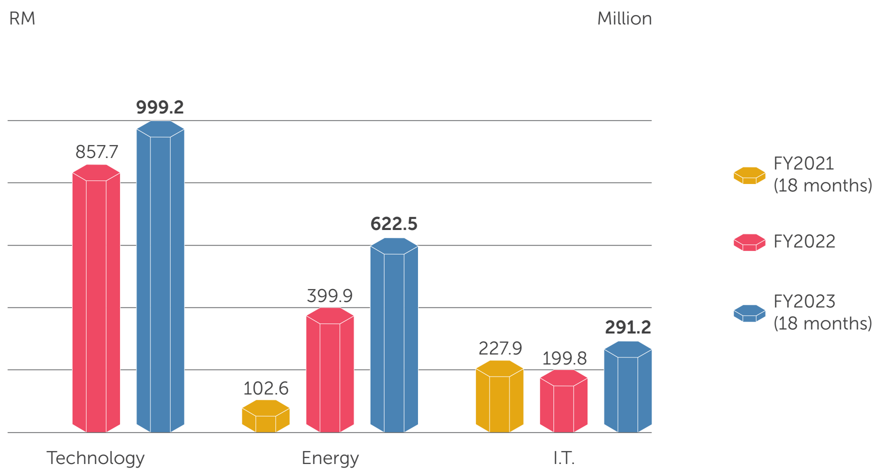
GOVERNANCE AND EXCELLENCE

We are firm believers that strong governance principles and a commitment to excellence are essential drivers of performance and growth. Our transformational journey hinges on the continuous enhancement of governance practices, including rigorous scrutiny of investment approvals, fostering customer-centric collaboration, and establishing a cohesive branding strategy across the Group. Central to our unwavering pursuit of excellence is our dedication to comprehensively understanding market trends, competitive dynamics and customer needs, while maintaining vigilant oversight of all facets of our performance. This includes holding our people, including our leadership, accountable for our performance and ensuring responsibility is ingrained at every level of our organisation.

GROUP FINANCIAL REVIEW

FY2023 saw the Group's consolidated financial results fall short of expectations, influenced by various factors such as market dynamics and regulatory changes that affected our profitability. However, despite these challenges, the Group has maintained a robust financial position. With various transformative strategies being undertaken to diversify revenue streams, forge new local and global partnerships, and strengthen our financial foundations, we are optimistic of a quick recovery and remain confident in our long-term growth prospects.

Group Financial Performance Overview



During the eighteen-month period from 1 July 2022 to 31 December 2023 ("FY2023"), the Group achieved robust revenue of RM1.913 billion, accompanied by an EBITDA of RM463.4 million.

The Technology division remained the primary revenue driver, constituting 52% per cent of Group revenue. However, it encountered a notable decline in semiconductor market demand during the latter months of 2022, leading to revenue reduction from the second quarter of FY2023 onwards. Conversely, the Energy segment benefited from mostly favourable oil prices throughout FY2023, contributing significantly with 33% per cent of total revenue, while the Information Technology ("IT") segment accounted for the remaining 15% per cent.

Due to challenges affecting both our Technology and IT segments, compounded by a substantial rise in Ping's deferred tax liabilities due to the UK's newly introduced Energy Profits Levy ("EPL"), the Group incurred a Loss after Tax of RM190.8 million for FY2023. However, when excluding the effects of the EPL and other asset impairments and reversal of deferred tax assets, our normalised PAT for the year amounted to RM88.7 million.

It's imperative to contextualise these results amidst our organisation's transition, given our remarkable revenue surge from RM330 million merely two years ago to nearly two billion over the past 18 months. Gaining invaluable insights from these challenges, we have responded with swiftness and agility. Throughout FY2023, we have pivoted our strategies and diversified income streams, laying crucial groundwork to bolster our growth prospects and build a more resilient DNeX for the future.

REVENUE

RM**1,912.9** million

EBITDA

RM**463.4** million

LOSS AFTER TAX

-RM**190.8** million

NORMALISED PAT

RM**RM88.7** million

Performance by Business Division

Technology

Despite being the primary revenue generator in FY2023, the substantial decrease in semiconductor demand significantly impacted the profitability of SilTerra. We faced challenges to meet the loading requirements necessary for profitability and operated at a loss while fulfilling customer orders.

However, it is crucial to recognise that cyclical demand patterns are inherent to the semiconductor industry, and such fluctuations are to be expected. Despite the challenges faced, the long-term viability of our semiconductor business remains promising with significant future potential. Moreover, our strategic investment since 2022 to diversify beyond our core business into emerging technologies such as microelectromechanical systems ("MEMS") and Silicon Photonics will be instrumental in strengthening the resilience of this business segment against future demand fluctuations.

Not only do these products command higher average selling prices, but they also have numerous applications across rapidly growing industries such as Artificial Intelligence ("AI"), electric vehicles ("EV") and the medical sector. With ongoing product testing and qualifications with new global customers, coupled with a 20% expansion of our manufacturing capacity completed in 2023, we are well-prepared to capitalise on future demand.

REVENUE
RM**999.2** million

EBITDA
RM**67.7** million

OPERATING LOSS
-RM**47.4** million

Energy

With oil prices remaining favourable over the past 18 months, our Energy segment has enjoyed steady revenue during FY2023. Despite the UK's EPL resulting in a total of RM143.2 million in deferred tax liabilities, Ping's dedication to operational excellence and cost efficiencies enabled it to maintain profitability for five out of the last six quarters.

With the EPL posing challenges to rapid expansion in the UK, the Group swiftly redirected its expansion efforts towards opportunities in Malaysia to diversify revenue streams and mitigate risk exposure. In FY2023, Ping acquired working interests in three new fields from PETRONAS: the Meranti and Abu Clusters off the east coast of Peninsular Malaysia, and the A Cluster in Sarawak. These fields offer promising prospects both in the near and long term, particularly with the late-life Abu Cluster asset showing potential for revenue generation as early as the first quarter of 2025.

This diversification closer to home will fortify our financial foundation, enabling us to pursue our long-term ambitions in the UK with greater confidence. Consequently, we have enhanced our prospects in the UK North Sea by acquiring a 42.5 per cent interest in the Fyne oil field in November 2023. Strategically located near our existing Anasuria operations, our future developments at the Fyne field will enable us to benefit from cost optimisation and operational efficiencies as we leverage resources and equipment across multiple projects.

REVENUE
RM**622.5** million

EBITDA
RM**376.8** million

OPERATING PROFIT
RM**262.8** million

GROUP FINANCIAL REVIEW

Information Technology

While revenue from our IT segment remained stable during FY2023, the division's bottom line was impacted by gaps in cost efficiencies. Under the leadership of our new Group Chief Operating Officer, significant attention has been directed over the past year towards addressing these gaps and fostering greater internal synergies to bolster our financial resilience.

With Dagang Net and SealNet both offering comparable trade facilitation services to the public and private sectors, respectively, we have initiated efforts to consolidate our B2G and B2B operations to enhance efficiencies and unlock synergies. While this consolidation is expected to be completed by the end of 2024, Dagang Net has already taken proactive efforts to reduce costs, achieving a reduction in external fees by RM3 million during FY2023.

Concurrently, in conjunction with the consolidation exercise, we have established a new IT Strategy and Transformation Department to spearhead the procurement of large-scale IT projects that harnesses the combined expertise and resources of Dagang Net, SealNet and IAC.

REVENUE

RM**291.2** million

EBITDA

RM**56.6** million

OPERATING PROFIT

RM**22.1** million

Overview of Financial Position

Notwithstanding our FY2023 financial results, the Group has upheld our consistent track record of delivering a positive operating cash flow and remains in a healthy financial position to progress towards our growth ambitions.

Our total assets have increased marginally to RM4,641.9 million, with cash and cash equivalents standing at RM670.0 million. Through careful management of our loans and borrowings, which saw a slight contraction to RM297.4 million, we have maintained a healthy gearing ratio of 0.2 times, providing adequate financial leverage for our ongoing diversification and expansion initiatives.

Meanwhile, our net assets per share have dipped from RM0.74 in the past financial year to RM0.69, while our losses during FY2023 resulted in a net loss per share of 3.80 sen.

Capital Management

The Group remains steadfast in its commitment to investing in the business to foster growth while maintaining a careful balance to ensure adequate resources are allocated to support both stability and expansion. Our primary focus remains on reinforcing financial governance and discipline, alongside the continuous development of our human capital to empower them in driving our ambitious goals forward.

Our total capital expenditure for FY2023 amounted to RM809.2 million. Major investments undertaken during the year included the 20% expansion of our manufacturing capacity at SilTerra, alongside funding for Ping's development activities at the Anasuria and Avalon oil fields.

In FY2023, our focus was on reinvesting in innovation and the Group's growth prospects, laying a strong foundation for the future. While dividends were not distributed, this strategic approach has positioned us for continued success and value creation. Future dividend payouts will remain guided by our Dividend Policy, under which dividends of up to 50% of net profits attributable to shareholders may be distributed, provided that our reinvestment commitments for sustainable growth take precedence and the Group maintains a robust cash position.

Challenges To Performance and Risk Mitigation

The Group is dedicated to embracing a prudent and calculated strategy in our expansion endeavours, leveraging past experiences to navigate future challenges more effectively. Internally, we are spearheading a transformation initiative aimed at identifying and rectifying competency gaps to strengthen both our financial and operational foundations.

In our Technology segment, the expansion of our portfolio into emerging technologies is paving the way for significant revenue opportunities once our MEMS and silicon photonics products complete testing and qualification with global customers. This additional revenue stream will serve as a crucial buffer against potential downturns in semiconductor demand. Moreover, the segment has maintained a diversified supplier pool for raw materials to mitigate reliance on individual suppliers and reduce the risk of disruptions from primary suppliers.

In our Energy division, we are adopting prudent expansion strategies that leverage on our existing strengths and infrastructure. This is evident not only through our expansion into Malaysia, which diversifies our market risks across various geographical regions, but also through strategic acquisitions of new fields near our existing operations to improve operational and resource efficiencies. Additionally, we are ensuring a well-balanced mix of near- and long-term prospects within our portfolio to enhance revenue stability.

Meanwhile, our Information Technology division has been proactive in diversifying our revenue streams beyond government contracts. Recently, we secured a 3.5-year contract from the Port Klang Authority to develop, implement, and maintain the Malaysia Maritime Single Window ("MMSW") Phase 1, marking our entry into the maritime trade sector.

Additionally, the division has undertaken rigorous measures to improve financial management. Recognising the challenges encountered in both current and legacy projects, we have proactively conducted a comprehensive study to pinpoint areas for improvement and have subsequently implemented robust measures to strengthen financial management and discipline across the Information Technology segment.

At the Group level, we are actively addressing human resource risks, particularly concerning the recruitment of top talent and the enhancement of employee management practices. On this note, our newly appointed HR Director is spearheading efforts to elevate DNeX into a high-performing organisation by focusing on improving the competencies and commitment of our workforce.

Looking forward

Despite a challenging financial performance in FY2023, there are compelling reasons to remain optimistic about the future financial outlook of the DNeX Group. Although our Technology division faced difficulties during this period, the semiconductor industry retains significant potential. It is crucial for us to exercise patience and prepare to seize opportunities during the anticipated upswing, with demand expected to rebound in the latter half of 2024, driven by the recovery of PC and smartphone demand.

Simultaneously, our substantial investment in the development of MEMS and Silicon Photonics is poised to yield positive results in the near future. As the demand for these emerging technologies continues to rise steadily, coupled with our ongoing product testing and qualifications with global customers, we are well-positioned to capitalise on growth opportunities driven by the surge in AI, EVs and advanced medical technologies.

Regarding our Energy segment, the outlook for FY2024 suggests stability in oil prices, with anticipated increases in supply aligning with growing demand. Moreover, voluntary supply cuts from several OPEC+ members are expected to further stabilise the market[1]. Given our status as a low-cost operator, profitability remains feasible as long as crude oil prices remain above USD60 per barrel.

Additionally, our strategic decision to commence operations in Malaysia has unlocked new avenues for revenue growth. Among the three Malaysian fields where we acquired a working interest in FY2023, our immediate priority is the reactivation of the Abu Cluster, where we hold a 100 per cent interest. First oil production is anticipated by early 2025, at a volume of 2,500 barrels per day.

In the current era of rapid digital advancement, our Information Technology segment holds significant promise for expansion. Led by our IT Strategy and Transformation Department, and leveraging on collaborations with esteemed partners such as prominent data and business analytics specialists CapGemini and Stratek, we aim to bolster our portfolio of large-scale IT projects both domestically and internationally, serving both public and private sectors.

In Malaysia, we are actively pursuing digital transformation projects with various government ministries, capitalising on the national drive towards digitalising public services. Looking abroad, we envision considerable opportunities in collaboration with our partners from China and Saudi Arabia, Zhongheguoji Construction Group and Ajlan & Bros Holding Group, particularly in the Middle East and North Africa region. This includes prospective ventures in smart city development, e-government services and system integration projects.

While our financial performance in FY2023 may not fully capture the potential of our ongoing initiatives, we remain optimistic about the future. Our concerted efforts to diversify revenue streams and strategically expand into adjacent industry sectors are poised to yield substantial benefits. We are confident that these calculated moves will enhance our future financial performance and lay the groundwork for robust and sustainable growth in the years ahead.

**

References:

1 Oil Market Report - March 2024 | International Energy Agency | https://www.iea.org/reports/oil-market-report-march-2024

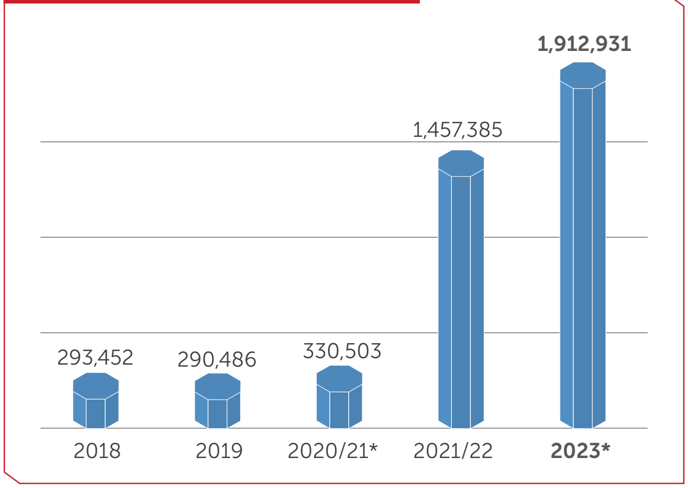
5-YEAR FINANCIAL SUMMARY

		2018	2019	2020/21*	2021/22	2023*
SUMMARY OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (RM'000)						
Investments		205,540	219,650	96	–	**–**
Property, plant and equipment and intangible assets		110,123	128,519	1,634,291	2,777,406	**3,393,581**
Receivables and contract assets		206,410	174,450	129,437	464,359	**336,753**
Cash and cash equivalent		38,998	54,399	393,145	1,015,196	**669,954**
Other assets		66,997	52,019	22,779	368,669	**241,601**
Total assets		628,068	629,037	2,179,748	4,625,630	**4,641,889**
Share capital		354,322	354,339	785,437	1,017,319	**1,017,403**
Reserves		100,274	115,419	237,499	837,580	**752,237**
Equity attributable to shareholders of the Company		454,596	469,758	1,022,936	1,854,899	**1,769,640**
Non-controlling interests		(13,086)	(4,392)	30,551	474,119	**403,662**
Loans and borrowing		47,575	66,269	86,380	319,359	**297,403**
Other liabilities		138,983	97,402	1,039,881	1,977,253	**2,171,184**
Total equity and liabilities		628,068	629,037	2,179,748	4,625,630	**4,641,889**
SUMMARY OF CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (RM'000)						
Revenue		293,452	290,486	330,503	1,457,385	**1,912,931**
Results from operating activities		47,206	33,566	(17,115)	401,445	**217,177**
Finance costs		(3,128)	(4,485)	(6,295)	(50,217)	**(76,680)**
Gain/(Loss) on disposal of investment		–	–	(833)	–	**80**
Impairment losses		–	–	(155,147)	(9,602)	**(17,924)**
Finance income		562	238	1,382	6,856	**34,591**
Effect from business combination		–	–	273,745	264,508	**–**
Share of profit of equity-accounted associates		22,007	18,258	(18,331)	–	**–**
Profit before tax		66,647	47,577	77,406	612,990	**157,244**
Zakat		(405)	(451)	(204)	(638)	**(1,051)**
Tax (expense)/income		(14,350)	(11,629)	(8,569)	94,922	**(346,978)**
Profit/(loss) for the year		51,892	35,497	68,633	707,274	**(190,785)**
Attributable to:						
Owners of the Company		35,345	30,037	119,976	549,587	**(119,947)**
Non-controlling interests		16,547	5,460	(51,343)	157,687	**(70,838)**
Profit/(loss) for the year		51,892	35,497	68,633	707,274	**(190,785)**
FINANCIAL HIGHLIGHTS (RM'000)						
Revenue		293,452	290,486	330,503	1,457,385	**1,912,931**
Profit before tax		66,647	47,577	77,406	612,990	**157,244**
Profit/(Loss) for the year after tax		51,892	35,497	68,633	707,274	**(190,785)**
Profit/(Loss) attributable to owners of the Company		35,345	30,037	119,976	549,587	**(119,947)**
Financial ratios						
Revenue growth	%	43.9	(1.0)	13.8	341.0	**31.3**
Debt/Equity ratio	times	0.1	0.1	0.1	0.1	**0.1**
Net earnings/(loss) per share	sen	2.01	1.71	6.24	17.68	**(3.80)**
Gross dividend per share	sen	0.50	–	–	0.60	**–**
Net assets per share	RM	0.25	0.26	0.39	0.74	**0.69**
Closing price	sen	23.0	26.5	70.5	79.0	**40.0**
Price earnings ratio	times	11.4	15.5	11.3	4.5	**(10.5)**

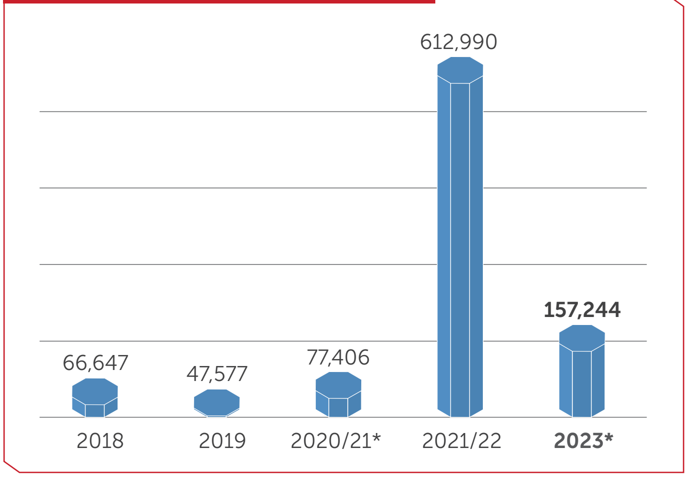
* 18 months period

5-YEAR FINANCIAL HIGHLIGHTS

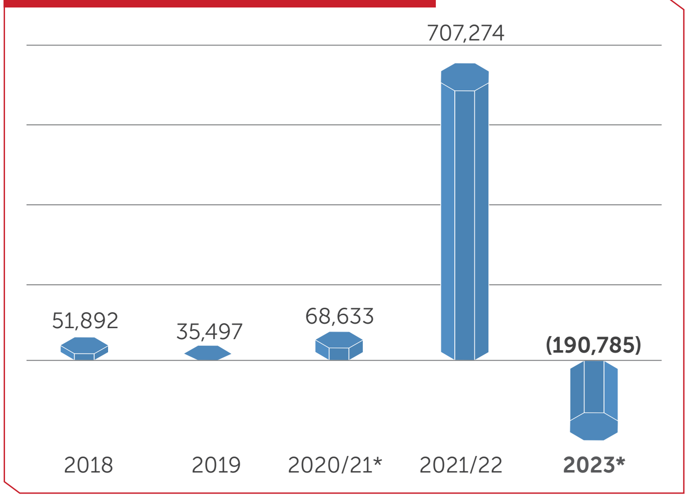
REVENUE (RM'000)



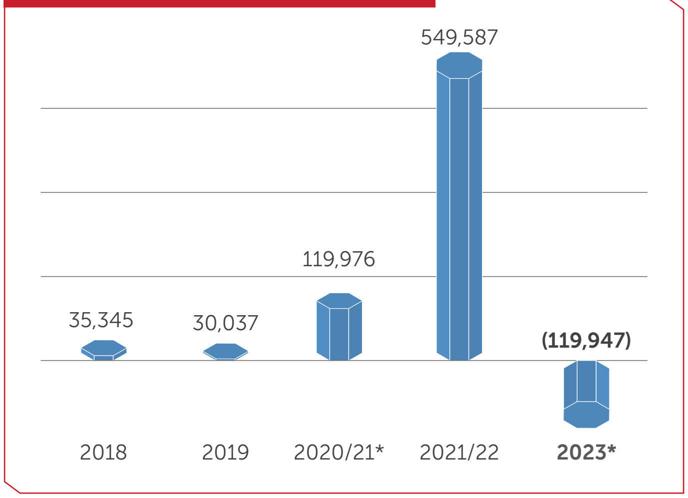
PROFIT BEFORE TAX (RM'000)



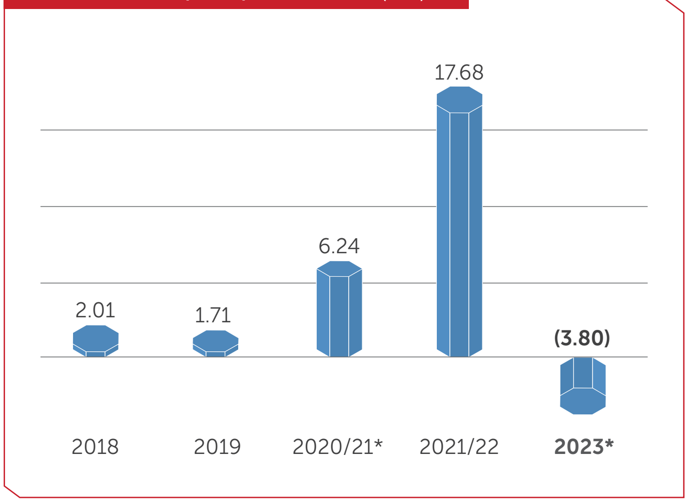
PROFIT AFTER TAX (RM'000)



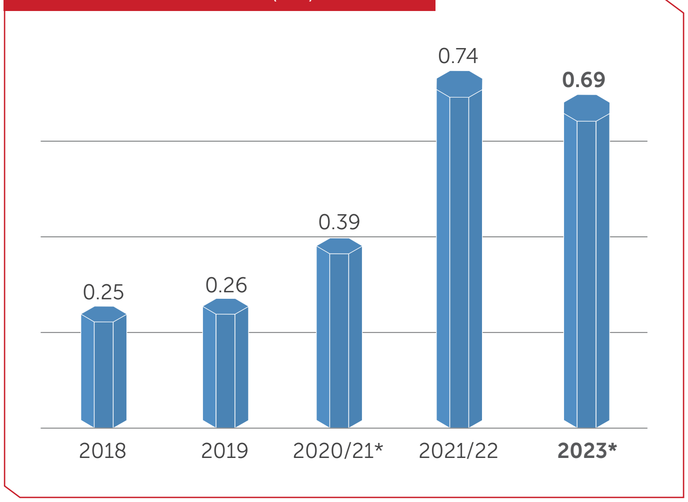
PATANCI (RM'000)



NET EARNINGS/(LOSS) PER SHARE (sen)



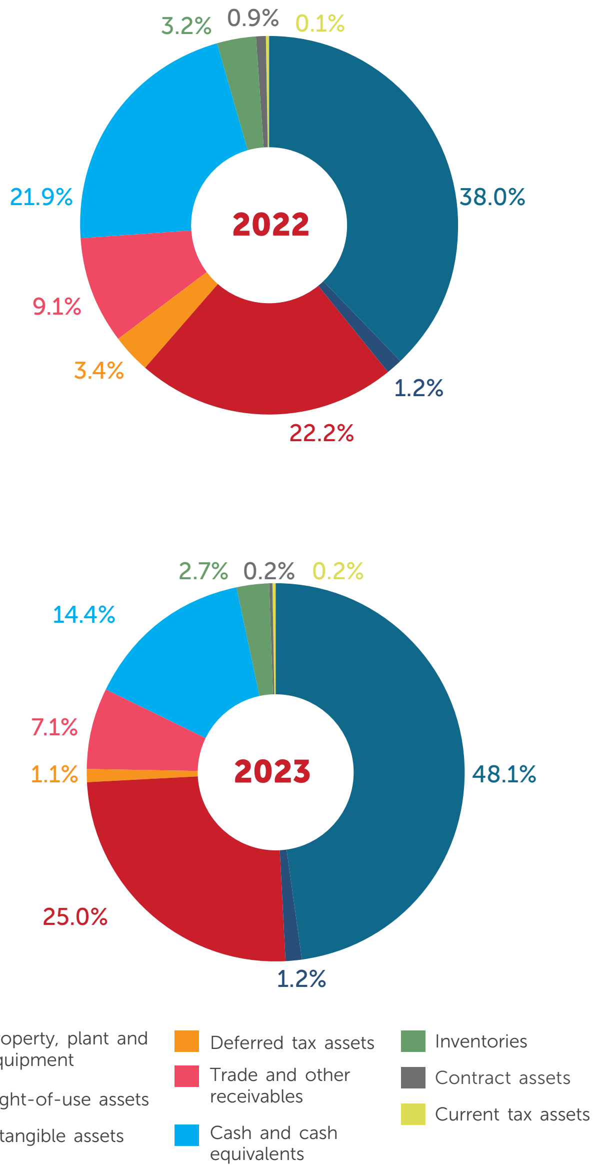
NET ASSETS PER SHARE (RM)



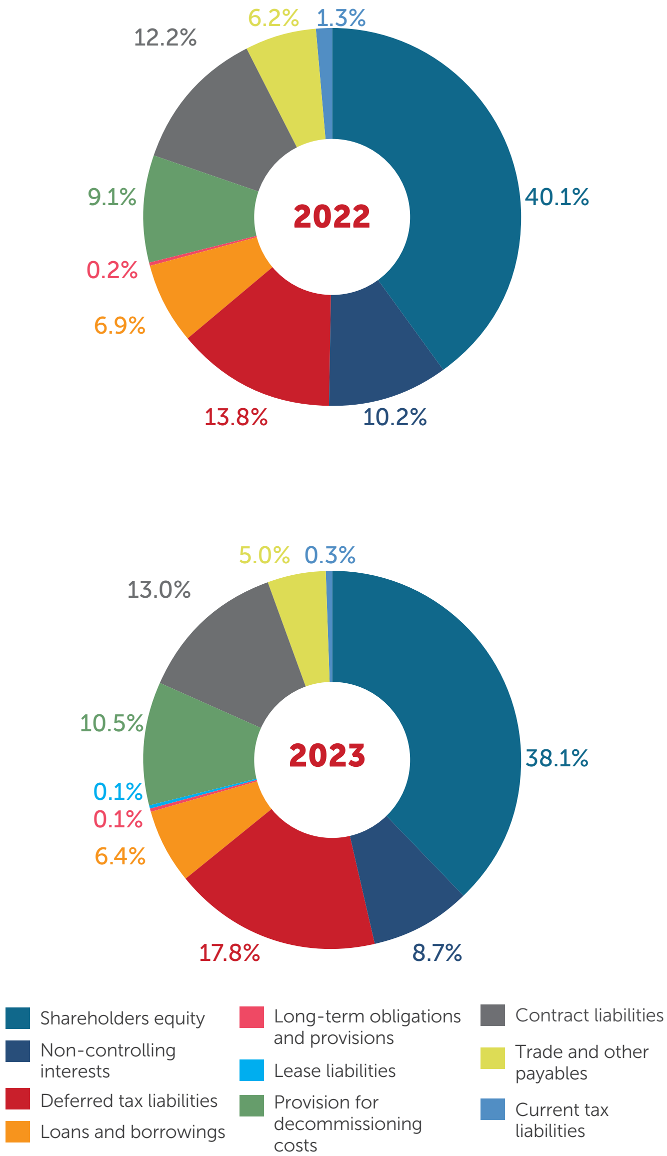
* 18 months period

SIMPLIFIED GROUP STATEMENTS OF FINANCIAL POSITION

TOTAL ASSETS



TOTAL EQUITY AND LIABILITIES



GROUP QUARTERLY PERFORMANCE

	Q1	Q2	Q3	Q4	Q5	Q6	Full year
Revenue	419,576	330,530	276,710	275,015	327,448	283,652	**1,912,931**
Results from operating activities	90,742	73,415	26,038	17,336	29,191	(19,545)	**217,177**
Finance costs	(12,697)	(12,720)	(12,165)	(12,930)	(13,141)	(13,027)	**(76,680)**
Gain on disposal on investment in an associate	–	–	–	–	80	–	**80**
Impairment losses/(reversal)	(551)	5,163	(23,381)	3,175	12	(2,342)	**(17,924)**
Finance income	3,640	6,141	6,095	6,818	3,092	8,805	**34,591**
Profit/(loss) before tax	81,134	71,999	(3,413)	14,399	19,234	(26,109)	**157,244**
Zakat	–	–	–	(1,051)	–	–	**(1,051)**
Tax (expense)/income	(12,884)	(37,523)	(277,973)	22,893	(11,529)	(29,962)	**(346,978)**
Profit/(loss) for the year	68,250	34,476	(281,386)	36,241	7,705	(56,071)	**(190,785)**
Attributable to:							
Owners of the Company	41,722	31,883	(239,766)	47,505	13,302	(14,593)	**(119,947)**
Non-controlling interests	26,528	2,593	(41,620)	(11,264)	(5,597)	(41,478)	**(70,838)**
Profit/(loss) for the year	**68,250**	**34,476**	**(281,386)**	**36,241**	**7,705**	**(56,071)**	**(190,785)**

FINANCIAL CALENDAR

2022

31 October 2022
Announcement of the 2022 Integrated Report and Corporate Governance Report.

25 November 2022
Announcement of the unaudited consolidated results for the 1st quarter ended 30 September 2022.

2023

20 February 2023
Announcement of the unaudited consolidated results for the 2nd quarter ended 31 December 2022.

29 May 2023
Announcement of the unaudited consolidated results for the 3rd quarter ended 31 March 2023.

17 August 2023
Change in Financial Year End from 30 June 2023 to 31 December 2023

28 August 2023
Announcement of the unaudited consolidated results for the 4th quarter ended 30 June 2023.

27 November 2023
Announcement of the unaudited consolidated results for the 5th quarter ended 30 September 2023.

2024

29 February 2024
Announcement of the unaudited consolidated results for the 6th quarter ended 31 December 2023.

INVESTOR RELATIONS

Our commitment to robust and transparent governance extends to our frequent and meaningful engagement with the investment community. By consistently providing investors, shareholders and analysts with timely and accurate information about our strategies, initiatives, performance and business outlook, we ensure they are well-informed about our operational landscape and the factors influencing our performance. This fosters trust and confidence in our long-term growth and expansion strategies, essential contributors to our value-creation ambitions.

Our primary channels of communication with investors include Annual General Meetings ("AGMs"), quarterly briefings and ad-hoc briefings for significant updates. Our leaders spearhead these engagements, providing pertinent information and updates while also addressing questions and concerns from the investment community (see 'Summary of Investor Interests' below). Additionally, we use our website and social media platforms for regular updates.

To enhance their effective stewardship of the Group and their ability to respond to investor concerns, our Board of Directors continuously seeks to upgrade their competencies in pertinent areas such as Environmental, Social and Governance ("ESG") developments, risk management and industry-specific matters. We further empower our employees to address evolving investor needs by leveraging our membership with the Malaysian Investor Relations Association ("MIRA"), along with other external sources, to provide them access to relevant training resources.

As our business interests expand, we remain committed to improving our disclosures and investor relations practices, ensuring the preservation of robust mutually beneficial relationships with investors for the long term.

Summary of Investor Interests

- Progress of the arbitration process involving Silterra
- Silterra's performance in light of the semiconductor downturn
- Potential demand for emerging technologies in DNeX's semiconductor business
- Utilisation of the private placement exercise
- Expansion progress and capital expenditure needs in the oil and gas sector
- Impact of the Energy Profit Levy ("EPL") on DNeX's energy business
- Growth prospects and future outlook of the IT business

Communication and Engagement Programmes Conducted

QUARTERLY ANALYST BRIEFINGS

Engagement Dates	Medium	Audience
30 August 2022, Tuesday	4Q FY2022 financial results (Virtual)	>100 fund managers and analysts
25 November 2022, Friday	1Q FY2023 financial results (Virtual)	64 fund managers and analysts
20 February 2023, Monday	2Q FY2022 financial results (Virtual)	66 fund managers and analysts

INVESTOR RELATIONS

QUARTERLY ANALYST BRIEFINGS

Engagement Dates	Medium	Audience
29 May 2023, Monday	3Q FY2022 financial results (Virtual)	70 fund managers and analysts
30 August 2023, Wednesday	4Q FY2022 financial results (Virtual)	51 fund managers and analysts
28 November 2023, Tuesday	5Q FY2022 financial results (Virtual)	46 fund managers and analysts
1 March 2024, Friday	6Q FY2022 financial results (Virtual)	40 fund managers and analysts

INVESTOR BRIEFING

Engagement Dates	Medium	Audience
17 November 2022, Thursday	SilTerra Arbitration Announcement (Virtual)	63 fund managers and analysts

ANALYST COVERAGE

During FY2023, three research houses – Hong Leong Investment Bank Berhad, CGS-CIMB Securities Sdn Bhd and BIMB Securities Sdn Bhd – provided regular coverage throughout the past 18 months, collectively issuing 24 research reports.

No.	Date	Research House	Title of report	Analyst Call	Target Price
1.	3 August 2022	Hong Leong Investment Bank Berhad	Ramping Up on ESG Initiatives	Buy	RM1.69
2.	30 August 2022	CGS-CIMB Securities Sdn Bhd	Record-breaking Performance in FY6/22	Add	RM1.50
3.	30 August 2022	Hong Leong Investment Bank Berhad	An Excellent Finish	Buy	RM1.74
4.	18 November 2022	Hong Leong Investment Bank Berhad	Worst-Case Scenario an Unlikely Outcome	Buy	RM1.32
5.	21 November 2022	BIMB Securities Sdn Bhd	Ensuring Business Continuity of SilTerra	Buy	RM0.77
6.	21 November 2022	CGS-CIMB Securities Sdn Bhd	Worst-Case Scenario Already Placed In	Add	RM1.17
7.	28 November 2022	BIMB Securities Sdn Bhd	Demand to Improve in 2HFY23	Buy	RM0.77

No.	Date	Research House	Title of report	Analyst Call	Target Price
8.	18 January 2023	BIMB Securities Sdn Bhd	Awarded 2 PSCs from Petronas	Buy	RM0.77
9.	18 January 2023	Hong Leong Investment Bank Berhad	Secures Two E&P contracts with Petronas	Buy	RM0.93
10.	20 February 2023	CGS-CIMB Securities Sdn Bhd	Hit By Higher Tax Provision in 2QFY23	Add	RM0.90
11.	21 February 2023	BIMB Securities Sdn Bhd	Temporary Setback in Wafer Shipments	Buy	RM0.77
12.	21 February 2023	Hong Leong Investment Bank Berhad	The Worst Could Be Over	Buy	RM1.03
13.	27 March 2023	Hong Leong Investment Bank Berhad	To Be Part Of Saudi Arabia's 2030 Grand Plan	Buy	RM1.03
14.	30 May 2023	BIMB Securities Sdn Bhd	Recovery is Taking a Little Bit Longer	Buy	RM0.73
15.	30 May 2023	Hong Leong Investment Bank Berhad	Headline Sees Red	Buy	RM0.80
16.	29 August 2023	BIMB Securities Sdn Bhd	Uninspiring Result Amidst Near Term Headwinds	Buy	RM0.58
17.	29 August 2023	Hong Leong Investment Bank Berhad	Dragged by Lower Lifting Volumes	Buy	RM0.72
18.	4 September 2023	Hong Leong Investment Bank Berhad	A Farm-In Agreement with Rapid Oil in UK	Neutral	RM0.72
19.	14 September 2023	Hong Leong Investment Bank Berhad	Placement of up to 10% in New Shares	Buy	RM0.72
20.	24 October 2023	Hong Leong Investment Bank Berhad	Forming Alliance for Smart City Venture	Buy	RM0.71
21.	28 November 2023	BIMB Securities Sdn Bhd	SilTerra's Recovery Gaining Momentum	Buy	RM0.58
22.	28 November 2023	Hong Leong Investment Bank Berhad	SilTerra turns EBITDA positive	Buy	RM0.62
23.	1 March 2024	BIMB Securities Sdn Bhd	Stalled Recovery in Wafer Shipment	Buy	RM0.58
24.	1 March 2024	Hong Leong Investment Bank Berhad	Widening Losses from SilTerra	Hold	RM0.38

Additionally, UOB Kay Hian and Kenanga Investment Bank each published a one-off report on DNeX.

No.	Date	Research House	Title of report	Analyst Call	Target Price
25.	2 August 2022	UOB Kay Hian	New Economy Conference Highlights	Not Rated	Not Applicable
26.	16 June 2023	Kenanga Investment Bank	On Our Technical Watch	Technical Buy	Not Applicable

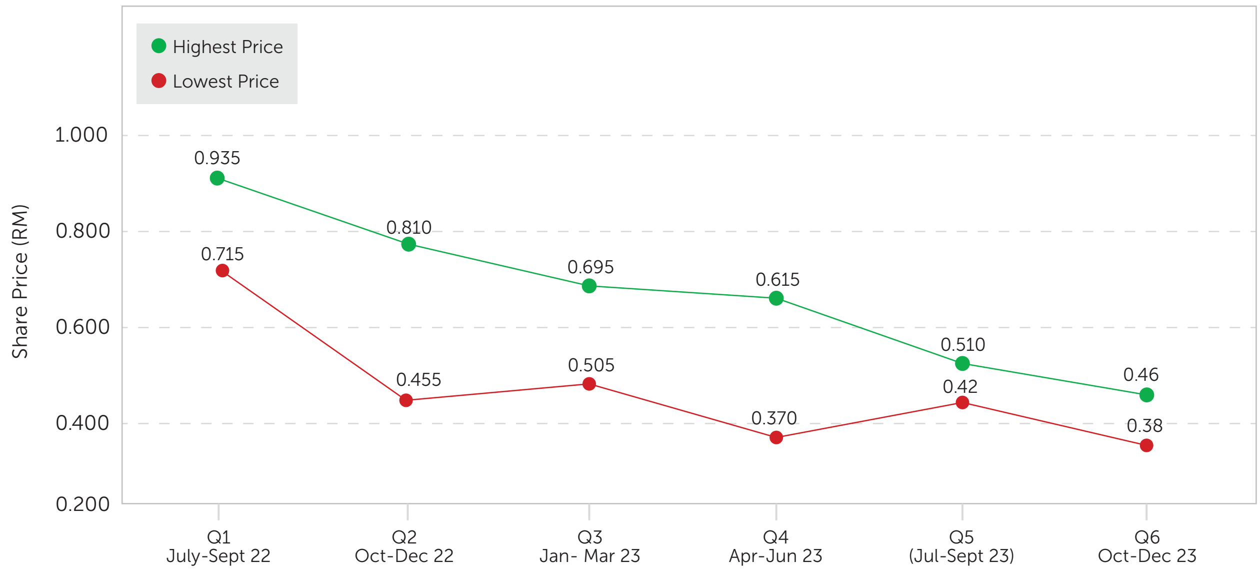
The average target price and recommendation suggested by the primary research houses covering DNeX during FY2023 are disclosed below:

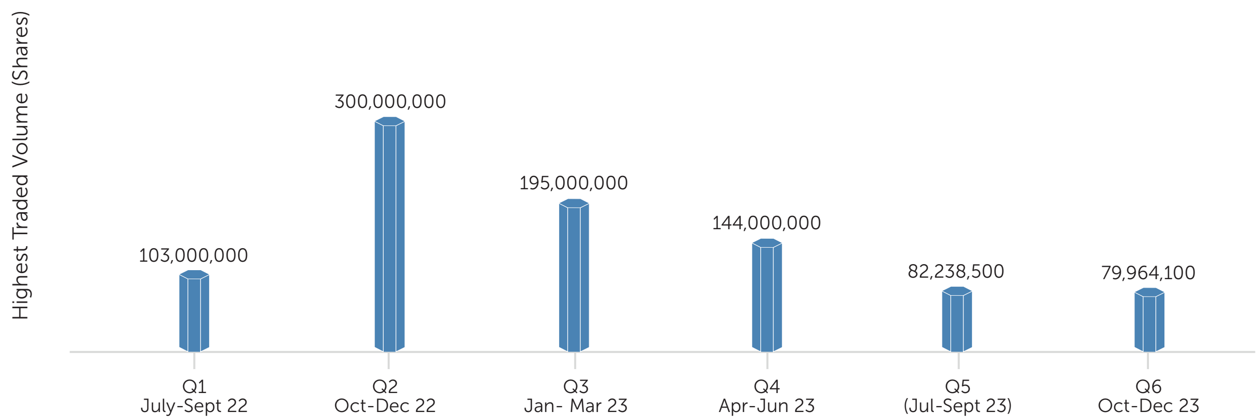
Research Houses	Average Target Price and Recommendation
HLIB	RM0.95 (BUY)
BIMB	RM0.69 (BUY)
CGS-CIMB	RM1.19 (BUY)

INVESTOR RELATIONS

SHARE PRICE PERFORMANCE

PERFORMANCE OF DNeX SHARE PRICE





Information and Feedback Platforms

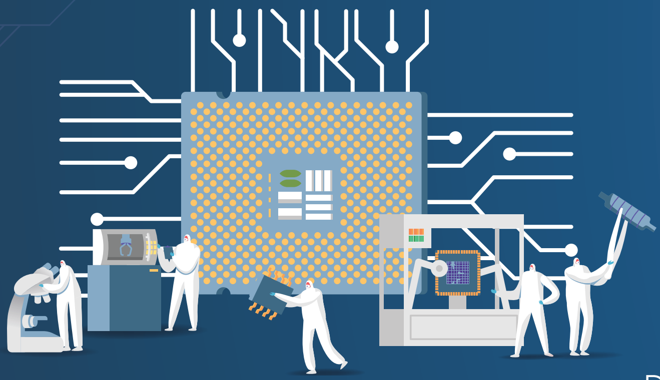
Website

All Investor Relations engagements and activities are published on our corporate website at www.dnex.com.my. This website provides all relevant information on our IR Policy and Guidelines, announcements, financial results, quarterly briefing materials, minutes of AGM, press releases and disclosures to Bursa Malaysia.

IR Contact and Feedback

For more queries and feedback, please reach out to the Investor Relations team at investor@dnex.com.my

Positioned for the Future Going Beyond



TECHNOLOGY

Delivering next-level solutions for the global semiconductor industry and other emerging technology sectors.

ENERGY

Conducting upstream oil exploration and production, alongside support services for the global oil and gas industry.

INFORMATION TECHNOLOGY

Facilitating international trade and providing digital transformation solutions for the public and private sector.

BUSINESS REVIEW

BUSINESS REVIEW

TECHNOLOGY

While the semiconductor industry suffered headwinds in 2023, its long-term potential remains strong due to its wide range of applications in consumer electronic devices, machinery, and emerging technologies such as electric vehicles and artificial intelligence. Through SilTerra, we have developed a strong foothold in this fast-evolving sector, and we continue to invest in new technologies to capitalise on the exciting growth opportunities it offers.

WHO WE ARE & WHAT WE DO

Our Technology division consists of SilTerra Malaysia Sdn Bhd, a global semiconductor manufacturing player with a history dating back to 1995. DNeX acquired 60% stake in SilTerra in July 2021.

SilTerra operates a pure-play 200mm global semiconductor foundry in Kulim, Kedah in Malaysia and has sales and marketing office in Hsin-Chu, Taiwan. Through its production facilities, the company manufactures semiconductor wafers for a variety of traditional and emerging technologies.

OUR TECHNOLOGIES

- CMOS Logic
- High Voltage
- RFCMOS
- BCD Power
- MEMS
- IoT

OUR SERVICES

- Multi Project Wafer ("MPW") programme
- Failure Analysis Service
- Photo Mask Service
- Wafer Thin-Film Coating Service

In addition to its core manufacturing activities, SilTerra also provides design support and customisation services to its customers and engages in technology development partnerships to expand its product range and reach.

OVERVIEW OF FY2023 BUSINESS ENVIRONMENT

According to research published by Gartner in January 2024, the global semiconductor market contracted by 11% in 2023[1], with the decline precipitated by weaker-than-expected demand and high inventory levels within the memory segment, which includes smartphones and personal computers ("PCs"). The non-memory market exhibited greater resilience, with this sector including the aerospace industry and emerging applications such as electric vehicles ("EVs"), which are growing in demand.

FY2023 FOCUS AREAS & PRIORITIES

- Maintaining our strength in core, memory sector products (i.e., consumer electronic devices)
- Investing in emerging technologies such as MEMS and Silicon Photonics, which offer higher average selling prices ("ASP") and margins, with applications in EVs, 5G telecommunications, artificial intelligence ("AI") and other growing technology areas
- Undertook ongoing product testing and qualifications with global customers
- Onboarded several new customers from the AI and EV sectors
- Completed capacity expansion to meet future demand growth

OUTLOOK & PROSPECTS

The global semiconductor market is expected to bounce back strongly in 2024, with the Semiconductor Industry Association predicting 13.1% growth to USD588.4 billion in global sales[2], fuelled largely by anticipated growth of over 40% in the memory sector due to the normalisation of inventory levels. We also foresee growth in demand from emerging technology sectors such as AI and high-performance computing ("HPC"), and we have already witnessed increased interest from customers in these areas. This validates our proactive efforts to expand our capacity and undertake product testing and qualification activities with our customers.

To capitalise on our potential, we will double down on efforts to attract high quality customers requiring solutions in Silicon Photonics, while simultaneously investing to establish a specialised team that can enhance our Silicon Photonics capabilities. Moreover, we will seek to initiate a fast-tracked qualification process for products in emerging technology sectors to improve speed-to-market.

Sources:

1. Gartner, *Gartner Says Worldwide Semiconductor Revenue Declined 11% in 2023* - https://www.gartner.com/en/newsroom/press-releases/2024-01-16-gartner-says-worldwide-semiconductor-revenue-declined-11-percent-in-2023

2. Semiconductor Industry Association*, Global Semiconductor Sales Increase 3.9% Month-to-Month in October; Annual Sales Projected to Increase 13.1% in 2024* - https://www.semiconductors.org/global-semiconductor-sales-increase-3-9-month-to-month-in-october-annual-sales-projected-to-increase-13-1-in-2024

BUSINESS REVIEW

ENERGY

Despite facing new tax burdens, delays in the supply of maintenance-related items, inflationary pressure and regulatory uncertainty, our Energy division delivered a resilient performance in FY2023. Leveraging our expertise and strategic partnerships, we have built a strong portfolio of producing and developing fields, primed for sustainable growth and value creation. Our proactive focus is to implement strategic measures to mitigate risks, streamline operations and adapt swiftly to evolving market dynamics.

WHO WE ARE & WHAT WE DO

Our Energy division consists of Ping Petroleum Limited ("Ping"), which conducts upstream activities, and OGPC Sdn Bhd ("OGPC"), a provider of equipment supplies and maintenance services, as well as directional drilling and well services.

Founded in 2012, Ping focuses on shallow water offshore production and development opportunities, with a presence in the North Sea, United Kingdom ("UK"), and Malaysia.

Producing Fields @ North Sea, UK (Anasuria Cluster)
- Cook
- Teal
- Teal South
- Guillemot A

Brownfield Reactivation @ Malaysia
- Abu Cluster

Developing Fields @ North Sea, UK
- Avalon
- Fyne

Appraisal/Exploration Fields @ North Sea, UK
- Hutton
- Pilot
- Glenn
- Cook West
- Kite

Ping's competitive advantage lies in its ability to leverage its strong operating track-record and infrastructure control to secure development ready licenses, and developing fit-for-purpose, cost-effective solutions. This is augmented by its strong network of partnerships, which enables the company to capitalise on growth opportunities with speed and agility.

OGPC, meanwhile, is an integrated supply and service company supporting the oil & gas ("O&G") downstream, petrochemical, petrol retail operations, power, palm oil and other industries. Leveraging a wide range of partnerships with global OEMs, OGPC can meet the specific equipment and service requirements of energy sector players from end to end. Since its founding in 1996, the company has amassed a strong clientele that includes leading Malaysian and international companies.

OVERVIEW OF FY2023 BUSINESS ENVIRONMENT

Brent crude prices remained volatile, driven by political instability in Eastern Europe and the Middle East and compounded by substantial fluctuations in global economic conditions. Despite this, Ping maintained healthy operating margins, though these were substantially impacted by the introduction of the Energy Profit Levy ("EPL") by the UK government on the exceptional profits of oil and gas players in May 2022, which resulted in a net non-cash charge to the company's bottom line of USD33.3 million.

In response to this significant regulatory change, we placed focus on growing our presence in the Malaysian O&G landscape, securing three Production Sharing Contracts ("PSCs") with PETRONAS for the Meranti Cluster, A Cluster and Abu Cluster oil fields. By expanding our asset portfolio across geographies, we aim to mitigate our risk and position ourselves to capitalise on emerging growth opportunities.

At the same time, we remain committed to steadily growing our presence in the UK, acquiring an 81.25% interest in the Pilot field and a 42.5% interest in the Fyne field in November 2023. With the latter situated near our existing Anasuria operations, the new field will unlock greater cost and resource efficiencies over the medium to long term.

FY2023 FOCUS AREAS & PRIORITIES

Ping:

- Establish management systems and organisational capacity to execute the development of the Abu and Meranti clusters
- Complete Anasuria riser reinstatement to reinstate production and extend asset life and integrity
- Secure additional reserves for existing infrastructure to support long term growth
- Managing our spending and optimising cash flow at our UK operations to support capex for Malaysian projects
- Secure regulatory approvals and commencing early project work at Fyne
- Optimise development concept for Avalon for maximum long-term value and to optimise commerciality

OGPC:

- Expand our retail downstream business portfolio, including Full Service Maintenance ("FSM") and underground piping supply solutions
- Build a pipeline of general maintenance and special projects business
- Undertake mergers and acquisitions ("M&As") and strategic collaboration with industry players to become an integrated service provider

OUTLOOK & PROSPECTS

In FY2024, Ping will focus on ensuring the availability of financing for the progression of its Abu and Fyne developments, which will require significant capital expenditure spend. To achieve this, the company will continue to drive cost excellence and optimise cash flow within its UK operations while seeking out appropriate funding mechanisms to support its needs. Ping will also invest in the necessary manpower to develop and operate its Malaysian projects, with 2025 targeted for first oil production from the Abu Cluster. Ping still intends to strategically add to its portfolio in both UK and Malaysia moving forward.

OGPC's efforts in FY2024 will be geared towards diversifying its income away from its business-as-usual sources. Through strategic partnerships and M&A activities, the company will seek to strengthen its capabilities as an integrated service provider and secure more income from general maintenance and Maintenance, Repair and Operations ("MRO") projects. The company will also seek to expand its user base for the SM365 app in line with its move into the downstream segment.

BUSINESS REVIEW

INFORMATION TECHNOLOGY

The traditional stronghold of DNeX, our Information Technology ("IT") division continues to be a reliable revenue generator, bolstered by our entrenched leadership position and strong reputation in trade facilitation, technology consulting, systems integration and subsea telco services. Seeking to build on this, we are actively diversifying our presence across the public and private sectors as well as overseas, leveraging strategic partnerships with technology providers and key market gatekeepers.

WHO WE ARE & WHAT WE DO

Our IT division consists of:

- Trade facilitation solutions, provided by Dagang Net Technologies Sdn Bhd ("Dagang Net") and SealNet Sdn Bhd ("SealNet")
- Technology consulting and system integration ("Tech Consulting & SI") solutions, helmed by Innovation Associates Consulting Sdn Bhd ("IAC") and DNeX Solutions Sdn Bhd ("DNeX Solutions").
- Subsea telco services, carried out by DNeX Telco Services Sdn Bhd ("DNeX Telco")

Dagang Net is the sole operator of the Malaysian government's National Single Window ("NSW"), which facilitates Customs Department-related transactions, duty payments and electronic document transfers between members of its trading community. The platform aids Malaysia's efforts to drive seamless trade and enhance the country's attractiveness as a trade hub.

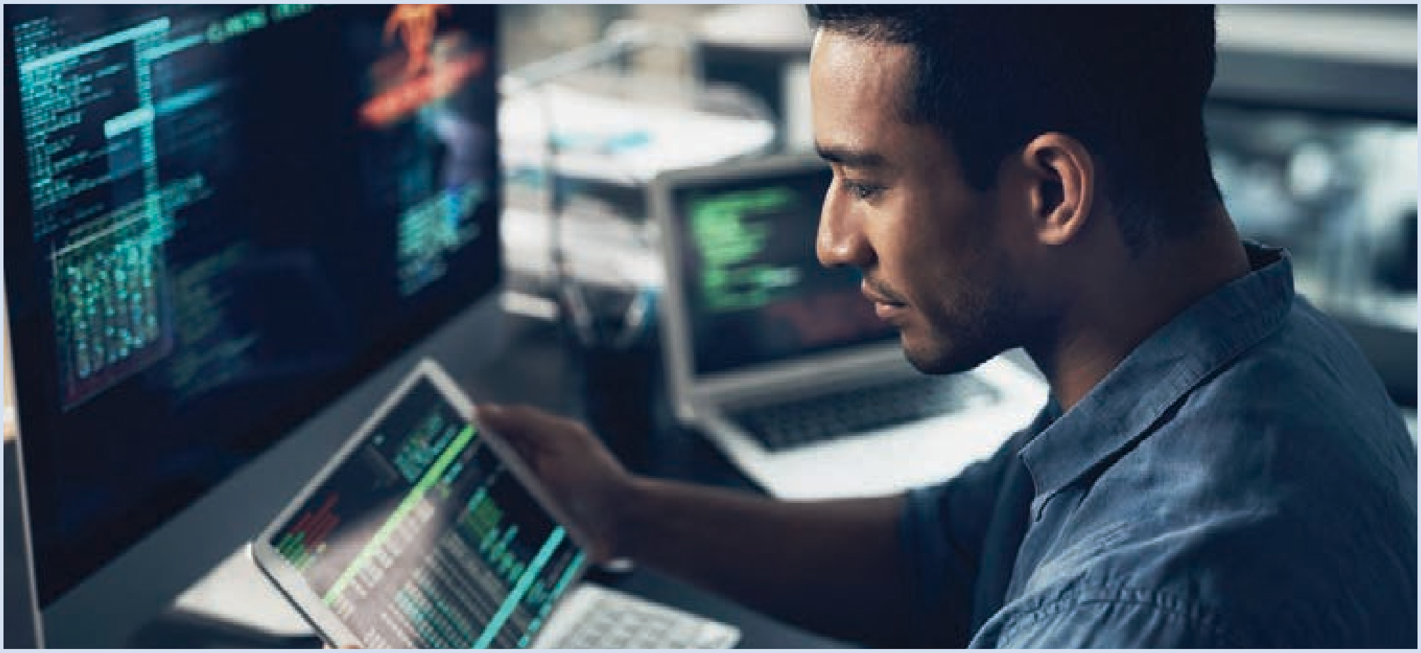
The platform connects exporters and importers to customs teams, freight forwarders and other key parties within the trade ecosystem, enabling trade data to be exchanged in real time and making trade processes more efficient.

SealNet, on the other hand, offers similar trade facilitation services to the private sector through its dedicated, one-stop digital trade and logistics platform.

IAC focuses on six core Lines of Business: Business & Technology Advisory Services ("BTAS"), Next Generation Enterprise Applications ("NGEA"), Application Development and Innovation ("ADI"), Enterprise Managed Services & Cloud Services ("EMSCS") and Offshore Augmentation ("OA"), providing professional consulting and technical services to both the Malaysian and international markets. DNeX Solutions specialises in public sector IT Project Management and Infrastructure Consulting, emphasising the importance of aligning standard operating procedures in Planning, Developing and Executing tailored project solutions for clients.

Lastly, DNeX Telco plays a critical role in developing the regional telecommunications industry, providing submarine cabling engineering and supply, installation and maintenance support services that enable underwater cables to be laid and maintained. Through its CS DNeX Pacific Link vessel, the company is able to provide services in Indonesian waters.

INFORMATION TECHNOLOGY



OVERVIEW OF FY2023 BUSINESS ENVIRONMENT

Worldwide IT spending grew at 4.4% to $3.25 trillion in 2023, as technology investments continue to show the impact of a weakening economy. This downward trend was reflected in the International Data Corporation's ("IDC") monthly forecasts[1].

Meanwhile, Malaysia's IT business environment witnessed significant progress, largely driven by MyDIGITAL, the government initiative aimed at transforming the country into a high-income nation through digitalisation.

Furthermore, the Malaysian Investment Development Authority ("MIDA") has approved significant investments in the digital sector, which include data centres, data hosting and cloud-computing services projects. Total digital investments in 2023 exceeded RM75 billion, surpassing the target of RM25 billion target set for the year[2].

FY2023 FOCUS AREAS & PRIORITIES

Trade Facilitation – Dagang Net

- Upgrade existing platforms to offer new features and services, alongside enhanced data capture capabilities
- Secure new Other Government Agencies ("OGAs")
- Strengthen position as a trade facilitation leader and a partner of choice for national-level initiatives
- Expand Business-to-Government ("B2G") services
- Deliver improved trade facilitation across a wider network

Trade Facilitation – SealNet

- Maintain existing accounts and develop strategies for customer retention
- Provide dedicated support to high-import and export corporations and their suppliers to streamline their business processes

Tech Consulting & SI

- Position IAC competitively to secure customers for S/4 HANA implementation and eGADS adoption for government agencies
- Re-establish IAC's consulting practice

Subsea Telco

- Consolidate ship management and project team management functions under one company to minimise currency exposure, drive cost efficiency and enhance governance
- Implement cost-effective Marine Gas Oil ("MGO") fuel bunkering plan for cable ship DNeX Pacific Link ("DPL")

Division-wide

- Pursue large-scale IT projects in the public and private sectors

OUTLOOK & PROSPECTS

Worldwide IT spending is expected to grow 8% year-on-year to US$5.06 trillion in 2024[3], according to the latest forecast by Gartner, Inc. The forecast would likely put worldwide IT spending on track to surpass US$8 trillion well before the end of the decade. With spending on IT services on track to grow by 9.7% to eclipse US$1.52 trillion, this category is on pace to become the largest IT market sector that Gartner tracks.

	2023 Spending	2023 Growth (%)	2024 Spending	2024 Growth (%)
Data Center Systems	236,179	4.0	**259,680**	**10.0**
Devices	664,028	-9.1	**687,943**	**3.6**
Software	914,689	12.6	**1,042,174**	**13.9**
IT Services	1,385,120	6.1	**1,519,928**	**9.7**
Communications Services	1,487,161	3.3	**1,551,288**	**4.3**
Overall IT	4,687,177	3.8	**5,061,013**	**8.0**

Source: Gartner (April 2024)

In Malaysia, the digital economy is targeted to contribute over 25.5% to the nation's GDP by 2024[2], reflecting the strategic importance of digital technologies in spurring economic growth and innovation.

Building upon our track record in delivering nationally critical IT projects, we aim to leverage on our strategic partnerships forged with leading technology companies to deliver innovative solutions that accelerate digital transformation. We are expanding our service offerings by strengthening capabilities and seizing opportunities in new technology areas such as IoT, Big Data and analytics.

Our focus is on securing large-scale IT and digitalisation projects in both public and private sectors, locally and globally, with a target on the Middle East and North Africa region for smart city development, e-government services and system integration projects.

Reinforcing our position as a leading player in trade facilitation, we are committed to roll-out new digital solutions that simplify trade processes and enhance ease of doing business for the trading community.

Sources:

1. IDC Research, *IDC's Forecast for Worldwide IT Spending in 2023 Continues to Slowly Trend Downward* - https://www.idc.com/getdoc.jsp?containerId=prUS50554323
2. MIDA, *Malaysia raises 2023 digital investment target to RM80b* - https://www.mida.gov.my/mida-news/malaysia-raises-2023-digital-investment-target-to-rm80b/
3. Gartner, *Planning for GenAI Initiatives is Helping to Drive IT Spending in 2024 and Beyond* - https://www.gartner.com/en/newsroom/press-releases/2024-04-16-gartner-forecast-worldwide-it-spending-to-grow-8-percent-in-2024

CORPORATE INFORMATION

BOARD OF DIRECTORS

- **TAN SRI DATO' SRI HAJI SYED ZAINAL ABIDIN BIN SYED MOHAMED TAHIR**
  Executive Chairman

- **TAN SRI ACRYL SANI BIN HAJI ABDULLAH SANI**
  Independent Non-Executive Director and Deputy Chairman

- **DATUK JOHAR BIN CHE MAT**
  Senior Independent Non-Executive Director

- **DATO' ROBERT FISHER**
  Independent Non-Executive Director

- **TUN NOOR SHAHYA BT TUN ABDUL RAZAK**
  Independent Non-Executive Director

- **CHANDRAMOHAN SUBRAMANIAM**
  Independent Non-Executive Director

AUDIT COMMITTEE

Tun Noor Shahya bt Tun Abdul Razak
Chairman

Datuk Johar bin Che Mat

Tan Sri Acryl Sani bin Haji Abdullah Sani

NOMINATION AND REMUNERATION COMMITTEE

Datuk Johar bin Che Mat
Chairman

Dato' Robert Fisher

Zalina binti Shaher

BOARD PROCUREMENT AND TENDER COMMITTEE

Zalina binti Shaher
Chairman

Datuk Johar bin Che Mat

Tun Noor Shahya bt Tun Abdul Razak

EMPLOYEES' SHARE OPTION SCHEME COMMITTEE

Datuk Johar bin Che Mat
Chairman

Tan Sri Dato' Sri Haji Syed Zainal Abidin bin Syed Mohamed Tahir

Azhar bin Othman

RISK, GOVERNANCE AND SUSTAINABILITY COMMITTEE

Dato' Robert Fisher
Chairman

Tun Noor Shahya bt Tun Abdul Razak

Tan Sri Acryl Sani bin Haji Abdullah Sani

WHISTLEBLOWING COMMITTEE

Tun Noor Shahya bt Tun Abdul Razak
Chairman

Datuk Johar bin Che Mat

Tan Sri Acryl Sani bin Haji Abdullah Sani

TRANSITION AND TRANSFORMATION COMMITTEE

Zalina binti Shaher
Chairman

Tan Sri Dato' Sri Haji Syed Zainal Abidin bin Syed Mohamed Tahir

Tan Sri Acryl Sani bin Haji Abdullah Sani

Tun Noor Shahya bt Tun Abdul Razak

Mohd Isa bin Ismail

COMPANY SECRETARY

Chin Wai Yi
SSM PC No. 202008004409/
MAICSA 7069783

ZALINA BINTI SHAHER
Independent Non-Executive Director

MUHAMMAD SAIFULLAH BIN MOHD ISA
Executive Director

DR. CHEN, WEI-MING[1]
Non-Independent Non-Executive Director

MOHD ISA BIN ISMAIL[2]
Non-Independent Non-Executive Director

Note:
[1] A nominee of Hon Hai Precision Industry Co. Ltd. (also known as Hon Hai Technology Group of Foxconn) via Foxconn Singapore Pte. Ltd.
[2] A nominee of Arcadia Acres Sdn. Bhd.

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F : +603-2181 0516
E : ir.shareregistry@gapadvisory.my

PRINCIPAL BANKERS

CIMB Bank Berhad
Malayan Banking Berhad
Affin Islamic Bank Berhad

STOCK EXCHANGE LISTING

Main Market of the Bursa Malaysia Securities Berhad
(Listed since 12 September 1983)
Stock name : DNEX
Stock Code : 4456
Sector : Technology
Sub-sector : Digital Services

BOARD AT A GLANCE

BOARD OF DIRECTORS

EXECUTIVE CHAIRMAN

Tan Sri Dato' Sri Haji Syed Zainal Abidin bin Syed Mohamed Tahir

DIRECTORS

Datuk Johar bin Che Mat
Dato' Robert Fisher
Dr. Chen Wei-Ming
Tun Noor Shahya bt Tun Abdul Razak
Chandramohan Subramaniam
Zalina binti Shaher
Mohd Isa bin Ismail
Muhammad Saifullah bin Mohd Isa

DEPUTY CHAIRMAN

Tan Sri Acryl Sani bin Haji Abdullah Sani

BOARD MEMBERSHIP

1 SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR

5 INDEPENDENT NON-EXECUTIVE DIRECTORS

2 NON-INDEPENDENT NON-EXECUTIVE DIRECTORS

1 EXECUTIVE DIRECTOR

1 EXECUTIVE CHAIRMAN

NATIONALITY

70% MALAYSIAN

30% NON-MALAYSIAN

LENGTH OF SERVICE

90% <5 YEARS

10% >5 YEARS

A COMMITTED BOARD

- Audit Committee
- Employees' Share Option Scheme Committee
- Whistleblowing Committee
- Transition and Transformation Committee
- Nomination and Remuneration Committee
- Board Procurement and Tender Committee
- Risk, Governance and Sustainability Committee

BOARD OF DIRECTORS' PROFILE

TAN SRI DATO' SRI HAJI SYED ZAINAL ABIDIN BIN SYED MOHAMED TAHIR

Executive Chairman

Nationality
Malaysian

Length of Service
3 years 10 months

Gender
Male

Age
61

Date of Appointment
1 July 2020

Date of Last Re-election:
6 December 2022

QUALIFICATION:

- Bachelor of Science in Civil Engineering, University of Maryland, United States of America

WORKING EXPERIENCE AND OCCUPATION:

Tan Sri Dato' Sri Haji Syed Zainal Abidin bin Syed Mohamed Tahir is Executive Chairman of the Company with effect from 9 December 2022. Previously, he served as Group Managing Director of the Company and its subsidiaries since 1 October 2020.

He previously held the position of Vice President of downstream marketing at Petroliam Nasional Berhad (PETRONAS) and Managing Director of PETRONAS Dagangan Berhad. He began his career as a Project Engineer with PETRONAS Gas Sdn Bhd in 1987 before joining PETRONAS in 1992 as Senior Executive of the company's Corporate Planning & International Business Development unit.

He then left to join HICOM Holdings Berhad in 1995, where he assumed various senior positions. In 1999, he lent his expertise to PERODUA when appointed Senior General Manager. Subsequently, he was appointed Executive Director of PERODUA Auto Corporation Sdn Bhd in 2002 and later promoted to Deputy Managing Director of PERODUA in October 2005.

Since then, he has held key positions in established corporations, including Proton Holdings Berhad as Group Managing Director, RHB Bank Berhad and RHB Islamic Bank Berhad as Independent Non-Executive Director. In July 2018, he was appointed Chairman of the Board of Universiti Teknologi MARA until January 2021. He also served as Chairman of Scanwolf Corporation Berhad until 31 December 2023.

He is currently the Chairman of the Pan Asian E-Commerce Alliance, the first regional e-Commerce alliance in Asia that aims to promote and provide secure and value-adding IT infrastructure and facilities for efficient global trade and logistics.

DIRECTORSHIP OF PUBLIC COMPANIES AND LISTED ISSUERS:

None

RELATIONSHIP WITH OTHER DIRECTORS/SHAREHOLDERS/ LISTED ISSUER:

None

CONFLICT OF INTEREST WITH LISTED ISSUER:

None

ANY OTHER CONVICTIONS (ASIDE FROM TRAFFIC OFFENCE):

None

Number of Board Meetings Attended during the financial year:
22/22

Membership of Board Committees

BOARD OF DIRECTORS' PROFILE

TAN SRI ACRYL SANI BIN HAJI ABDULLAH SANI

Independent Non-Executive Director
and Deputy Chairman

Nationality
Malaysian

Length of Service
9 months

Gender
Male

Age
62

Date of Appointment
1 August 2023

Date of Last Re-election:
–

QUALIFICATIONS:

- Diploma in Management Science, Institute Tadbiran Awam Negara
- Bachelor Degree of Civil Engineering, Universiti Teknologi Malaysia
- Master's Degree in Science (Management), Universiti Utara Malaysia

WORKING EXPERIENCE AND OCCUPATION:

Tan Sri Acryl Sani bin Haji Abdullah Sani is a retired police officer who served as the 13th Inspector General of Police of Malaysia from 4 May 2021 to his retirement on 22 June 2023.

He started his career in the police force on 2 February 1986 as a Cadet Assistant Superintendent. Since then, he has held various positions in the police force, including Director of Internal Security and Public Order Department, Director of Commercial Criminal Investigation Department and Director of Logistics and Technology Department.

Tan Sri Acryl Sani bin Haji Abdullah Sani's service has also been recognised with distinguished awards and honours, including Pingat Kesatria Mangku Negara (K.M.N) in 1995, Pingat Darjah Indera Mahkota Pahang (D.I.M.P) in 1997, Pingat Panglima Setia Pasukan Polis (P.S.P.P) in 2011, Pingat Darjah Pahlawan Taming Sari (D.P.T.S) in 2014, Pingat Panglima Gagah Pasukan Polis (P.G.P.P) in 2016, Pingat Darjah Sri Sultan Ahmad Shah Pahang (S.S.A.P) in 2017, Pingat Panglima Jasa Negara (P.J.N) in 2019, Pingat Darjah Seri Panglima Taming Sari (S.P.T.S) in 2020, Pingat Darjah Panglima Pangkuan Negeri (D.P.P.N), Pingat Darjah Gemilang Seri Melaka (D.G.S.M) and Pingat Darjah Kebesaran Panglima Mangku Negara (P.M.N) which carries the title 'Tan Sri' in 2021, Pingat Seri Panglima Darjah Kinabalu (S.P.D.K) which carries the title "Datuk Seri Panglima" in 2023 and Pingat Darjah Utama Bakti Cemerlang in 2024.

DIRECTORSHIP OF PUBLIC COMPANIES AND LISTED ISSUERS:

- Steel Hawk Berhad (Chairman)
- Perbadanan Usahawan Nasional Berhad (Chairman)
- Cheetah Holdings Berhad (Chairman)

RELATIONSHIP WITH OTHER DIRECTORS/SHAREHOLDERS/ LISTED ISSUER:

None

CONFLICT OF INTEREST WITH LISTED ISSUER:

None

ANY OTHER CONVICTIONS (ASIDE FROM TRAFFIC OFFENCE):

None

Number of Board Meetings Attended during the financial year:
6/7

Membership of Board Committees:

Audit Committee
Employee's Share Option Scheme Committee
Whistleblowing Committee
Transition and Transformation Committee
Nomination and Remuneration Committee
Board Procurement and Tender Committee
Risk, Governance and Sustainability Committee

DATUK JOHAR BIN CHE MAT

Senior Independent Non-Executive Director

Nationality
Malaysian

Length of Service
6 years 2 months

Gender
Male

Age
71

Date of Appointment
28 February 2018

Date of Last Re-election:
2 December 2021

QUALIFICATIONS:

- Bachelor's Degree in Economics, Universiti Malaya, Malaysia

WORKING EXPERIENCE AND OCCUPATION:

Datuk Johar bin Che Mat has a career journey spanning over 30 years in the banking industry. He began his banking career when he joined Malayan Banking Berhad (Maybank) in 1976 and served in various capacities within Maybank, namely Regional Manager of Selangor/Negeri Sembilan from 1993 to 1995, General Manager of Commercial Banking Division from 1996 to 2000, Senior General Manager, Corporate Banking and Enterprise Banking Division from 2000 to 2002; and Senior Executive Vice President, Retail Financial Services from 2002 to 2006. Following this, he was appointed Chief Operating Officer of Maybank Group, a position he held until his retirement in 2010.

He was previously a Board Member of Bank Pertanian Malaysia Berhad, Amanah Raya Group, Proton Holdings Berhad and several other public companies.

DIRECTORSHIP OF PUBLIC COMPANIES AND LISTED ISSUERS:

- MNRB Holdings Berhad (Chairman)
- Edelteq Holdings Berhad (Chairman)
- MBSB Bank Berhad (Senior Independent Non-Executive Director)
- Takaful Ikhlas General Berhad (Chairman)
- Takaful Ikhlas Family Berhad (Chairman)
- Malaysian Reinsurance Berhad (Chairman)

RELATIONSHIP WITH OTHER DIRECTORS/SHAREHOLDERS/ LISTED ISSUER:

None

CONFLICT OF INTEREST WITH LISTED ISSUER:

None

ANY OTHER CONVICTIONS (ASIDE FROM TRAFFIC OFFENCE):

None

Number of Board Meetings Attended during the financial year:
19/22

Membership of Board Committees:

BOARD OF DIRECTORS' PROFILE

DATO' ROBERT FISHER

Independent Non-Executive Director

Nationality
United Kingdom

Length of Service
2 years 10 months

Gender
Male

Age
70

Date of Appointment
22 June 2021

Date of Last Re-election:
2 December 2021

QUALIFICATIONS:

- Bachelor's Honours Degree in Chemical Engineering, Birmingham University, United Kingdom

WORKING EXPERIENCE AND OCCUPATION:

Dato' Robert Fisher has some 45 years of experience in the oil and gas industry. He has had a successful and diverse career in significant senior leadership positions, leading large multi-functional organisations in many locations, cultures and operating environments with a proven track record in international commercial negotiations. He is a strong advocate of the delivery of results through the systematic development of human capital.

He joined Esso UK, a subsidiary of the then Exxon Corporation, in 1976. He initially worked in the downstream sector in Esso UK and Esso Europe until 1989 in technical, operational and supply planning roles. He then spent the next 20 years working internationally for Exxon and then ExxonMobil Corporation's upstream sector, including three assignments in Malaysia, four in the United States, and one in Saudi Arabia.

He was Chairman and Managing Director of the ExxonMobil subsidiaries in Malaysia from 2003 until 2006, where he oversaw all aspects of ExxonMobil's business, including managing relationships with the Government of Malaysia, joint venturers, Bursa Malaysia and stakeholders. His significant accomplishments include, on behalf of the ExxonMobil/PETRONAS Carigali joint venture, successfully developing the unprecedented Gas Production Sharing Contract, executed with PETRONAS in 1998, which anchors reliable natural gas supply for the nation until today.

He then became Executive Assistant to Chairman of Exxon Corporation and later Vice President of New Business Development, ExxonMobil Gas Marketing Company, where he led negotiations that culminated in ExxonMobil securing operatorship positions in Core Ventures 1 and 2 in Saudi Arabia's Natural Gas Initiative. He then assumed the position of Executive Vice President, Upstream in Core Venture 1, based in Riyadh, Saudi Arabia.

From 2006 to 2008, in his role as Vice President of ExxonMobil Development Company, responsible for the development of its global non-operated capital project portfolio, he led ExxonMobil's participation in the settlement of the dispute between the Kashagan project partners and the Government of Kazakhstan. Simultaneously, he reignited and led the development of the successful Hebron project in Canada, which had remained undeveloped for many years, including ExxonMobil taking over operatorship.

Subsequently, he has been a Senior Advisor to Bain and Company, a management consultancy headquartered in Boston, United States. He has used his extensive experience to advise on a wide range of projects internationally in locations such as Malaysia, Russia, Australia, Thailand, the United States, Canada, South Africa and Saudi Arabia.

He is currently the Chairman of Ping Petroleum Limited, a subsidiary of the Company.

DIRECTORSHIP OF PUBLIC COMPANIES AND LISTED ISSUERS:

None

RELATIONSHIP WITH OTHER DIRECTORS/SHAREHOLDERS/ LISTED ISSUER:

None

CONFLICT OF INTEREST WITH LISTED ISSUER:

None

ANY OTHER CONVICTIONS (ASIDE FROM TRAFFIC OFFENCE):

None

Number of Board Meetings Attended during the financial year:
20/22

Membership of Board Committees:

Audit Committee | Employee's Share Option Scheme Committee | Whistleblowing Committee | Transition and Transformation Committee

Nomination and Remuneration Committee | Board Procurement and Tender Committee | Risk, Governance and Sustainability Committee

DR. CHEN WEI-MING

Non-Independent Non-Executive Director

Nationality
Republic of China

Length of Service
2 years 10 months

Gender
Male

Age
59

Date of Appointment
22 June 2021

Date of Last Re-election:
2 December 2021

QUALIFICATIONS:

- Doctorate in Electrical Engineering, The University of Texas at Austin, USA
- Master's Degree in Electrical Engineering, The University of Texas at Austin, USA
- Master's Degree in EMBA, National Chiao-Tung University, Taiwan
- Bachelor's Degree in Materials Science, National Tsing-Hua University, Taiwan

WORKING EXPERIENCE AND OCCUPATION:

Dr. Chen Wei-Ming is currently serves as Vice President and Head of Semiconductor Business Group of Hon Hai Technology Group (Foxconn). He began his career with Motorola's Advanced Product Research Laboratory doing power PCs and embedded memory research and development (R&D) at Austin Texas in 1994. He joined TSMC in 1998 as R&D Manager and was then promoted to Deputy Director, in charge of the integration of several technology nodes and various technology flavors for more than ten years. He subsequently joined the management corporate advisory division of an international accounting firm and was involved with various corporate restructuring exercises.

In 2008, he joined TSMC's package subsidiary Xintec Inc. as R&D Vice President doing research in wafer level packages, pioneering TSV and 3DIC packages. From 2009 to 2011 he started his own company, MOS Art Packaging, to continue developing wafer level package products. He then joined Neo Solar Power (NSP) in 2011 as Vice President of R&D and then was promoted to President of the Cell Business Unit. Through his leadership, NSP maintained the highest efficiency of p-type solar cell and module mass production and built three solar cell fabs in three different countries outside Taiwan. He also realised the mass production of Taiwan's first n-type heterojunction solar cell (HJT).

He joined Hon Hai Technology Group as Vice President and special assistant to founder Terry Guo in 2017. He joined the Hon Hai Semiconductor Group in 2019. Since then, he has served on the board of Hon Hai Group's subsidiaries, including Sharp, Foxsemicon, Shun Sin Technology, and Socle Technology. He has established several semiconductor start-ups across fields from package to IC design within Hon Hai Technology Group. He has about 30 patents and 40 publications.

DIRECTORSHIP OF PUBLIC COMPANIES AND LISTED ISSUERS:

None

RELATIONSHIP WITH OTHER DIRECTORS/SHAREHOLDERS/ LISTED ISSUER:

None

CONFLICT OF INTEREST WITH LISTED ISSUER:

None

ANY OTHER CONVICTIONS (ASIDE FROM TRAFFIC OFFENCE):

None

Number of Board Meetings Attended during the financial year:
22/22

Membership of Board Committees:
–

BOARD OF DIRECTORS' PROFILE

TUN NOOR SHAHYA BT TUN ABDUL RAZAK

Independent Non-Executive Director

Nationality
Malaysian

Length of Service
2 years 5 months

Gender
Female

Age
55

Date of Appointment
6 December 2021

Date of Last Re-election:
6 December 2022

QUALIFICATIONS:

- Bachelor's Degree in Accounting, University of Lincolnshire and Humberside
- Association of Chartered Certified Accountants (ACCA)
- Chartered Accountant
- Member of Malaysian Institute of Accountants (MIA)

WORKING EXPERIENCE AND OCCUPATION:

Tun Noor Shahya bt Tun Abdul Razak has over 27 years of experience in accounting, auditing, human resource management, finance and revenue management. She was previously the Deputy Vice President, Finance & Revenue Management (FRM) at Express Rail Link Sdn Bhd from August 2006 until June 2012. Express Rail Link is the owner and operator of the airport rail link, connecting the Kuala Lumpur International Airport and the Kuala Lumpur Sentral transport hub. Between July 2012 and April 2018, she held the position for seven years before being promoted to Vice President of FRM and Human Resource Management, a position she held from May 2018 until September 2020.

She began her career as an Accounts Assistant at Higgins Hire and Sales Centre in the United Kingdom for over three years. Upon her return to Malaysia, she joined Messrs. E.S. Lim and Co. as an Audit Assistant before joining KPMG Public Accountants, where her last post was as an Audit Supervisor.

She subsequently was appointed as an Accountant at Cosmo Restaurants Sdn Bhd, where she was responsible for the preparation of Financial Accounting Statements and Management Reports, yearly budget preparations and controls, reviewing the company's internal control and coordination of the company yearly audit, tax planning and annual return submission.

DIRECTORSHIP OF PUBLIC COMPANIES AND LISTED ISSUERS:

None

RELATIONSHIP WITH OTHER DIRECTORS/SHAREHOLDERS/ LISTED ISSUER:

None

CONFLICT OF INTEREST WITH LISTED ISSUER:

None

ANY OTHER CONVICTIONS (ASIDE FROM TRAFFIC OFFENCE):

None

Number of Board Meetings Attended during the financial year:
22/22

Membership of Board Committees:

Audit Committee
Employee's Share Option Scheme Committee
Whistleblowing Committee
Transition and Transformation Committee
Nomination and Remuneration Committee
Board Procurement and Tender Committee
Risk, Governance and Sustainability Committee

CHANDRAMOHAN SUBRAMANIAM

Independent Non-Executive Director

Nationality
United States of America

Length of Service
2 years 2 months

Gender
Male

Age
68

Date of Appointment
1 March 2022

Date of Last Re-election:
6 December 2022

QUALIFICATIONS:

- Bachelor of Science in Electrical/Electronics Engineering, University of Manchester, England
- Certified Quality Engineer (ASQC)
- Certified Reliability Engineer (ASQC)

WORKING EXPERIENCE AND OCCUPATION:

Chandramohan Subramaniam is a seasoned executive with over 40 years of experience in the medical device and semiconductor industries. Chandra Subramaniam is recognised for his expertise and direct leadership in research and development (R&D), technology, operations and quality functions.

Prior to this role, he was Group Vice President of R&D at Medtronic, Minneapolis where he spearheaded the transformation of Restorative Therapy Group R&D, improved R&D productivity by 20 per cent and enabled several key product launches, amongst others.

He has extensive experience in the manufacturing start-up space, specifically in large and complex organisations in diverse cultural contexts such as Malaysia, Mexico, Japan, the Philippines and the United States.

He began his career at Hitachi Semiconductor Group Malaysia as Quality Control Engineer for three years before moving to Motorola (now known as ON Semiconductor) where he spent 20 years in several leadership roles, including Director of Manufacturing (Asia).

With his demonstrated leadership and expertise in delivering the business' technical and executive strategies, he took on leadership roles in the areas of R&D and operations at Medtronic where he served from 2007 to 2020.

He also sits on the Board of IceMos Technology Corporation.

DIRECTORSHIP OF PUBLIC COMPANIES AND LISTED ISSUERS:

None

RELATIONSHIP WITH OTHER DIRECTORS/SHAREHOLDERS/ LISTED ISSUER:

None

CONFLICT OF INTEREST WITH LISTED ISSUER:

None

ANY OTHER CONVICTIONS (ASIDE FROM TRAFFIC OFFENCE):

None

Number of Board Meetings Attended during the financial year:
21/22

Membership of Board Committees:

–

BOARD OF DIRECTORS' PROFILE

ZALINA BINTI SHAHER

Independent Non-Executive Director

Nationality
Malaysian

Length of Service
2 years 1 month

Gender
Female

Age
61

Date of Appointment
18 March 2022

Date of Last Re-election:
6 December 2022

QUALIFICATIONS:

- Bachelor of Science in Electrical Engineering with a Minor in Mathematics, Southern Illinois University Edwardsville, United States
- Certified SIRIM ISO9002 Assessor

WORKING EXPERIENCE AND OCCUPATION:

Zalina binti Shaher is an electrical engineer by training. She is an experienced leader with an extensive supply chain track record in the semiconductor industry. With 33 years of hands-on industry experience, she has held numerous roles leading operations of sizable semiconductor facilities within and outside Malaysia. She is particularly well-versed in process and equipment engineering as well as test and product engineering, both of which provide deep insights that enable her achievements in operational realignments, cost productivity and controls across manufacturing processes.

She currently advises sensiBel AS as its Vice President of Operations, where she is responsible for the manufacturing setup of the micro-electromechanical systems (MEMS) microphone, focusing on the assembly and test partners, cost, and operations infrastructure setup.

She provided advice on several crucial assignments before joining sensiBel AS, including establishing assembly partners for Novelda AS, a Norwegian semiconductor design company, and specifically on technical due diligence for the company's subsidiary, SilTerra Malaysia Sdn Bhd.

She began her career at Motorola Semiconductor Sdn. Bhd. as a Process Engineer in 1984 and served the company for 15 years. She left as Operations Manager to join Motorola Malaysia Sdn Bhd, in which role as Senior Director, she led the entire RF Operations comprising 1,300 employees and was responsible for the full scale of its manufacturing process with collaborations on cost monitoring with business units in Phoenix, USA. Zalina subsequently served at ON Semiconductor, Silicon Laboratories, Honeywell Aerospace Avionics Malaysia Sdn Bhd, and Energy Micro AS to achieve operational excellence by aligning resources, facilities and productivity.

DIRECTORSHIP OF PUBLIC COMPANIES AND LISTED ISSUERS:

None

RELATIONSHIP WITH OTHER DIRECTORS/SHAREHOLDERS/ LISTED ISSUER:

None

CONFLICT OF INTEREST WITH LISTED ISSUER:

None

ANY OTHER CONVICTIONS (ASIDE FROM TRAFFIC OFFENCE):

None

Number of Board Meetings Attended during the financial year:
20/22

Membership of Board Committees:

Audit Committee
Nomination and Remuneration Committee
Employee's Share Option Scheme Committee
Board Procurement and Tender Committee
Whistleblowing Committee
Risk, Governance and Sustainability Committee
Transition and Transformation Committee

MUHAMMAD SAIFULLAH BIN MOHD ISA

Executive Director

Nationality
Malaysian

Length of Service
7 months

Gender
Male

Age
34

Date of Appointment
6 October 2023

Date of Last Re-election:
–

QUALIFICATIONS:

- Bachelor of Finance, Accounting & Management, University of Nottingham
- Representative's license holder, Capital Marker Service, Securities Commission of Malaysia

WORKING EXPERIENCE AND OCCUPATION:

Muhammad Saifullah bin Mohd Isa is currently the Head of Corporate Strategy & Investment, responsible for leading the planning of the Group's medium and long-term growth and strategy plan, as well as overseeing the execution of the strategy.

He has over thirteen (13) years of experience in the financial services sector, specialising in capital markets and investment banking, and his last position before joining the Company in October 2020 was with the Corporate Finance Department of MIDF Amanah Investment Bank Berhad. He also served in the Corporate Finance Division of AmInvestment Bank Berhad and the Corporate Banking Department of Malayan Banking Berhad.

In addition, he also has experience in the fast-moving consumer goods and logistics industry through a stint with Khazanah Nasional Berhad's wholly-owned investee company, Malaysian Agrifood Corporation Berhad, where he served in the Business Development division. He was also the Securities Commission's Capital Markets Services Representative's license holder during his stint in Investment Banking.

DIRECTORSHIP OF PUBLIC COMPANIES AND LISTED ISSUERS:

None

RELATIONSHIP WITH OTHER DIRECTORS/SHAREHOLDERS/ LISTED ISSUER:

Son of Mohd Isa bin Ismail, the Non-Independent Non-Executive Director and major shareholder of the Company.

CONFLICT OF INTEREST WITH LISTED ISSUER:

None

ANY OTHER CONVICTIONS (ASIDE FROM TRAFFIC OFFENCE):

None

Number of Board Meetings Attended during the financial year:
3/3

Membership of Board Committees:
–

BOARD OF DIRECTORS' PROFILE

MOHD ISA BIN ISMAIL

Non-Independent Non-Executive Director

Nationality
Malaysian

Length of Service
1 month

Gender
Male

Age
60

Date of Appointment
18 March 2024

Date of Last Re-election:
–

QUALIFICATIONS:

- Diploma in Accountancy of MARA Institute of Technology

WORKING EXPERIENCE AND OCCUPATION:

Mohd Isa bin Ismail has over 30 years of experience in senior leadership, investments, and board positions. His expertise spans a variety of businesses in various sectors and countries.

He is currently a controlling shareholder and a Director at AnNedjma Capital Sdn Bhd ("AnNedjma Capital") and Arcadia Acres Sdn Bhd, which in turn is a major shareholder of the Company. Through AnNedjma Capital and under his personal capacity, he also holds investments in companies operating in various sectors such as oil and gas, modern agriculture and market research.

He began his career in semiconductor industry as a financial and cost analyst with Motorola Semiconductor Sdn Bhd for eight years before joining the financial industry as a dealer representative and subsequently as a capital market advisor, providing advisory and consultancy in undertaking corporate exercises, involving fundraising, mergers and acquisitions and investments across various industries and countries.

His vast expertise and broad knowledge in handling both domestic and foreign capital markets mainly in the semiconductor and agriculture industry, also led him to hold various shareholdings in and served on the Board of private and listed companies.

He had previously served on the Board of Greatwall Plastic Industry Bhd, Willowglen MSC Bhd and Len Cheong Holdings Berhad (now known as Mpire Global Bhd).

DIRECTORSHIP OF PUBLIC COMPANIES AND LISTED ISSUERS:

None

RELATIONSHIP WITH OTHER DIRECTORS/SHAREHOLDERS/ LISTED ISSUER:

Father of Muhammad Saifullah bin Mohd Isa, the Executive Director of the Company.

CONFLICT OF INTEREST WITH LISTED ISSUER:

None

ANY OTHER CONVICTIONS (ASIDE FROM TRAFFIC OFFENCE):

None

Number of Board Meetings Attended during the financial year:
–

Membership of Board Committees:

Declaration:

The following declaration applies to all our Directors and Senior Management

- No family relationship with any Director and/or major shareholder of the Company.
- No conflict of interest with the Company.
- No conviction of offences within the past five (5) years other than traffic offences, if any.
- No public sanctions and/or penalties imposed by any regulatory bodies, during the financial period ended 31 December 2023.

The following declaration applies to all our Directors

- Does not hold more than 5 directorships in listed issuers

The following declaration applies to all our Senior Management

- Does not hold any directorship in public companies save for Zainal 'Abidin bin Abd Jalil who is a director of Theta Edge Berhad and Dr Albert Pang Shu Koon who is a director of SilTerra Capital Berhad.

PROFILE OF SENIOR MANAGEMENT

AZHAR BIN OTHMAN

Group Chief Operating Officer Dagang NeXchange Berhad

Age 57, Male, Malaysian

Date of Appointment
9 December 2022

Academic/Professional Qualifications:
- Master's Degree in Business Administration, Arizona State University, United States of America
- Bachelor of Business Administration (Finance and Corporate Investment), University of North Texas, United States of America
- Chartered Institute of Management Accountant and Malaysia Institute of Accountants

Working Experience:
- Responsible for planning, developing and implementing strategies for generating resources or revenues as well as annual and long-term profitability and competitiveness of DNeX, implementation of its operational business strategy and managing day-to-day overall operations.
- Experience spans more than 30 years in leadership, planning, managing, and controlling the entire spectrum of operational finance and accounting functions of an organisation towards meeting its business objectives and profitability. An action-oriented and dynamic leader with global experience in the field of finance and operation across various industries such as semiconductor, oil & gas, automotive, property, real estate and infrastructure, hotel and resort as well as education.
- Helmed CFO role in large government-linked companies such as Proton Holdings Berhad (Automotive), UEM Sunrise Berhad (Property) and Johor Corporation Berhad (Real Estate and Infrastructure).
- Experience working in the semiconductor industry, having worked abroad for eight years in the United States in ON Semiconductor, and also Motorola Semiconductor (M) Sdn Bhd, where he held various roles in finance, which include corporate office, business division, IT, global manufacturing and joint ventures across all regions.

ZAINAL 'ABIDIN BIN ABD JALIL

Group Chief Executive DNeX Energy Group

Age 65, Male, Malaysian

Date of Appointment
2 March 2023

Academic/Professional Qualifications:
- Bachelor's Engineering Degree in Civil Engineering, University of Queensland, Australia

Working Experience:
- More than 35 years of experience in various managerial and leadership roles covering upstream oil and gas operations, independent power business and technology sector.
- Has in-depth knowledge of major hydrocarbon-producing areas in West Africa, North America and the Asia Pacific in addition to leadership experience overseeing power business in the Middle East, North Africa, Southeast Asia and Australia. An accomplished industry leader with a wealth of experience in managing businesses and operations in high-technology and capital-intensive upstream oil and gas industry, and power generation utilities.
- Former Chief Executive Officer of Malakoff Corporation Berhad, having successfully spearheaded the company's transformation into a leading international Independent Water and Power Producer with core businesses in power generation, renewable energy, water desalination and operations & maintenance services.
- Former executive of ExxonMobil where he served in various managerial and leadership roles at the multinational company's business units and operations worldwide.

AMMAR BIN GHAZALI

Group Chief People Officer Dagang NeXchange Berhad

Age 53, Male, Malaysian

Date of Appointment
3 April 2023

Academic/Professional Qualifications:

- Bachelor's Degree in Human Science, International Islamic University, Malaysia
- Bachelor of Law ("LLB"), Universiti Teknologi MARA, Malaysia
- Chartered Institute of Personnel and Development, United Kingdom (CIPD, UK)

Working Experience:

- Responsible for leading, formulating and implementing progressive strategies to support DNeX's Group Human Resources grow its existing talent pool by developing a highly engaged working culture in driving towards becoming a high-performance organisation.
- Formerly held various management positions with over 25 years of extensive experience in diverse conglomerates, including in Government-Linked Companies and Public Listed Companies, covering diversified industries such as property, industrial, transportation, retail and shipping.
- Previously served as Head of Group Human Resources and Administration at M K Land Holdings Bhd, and Head of Human Resources and Administration at Jakel Group of Companies
- Former Head of Human Resources and Administration at Sime Darby Property Berhad and worked in Sime Darby Industrial Sdn Bhd (formally known as Tractors Malaysia Sdn Bhd), helming various management and managerial positions.
- Key highlights of his past experience include his direct involvement in driving engagement transformation & HR best practices, which led to the company being awarded the 2015 Aon Hewitt Best Employer Award and HR Asia Best Companies to Work For in Asia 2015, during his stint at Sime Darby Property Berhad.

DR ALBERT PANG SHU KOON

Chief Executive Officer SilTerra Malaysia Sdn Bhd

Age 66, Male, Malaysian

Date of Appointment
19 May 2022

Academic/Professional Qualifications:

- PhD in Electrical Engineering, Georgia Institute of Technology, United States of America
- Master's Degree in Physics, Georgia State University, Atlanta, United States of America
- Bachelor's Degree in Electrical Engineering, National Taiwan University

Working Experience:

- With more than 30 years of experience in the semiconductor industry, he was helming various senior positions including Senior Director, Logic Technology Development Head of Shanghai Huali Microelectronics Corporation ("HLMC"), Vice President, Operations & Technology Development for Grace Semiconductor Manufacturing Corporation ("GSMC"), Deputy Director of Chartered Semiconductor Manufacturing in Singapore, Deputy Director of Semiconductor Manufacturing International Corporation in Shanghai, China.
- Lent his expertise to Taiwan Semiconductor Manufacturing Company ("TSMC") as Manager, Technical Manager (Process Integration, Technology Development) at Worldwide Semiconductor Manufacturing Co, in Hsinchu, Taiwan.
- Served as Technical Manager (Process Integration, Technology Development) at Worldwide Semiconductor Manufacturing Co, in Hsinchu, Taiwan and Department Manager of Process Integration at Mimos Berhad.

PROFILE OF SENIOR MANAGEMENT

ZAMANI BIN ABD GHANI

Chief Executive Officer OGPC Sdn Bhd

Age 53, Male, Malaysian

Date of Appointment
22 January 2021

Academic/Professional Qualifications:
- Bachelor of Engineering (MECH), University of Wollongong, Australia
- PETRONAS Senior Management Development Program MBA Module, INSEAD Singapore

Working Experience:
- Responsible for aligning OGPC's overall business strategies and the company's capabilities as a world-class service provider in industries.
- Experience in the energy and oil and gas ("O&G") industry spans more than 25 years in various capacities within O&G landscape.
- Previously served in a public-listed company focusing on O&G products supply and services for 14 years and was Group Chief Operating Officer to oversee various divisions including Sales and Marketing, Business Development, Health, Safety and Environment for group-wide operations.

WAN AHMAD SYATIBI BIN WAN ABD MANAN

Chief Executive Officer Dagang Net Technologies Sdn Bhd

Age 50, Male, Malaysian

Date of Appointment
1 January 2016

Academic/Professional Qualifications:
- Bachelor's Degree in Computer Science, Coventry University, United Kingdom

Working Experience:
- Lead assignments in trade strategies and improvement, information systems planning and large-scale project management.
- Credentials include being involved in the Asean Single Window for Trade Facilitation, a unique regional initiative that connects and integrates National Single Windows of Asean member states to expedite cargo clearance within the context of increased economic integration in the Asean region.
- Well-versed in identifying and assessing requirements of permit issuing agencies, and putting up recommendations for business re-engineering processes for these agencies.

MAZLAN BIN TUHIMAN

Chief Executive Officer Innovation Associates Consulting Sdn Bhd ("IAC")

Age 54, Male, Malaysian

Date of Appointment
1 January 2024

Academic/Professional Qualifications:
- Diploma in Business Studies, MARA University of Technology ("UiTM"), Malaysia
- Certificate in Management, National Examining Board of Supervision in the United Kingdom
- Certificate in Book-Keeping, Polytechnic of Sultan Haji Ahmad Shah, Malaysia
- Member of the Malaysian Association of Accounting Administrators
- Leadership & Management programmes by Invictus and Enterprise Architecture Learning Journey, ATD Solution, Malaysia

Working Experience:
- With over 25 years of working experience in various global and multinational industries, including accounting and finance, chemical, fast-moving consumer goods, education, oil and gas, and information and technology ("IT"), as well as in the public sector.
- Former IAC's Acting CEO, and Delivery Director. As Delivery Director, was also accountable for the overall delivery operations of the Practice Areas and Capability Centre, setting up and executing top-class delivery to clients and projects.
- Previously held several senior leadership roles in established corporations, including as Project Director in the Integrated Government Financial and Management System ("iGFMAS")'s Transformation Project, Senior Manager in Delaware Consulting Malaysia Sdn Bhd, responsible to setting up and lead the Offshore Global Delivery Centre (Malaysia, The Philippines, China-Harbin and Brazil), Head of Business Applications Centre in Fraser and Neave Holdings Bhd ("F&N") and was a Project Manager for PMI roll out projects in BASF IT Asia Pacific in India, Vietnam, Singapore and Thailand.
- With over 13 years of working experience at PETRONAS in its various subsidiaries within the Finance Department, was also appointed as a member of the SAP Expert Users Referral Group for Petronas Groupwide and led the first SAP Implementation for Universiti Teknologi PETRONAS.
- Broadened his career by joining the contracting job as SAP FICO Consultant at SHELL. IT in Cyberjaya, followed by ISS Consulting Sdn Bhd, BASF Asia-Pacific Service Centre and F&N Holdings Bhd as the Head of Business Applications Centre, Group IT. He joined Delaware Consulting Malaysia Sdn Bhd as Senior Manager to lead the Offshore Global Delivery Center before re-joined IAC as Delivery Director in January 2022.

IRNA WATI BINTI MOHD NOR

Group Finance Director of Dagang NeXchange Berhad

Age 42, Female, Malaysian

Date of Appointment
1 October 2023

Academic/Professional Qualifications:
- Bachelor's Degree in Accounting (First Class), MARA University of Technology ("UiTM"), Malaysia
- Member of Malaysia Institute of Accountants

Working Experience:
- Chartered Certified Accountant with over 20 years extensive experience in a broad range of industries including property development & constructions, plantation, manufacturing, trading & services, government agencies, information technology and energy. The experience covers the fields of accounting, finance, taxation, treasury, investment, business assurance and various corporate transactions includes corporate restructuring, strategy and transformation.
- Former Group Financial Controller of DNeX responsible to lead Group Finance and Reporting team, comprising certified chartered accountants to maintain financial statement integrity, control, compliance and best practices throughout DNeX and its group of companies.
- Former Deputy Chief Financial Officer of Human Resource Development Corporation, responsible to oversee the entire range of financial, treasury and investment related activities of the organisation. Has proven success in transforming the organisation to a profitable organisation and implemented effective and robust finance and investment process and procedures.
- Previously served in public listed entities in Malaysia, namely UEM Sunrise Holdings Berhad and DRB-Hicom Berhad where she was responsible for the Group's corporate functions in accounting, finance, taxation, financial strategy and transformation.
- Began career as an Auditor at Ernst & Young Malaysia from 2004 until 2012. During the nine years tenure with Ernst & Young Malaysia, she was involved in statutory and special audits of public listed companies and multinational corporations of various industries.

PROFILE OF SENIOR MANAGEMENT

KUTBUDDIN BIN ASGAR ALI

Head of Legal/General Counsel & Secretarial Dagang NeXchange Berhad

Age 56, Male, Malaysian

Date of Appointment
15 March 2023

Academic/Professional Qualifications:
- Master's Degree in Law, University of Malaya
- Bachelor's Degree in Law with a major in Commercial, University of Malaya

Working Experience:
- Leads the Legal/General Counsel Department of DNeX, ensuring the consistent application of operational risk governance, policies, and reporting across all departments.
- Provides valuable in-house legal and secretarial support services to DNeX Group, effectively resolving legal issues and safeguarding the Group's rights and interests.
- Responsible for the efficient management of staff and resources in the Legal and Secretarial departments, while enhancing and strengthening the Group's internal processes and procedures through digitalisation, promoting compliance and good corporate governance.
- With over 25 years of experience in legal practice and corporate sector, specialising in legal and secretarial matters, particularly in property development/real estate, securities and financial services.
- Previously helmed various leadership and managerial positions such as Head, Legal & Corporate Secretarial Division at Putrajaya Holdings Sdn Bhd, Head, Legal & Tender Secretary at UEM Sunrise Berhad, Head of Legal and Company Secretarial at Pelaburan Hartanah Berhad, as well as Legal and Secretarial Manager at i-VCAP Management Sdn Bhd and Malaysian Industrial Development Finance Berhad.

S MARSITA BINTI S KASIM

Head of Group Corporate Communications and Sustainability Dagang NeXchange Berhad

Age 54, Female, Malaysian

Date of Appointment
1 July 2021

Academic/Professional Qualifications:
- Bachelor of Arts in International Relations, Minor in Political Science, University of California-Davis, United States of America
- Certificate in Investor Relations, Investor Relations Society, United Kingdom

Working Experience:
- Responsible for the Group's strategic internal and external communications in corporate development, crisis communications, merger & acquisition exercises, as well as achievement of corporate milestones to enhance the Group's image and foster confidence among stakeholders.
- Spearheads the overall development and management of Sustainability initiatives including the Group's Sustainability Framework and related processes including reporting and communications.
- Experienced in strategic communications with a demonstrated history of serving the spectrum of corporate communications including media relations, crisis communications, branding, and internal communications backed by a strong foundation in journalism.
- Held various positions in the Group including former Head of Media and Investor Relations at DNeX and Head of Strategic Communications at Dagang Net Technologies Sdn Bhd
- More than 10 years of experience in the media industry with her last appointment as Assistant News Editor at the New Straits Times, Malaysia's leading English daily before transitioning to corporate communications.

IZHAM SYAH BIN MAHROME

Head of Group Internal Audit Dagang NeXchange Berhad

Age 47, Male, Malaysian

Date of Appointment
15 October 2020

Academic/Professional Qualifications:
- Chartered Accountant
- Member of Malaysian Institute of Accountants (MIA)
- Fellow Member of Association Certified Chartered of Accountant (ACCA)
- Chartered Member of the Institute of Internal Auditor Malaysia (CMIIA)
- Chartered Banker
- Member of Asian Institute of Chartered Bankers (AICB)
- Master's Degree in Business Administration (Finance), Universiti Putra Malaysia
- Bachelor of Commerce and Management, Lincoln University, New Zealand

Working Experience:
- Oversees the Internal Audit functions across the DNeX Group, and established the inhouse Group Internal Audit ("GIA") to ensure that the GIA supports the Group's Audit Committee in discharging its responsibilities, as well as managing its respective governance, risk and control functions.
- Corporate banking and audit experience spans over 20 years across sectors namely automotive, oil & gas, shipping, aviation, utilities, plantation, construction, property development, metal & steel, jewellery, and hospitality.
- Key expertise includes audit planning and audit strategy (financial and operational audit), credit assessment, corporate banking, and consulting work.
- Previously helmed various leadership positions in prominent financial institutions including as Head of Audit Branch Office and Information Technology at Lembaga Tabung Haji, Head of Audit (Head Office Operations) at SME Bank and Vice President of Business Banking at Affin Islamic Bank Berhad. He had also previously worked with Export-Import Bank (M) Berhad, RHB Bank Berhad and PricewaterhouseCoopers.

SUSTAINABILITY STATEMENT

About This Statement

This sustainability statement details our commitments, actions and impact across Environmental, Social and Governance ("ESG") topics that are material to Dagang NeXchange Berhad ("DNeX" or "the Group") during the 18 months from 1 July 2022 to 31 December 2023 ("FY2023"), providing insight into our strategies to create long-term, shared value for people, communities, the environment and our business.

This statement covers the primary activities of our business clusters, key support areas and subsidiaries within both our Malaysian and international operations. Wherever possible, performance data for the past three financial years is disclosed.

Reporting Framework

The disclosures within this statement are guided by the following standards and frameworks:

- Main Market Listing Requirements ("MMLR") by Bursa Malaysia Securities Berhad ("Bursa Malaysia")
- Bursa Malaysia's Enhanced Sustainability Reporting Framework
- Bursa Malaysia's Corporate Governance Guide (4th edition)
- Bursa Malaysia's Sustainability Reporting Guide (3rd edition)
- Global Reporting Initiative ("GRI") Universal Standards 2021
- United Nations' Sustainable Development Goals ("UN SDGs")
- FTSE4Good Bursa Malaysia ESG Indicators
- Greenhouse Gas Protocol Corporate Accounting and Reporting Standard ("GHG Protocol")
- Task Force on Climate-Related Financial Disclosures ("TCFD") Recommendations
- Malaysian Code of Corporate Governance ("MCCG") by Securities Commission Malaysia
- International Integrated Reporting Framework by IFRS Foundation

Statement of Assurance

This sustainability statement has not been subjected to an assurance process.

Forward-Looking Statements

This statement includes forward-looking projections and forecasts regarding our sustainability strategies, prospects and future plans. These projections are based on current expectations and reasonable assumptions but are subject to change due to various external factors beyond our control. Therefore, actual results may differ significantly from those anticipated in these forward-looking statements. We advise readers to exercise caution and not place undue reliance on these projections as they are inherently uncertain and contingent.

Feedback

We strive to progressively improve our approach to sustainability and value the input and suggestions of our stakeholders. Please send any feedback on this statement or our sustainability initiatives to sustainability@dnex.com.my or via the communication channels available on our corporate website: www.dnex.com.my.

Availability

This statement is available on our corporate website: www.dnex.com.my.

ABOUT DNeX

Dagang NeXchange Berhad ("DNeX" or "the Group") is an investment holding company headquartered in Cyberjaya, Selangor, Malaysia. Since our founding in 1970, we have diversified our business across three divisions, each operating in dynamic and global industries:

- Technology: The manufacturing of semiconductors for global technology companies by SilTerra Malaysia Sdn Bhd ("SilTerra")
- Energy: Upstream oil and gas exploration and production activities carried out by Ping Petroleum Limited ("Ping"), and equipment supply and maintenance services carried out by OGPC Sdn Bhd ("OGPC")
- Information Technology ("IT"): Trade facilitation solutions provided by Dagang Net Technologies Sdn Bhd ("Dagang Net") and SealNet Sdn Bhd ("SealNet"), technology consulting and system integration services by Innovation Associates Consulting Sdn Bhd ("IAC"), DNeX Solutions Sdn Bhd ("DNeX Solutions") and subsea telco services by DNeX Telco Services Sdn Bhd ("DNeX Telco")

In addition to our home country of Malaysia, we maintain a network of branches across Indonesia, Taiwan, China and the United Kingdom ("UK"). Our products and solutions are provided to direct customers across these countries.

Memberships & Associations

We leverage a range of partnerships with public and private sector entities to amplify our sustainability efforts. In addition, we are a member of the United Nations Global Compact ("UNGC"), through which we commit to adopting sustainable practices that align with the universal principles of human rights protection, fair labour practices, environmental protection and anti-corruption.

ASSOCIATION	BUSINESS DIVISION/ENTITY	OUR ROLE
United Nations Global Compact	Group-wide	Member
Pan-Asian E-commerce Alliance	Dagang Net	Member

OUR SUPPLY CHAIN

We work with a large network of suppliers, including suppliers of raw materials, machinery and technology. In line with our goal to circulate economic value within our home country, our supplier base comprises mainly Malaysian companies.

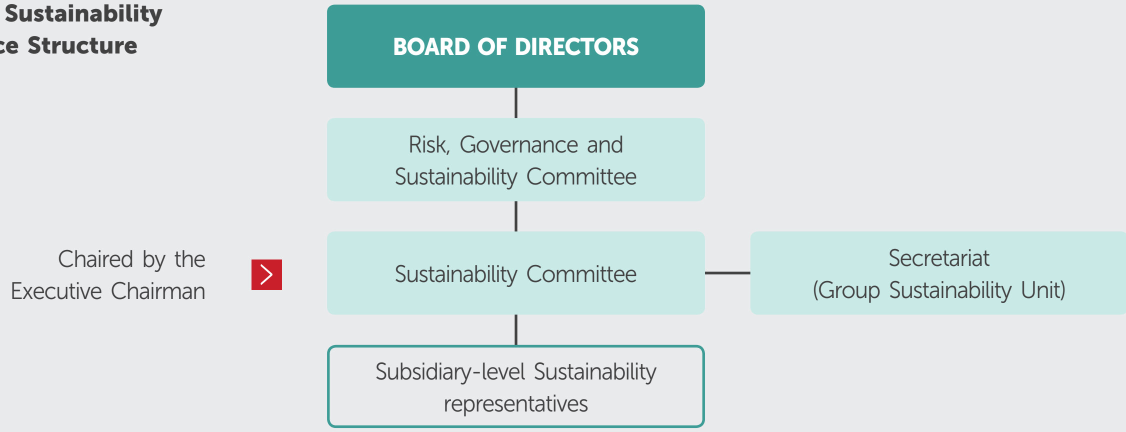
In seeking to uphold our standards in sustainability across our supply chain, we rigorously monitor the ESG practices and impacts of our suppliers and provide ongoing feedback to drive improvement. Moving forward, we aim to develop sustainability-linked supplier selection criteria to further reduce ESG risks within our supply chain.

OUR APPROACH TO SUSTAINABILITY

SUSTAINABILITY GOVERNANCE

Sustainability at DNeX is governed through a comprehensive four-tier structure that spans the entire organisation. This structure ensures that all current and potential sustainability issues are thoroughly considered, and that appropriate action plans are developed and implemented effectively.

The DNeX Sustainability Governance Structure



Board of Directors ("Board")	• Assumes overall responsibility for and oversight of our sustainability strategies • Ensures the alignment of our sustainability strategies with our processes, strategies, Key Performance Indicators ("KPIs") and desired business outcomes • Led by our Executive Chairman
Risk, Governance and Sustainability Committee ("RGSC")	• Monitors and assesses ongoing sustainability initiatives • Leads decision-making on matters concerning our sustainability framework
Sustainability Committee ("SC")	• Develops action plans for the execution of all sustainability initiatives at the Group and subsidiary levels • Monitors all our sustainability initiatives on an ongoing basis and reports findings to the RGSC and the Board regularly • Provides updates on our policy revisions, sustainability objectives and changes to regulatory standards to sustainability representatives at the subsidiary level through quarterly meetings • Chaired by the Executive Chairman
Group Sustainability Unit	• Serves as the Secretariat of the SC • Responsible for identifying areas for improvement in our sustainability governance practices and initiatives • Leads and coordinates our sustainability reporting
Sustainability representatives	• Executes our sustainability initiatives at the ground level, in accordance with guidance provided by the SC

STAKEHOLDER ENGAGEMENT

Our stakeholders play an important role in our approach to sustainability. By engaging with them regularly, we gain a clearer understanding of the issues that matter to them, empowering the development of sustainability strategies and initiatives that deliver shared, long-term value.

For details on how we engage with our stakeholders and address their concerns, please read the Stakeholder Engagement section of our Integrated Report from pages 40-45.

MATERIALITY

Our sustainability agenda is guided by the principle of materiality, which dictates that our efforts should be aligned with key topics that are significant to our business and our stakeholders.

In FY2022, in line with our adoption of integrated reporting, we carried out our first materiality assessment. The assessment encompassed extensive consultations with internal and external stakeholders, and a benchmarking exercise covering our industry peers and relevant national commitments. The assessment followed the following five steps:

1 Identification

A comprehensive list of sustainability issues was compiled based on recognised standards such as the Sustainability Accounting Standards Board ("SASB"), Global Reporting Initiative ("GRI") and the United Nations' Sustainable Development Goals ("UN SDGs"). Following internal consultations, the list was refined to focus on issues that are most relevant and material to the Group.

2 Mapping to Industry Peers

An internal team cross-referenced the identified sustainability issues with those of our industry peers. This process aimed to validate our selection decisions and uncover any additional material issues that should be considered.

3 Mapping to National Commitments

The identified sustainability issues were compared to Malaysia's national sustainability commitments to pinpoint additional considerations.

4 Prioritisation

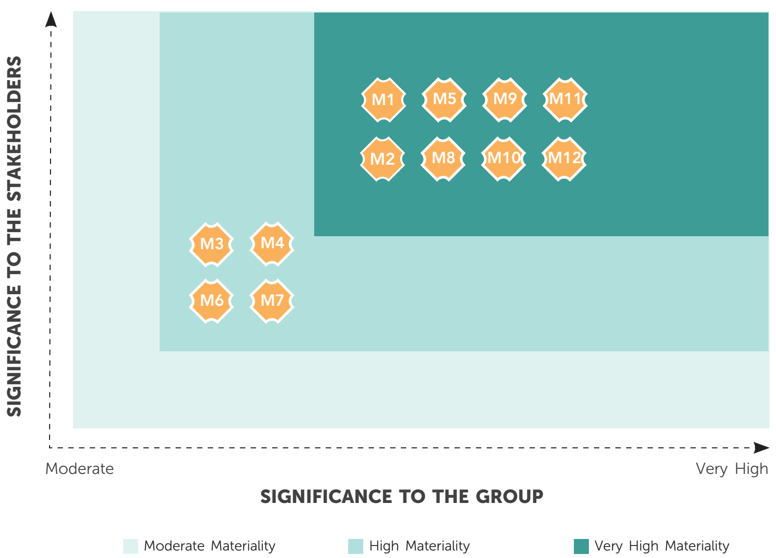
Based on the outcomes of the mapping exercises undertaken, internal stakeholders shortened the long list of sustainability issues into a final list of 12 sustainability matters deemed as most material to our Group-wide ESG impact.

5 Finalisation

The final list of sustainability matters was approved by the Board, thus serving as the foundation of our Sustainability Framework and our Group-wide sustainability initiatives and actions.

To ascertain the continued relevance of our existing sustainability matters, we undertook an internal materiality validation exercise in FY2023. As a result of this process, we concluded that each of the sustainability matters presented in our FY2022 Sustainability Statement remained material to the Group.

These 12 sustainability matters, and their relative significance to the Group and our stakeholders, are depicted in the materiality matrix below.



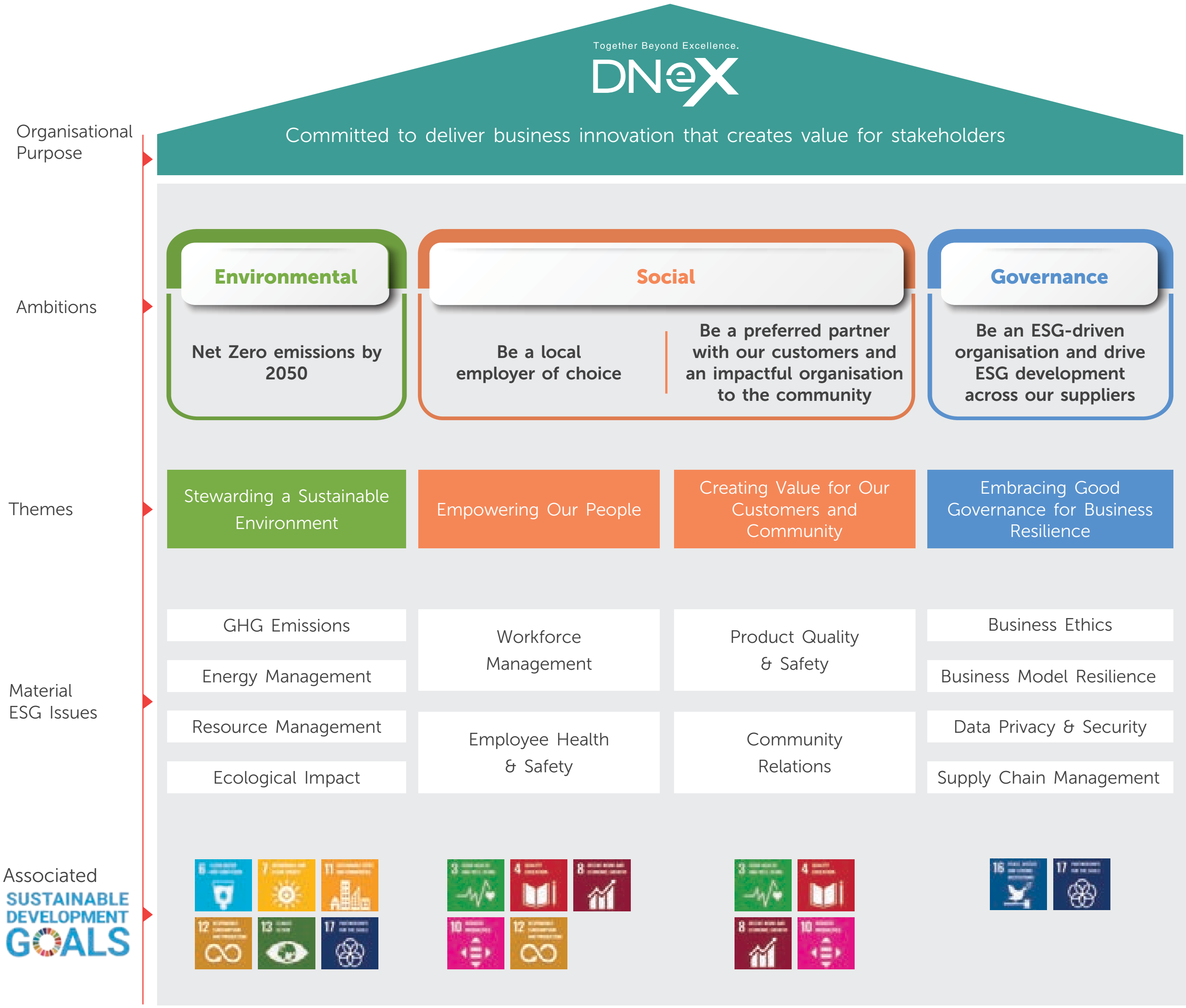
MATERIAL MATTERS

- M1 GHG Emissions
- M2 Energy Management
- M3 Resource Management
- M4 Ecological Impact
- M5 Workforce Management
- M6 Employee Health & Safety
- M7 Product Quality & Safety
- M8 Community Relations
- M9 Business Ethics
- M10 Business Model Resilience
- M11 Data Privacy & Security
- M12 Supply Chain Management

OUR APPROACH TO SUSTAINABILITY

THE DNeX SUSTAINABILITY FRAMEWORK

Our Sustainability Framework defines what a sustainable future looks like at DNeX. Pillared on four themes, it provides purpose to our sustainability agenda – guiding our teams to make progress towards key ambitions and create long-term, shared value for our business, stakeholders, local communities and planet.



Environmental

As a sustainable environmental steward, we are committed to reducing our Group-wide emissions, minimising our resource footprint and supporting the circular economy, towards achieving net zero greenhouse gas ("GHG") emissions by 2050.

ENVIRONMENTAL

GHG EMISSIONS

Why It Matters

With our expansion into the energy and semiconductor manufacturing industries, we are exposed to more stringent regulations and heightened expectations pertaining to our environmental impact – and our GHG emissions in particular. By driving emissions reductions across our business, we can minimise the risk of non-compliance and position ourselves as an environmentally responsible organisation worthy of the trust of our customers, investors and other stakeholders, thus safeguarding the sustainability of our business.

In addition, focused and consistent climate action enables us to contribute meaningfully to Malaysia's goal of reaching net zero GHG emissions, strengthening our relationship with governmental authorities and unlocking new avenues for long-term business growth.

Our Approach

In aspiring to make a tangible difference to the world's shared fight against climate change, we have committed to achieving carbon neutrality by 2040 and net zero GHG emissions by 2050.

During the past year, we took an important step on this journey by undertaking our first GHG inventory. The inventory covered Group-wide Scope 1 and Scope 2 emissions, with 2022 chosen as the base year for our calculations and our methodology based on the internationally recognised GHG Protocol Corporate Accounting and Reporting Standard ("GHG Protocol"), in line with Bursa Malaysia Securities Berhad's ("Bursa Malaysia") Sustainability Reporting Guide (3rd edition).

The inventory provides us with a solid base to assess emissions reduction strategies and technologies, positioning us to transform our business model and investment decision-making processes in the years to come, with a view to achieving long-term emissions reductions.

At the business unit level, we are planning to install solar panels across SilTerra's operations to reduce its emissions from fossil fuel-based energy. Meanwhile, Ping adheres to its detailed Net Zero Policy and Strategy, under which it works closely with various UK-based non-governmental organisations ("NGOs"), institutions and business partners to implement low-carbon oil and gas production solutions and energy efficiency improvements. Ping also conducts an annual emissions audit to highlight areas where it may achieve further emissions reductions.

Scope 1 & 2 GHG Emissions

Our first GHG emissions inventory, conducted using the equity share consolidation approach, revealed that we emitted a total of 94,832 tCO_2e across Scope 1 (Direct) and Scope 2 (Indirect) emissions during FY2022. Our Technology division was responsible for the largest share at of 54,974 tCO_2e (58% of the total), followed by the Energy division with 39,583 tCO_2e 42%, the IT division with 270 tCO_2e 0.3% and our headquarter, Dagang Net Tower with 5 tCO_2e (0.005%).

We will explore the inclusion of Scope 3 emissions in future inventories to provide a fuller picture of our Group-wide emissions.

Business Unit	Scope 1 Emissions (tCO_2e)	Scope 2 Emissions (tCO_2e)	Total GHG Emissions by Business Unit (tCO_2e)
Headquarter, Dagang Net Tower	5	-*	5
Technology	13,679	41,295	54,974
Energy	39,533	50	39,583
Information Technology**	5	265	270
Total GHG Emissions (tCO_2e)	53,222	41,610	94,832

* As Dagang Net Tower is occupied by multiple entities, including Dagang Net, its Scope 2 emissions are accounted for under Dagang Net in the IT business unit.

** Data for IT business units located within or outside Dagang Net Tower are reported here.

This baseline study was conducted based on our previous reporting period, 1 July 2021 – 30 June 2022. Moving forward, we will conduct this study following our new calendar year of 1 January – 31 December. Moreover, the baseline study does not include Scope 3 (Category 6: Business Travel and Category 7: Employee Commuting), which we will cover in the next reporting cycle.

ENERGY MANAGEMENT

Why It Matters

Energy forms a key input in our operations and is a major source of our GHG emissions. By enhancing energy efficiency, reducing energy intensity and, where possible, transitioning to renewable energy sources, we can move closer to achieving net zero and reduce operational risks related to potential future increases in energy costs or energy supply shortages.

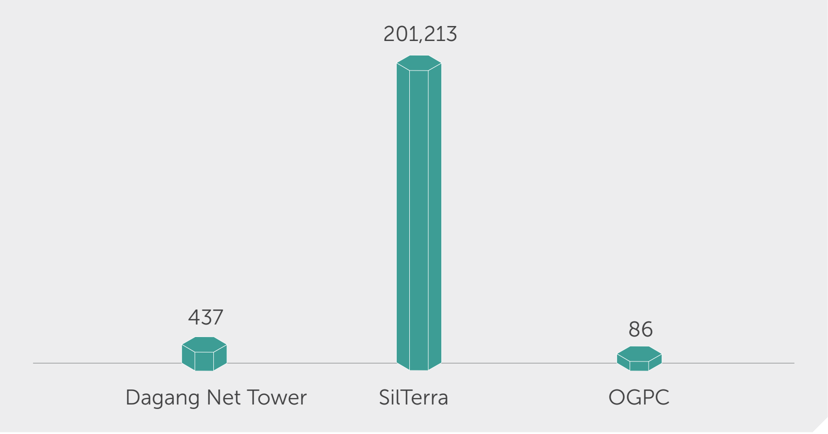
Our Approach

As a basis of our energy management efforts, we comprehensively track our energy consumption across all business premises and manufacturing facilities, enabling our teams to identify areas of wastage and implement purpose-fit strategies to optimise energy use. In future, we aim to extend our tracking to energy intensity to enable a more comprehensive understanding of our energy footprint.

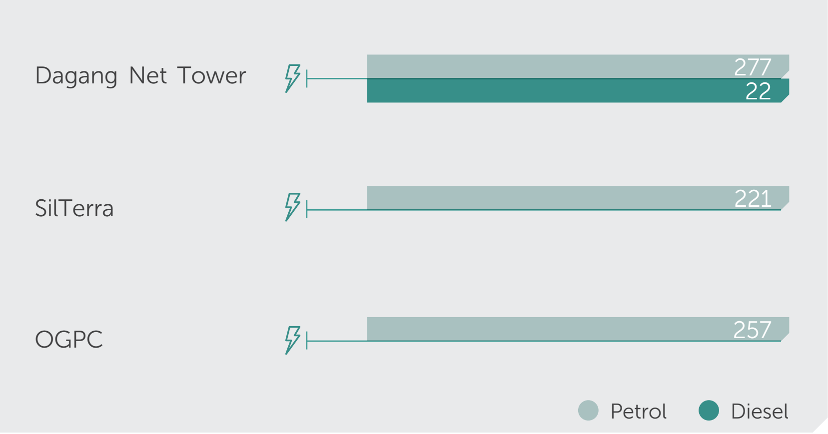
This endeavour is supported by ongoing efforts to inculcate energy-saving practices amongst our employees, with posters put up across our buildings to remind them to switch off the lights and other utilities after use. In addition, we consider energy use and efficiency when undertaking decisions related to building design or procurement, such as by installing split air conditioning units and opting for energy-efficient appliances where practicable.

With the global decarbonisation drive gaining in importance, we understand that these ongoing energy reduction efforts merely scratch the surface of what we can and should do. As such, we have identified emerging green and low-carbon business opportunities across our business units, for which we are currently developing proofs of concept. This is illustrated by Ping's ongoing work with Cerulean Winds Limited to develop a first-of-its-kind floating wind turbine to power their Excalibur Floating Production Storage and Offloading ("FPSO") vessel. Upon its launch, the solution will mark a key milestone in the UK energy industry's decarbonisation journey, earmarking Ping as a pioneer of low-carbon solutions.

Electricity Consumption (MWh) in FY2023



Energy Consumption from Mobile Consumption (GJ)



Energy Consumption from Stationary Combustion (GJ)

ENVIRONMENTAL

RESOURCE MANAGEMENT

Why It Matters

Our business activities – and particularly those of our Technology division – involve the use of natural resources as inputs, and lead to the discharge of wastewater, air pollutants and hazardous and non-hazardous waste. By managing these impacts responsibly, we can minimise negative outcomes on natural environments and reduce the financial, legal and reputational risks related to regulatory non-compliance.

Positive action in resource management can also drive efficiency and cost improvements while opening up new business growth opportunities across a wider range of sectors and markets.

Our Approach

Our resource management efforts are pillared on rigorous compliance with all prevailing regulations relating to water use and disposal, material use and disposal and waste management. Building on this, we implement detailed strategies and processes that are tailored to the unique challenges and opportunities presented within each of our business units.

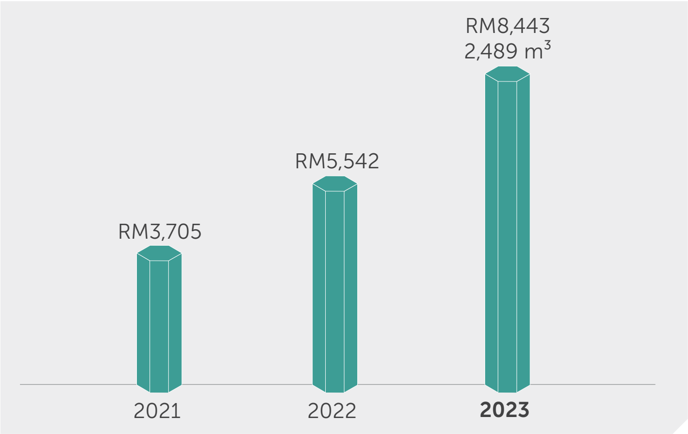
This is illustrated by our comprehensive approach to waste management in the Technology division, encompassing wastewater, scheduled waste and air emissions. Operating in an emissions-intensive sector, we have installed state-of-the-art exhaust systems to treat hazardous fumes and reduce the release of harmful volatile organic compound emissions into the atmosphere.

In addition, we have established a Hazardous Substance Process Management Policy, which dictates that SilTerra's products must be sent to accredited laboratories for independent analysis of their concentration of hazardous substances while working closely with the division's suppliers to ensure they maintain the same standards across their processes.

Within our Group-wide overall resource management practices, waste management has been identified as a key area of improvement. Presently, we work with third-party service providers to ensure that all used electrical and electronic instruments are disposed of in full compliance with local environmental regulations. Moving forward, we will strengthen our approach by undertaking full tracking of Group-wide waste generation and disposal to reduce the amount of waste that is sent to landfills.

In addition, we are actively exploring the use of rainwater harvesting systems to minimise our reliance on municipal water systems, cognisant of the increasing scarcity of water and the potential for more frequent water cuts, which would have a substantial impact on our ability to meet our production targets.

Water Consumption



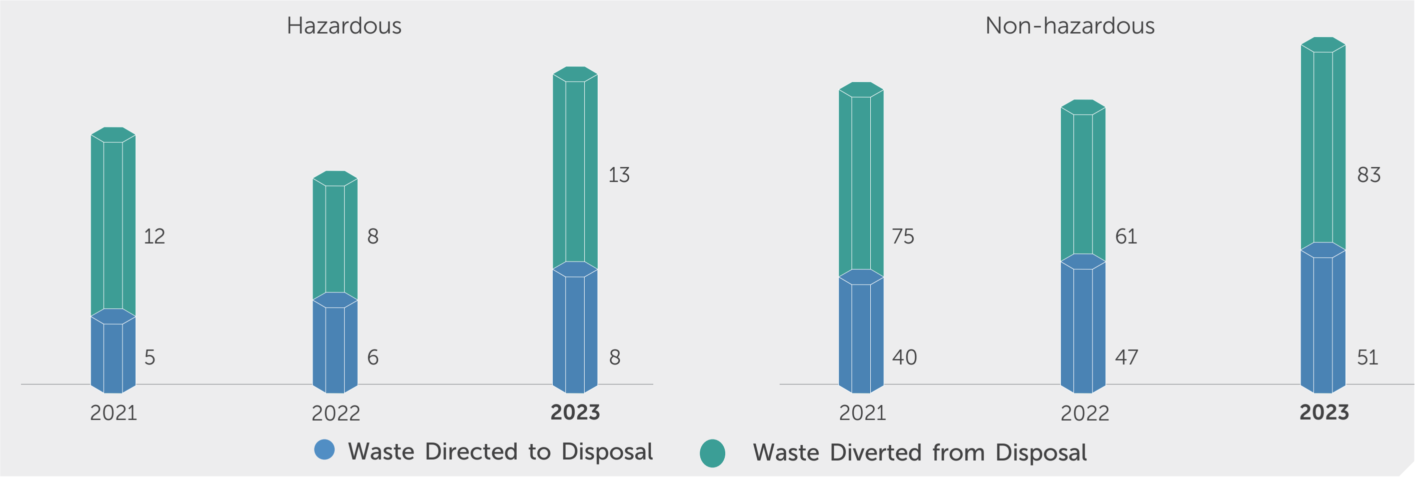
Data covers Dagang Net Tower. For 2021 and 2022, tracking was done by cost (RM) only. We started tracking volume (m^3) in 2023.

Water Consumption by Source

	2021	2022	2023
Municipal Water Supply	RM3,705	RM5,542	RM8,443 (2,489 m^3)
Groundwater Extracted	N/A	N/A	N/A
Total Water Consumption	**RM3,705**	**RM5,542**	**RM8,443 (2,489 m^3)**

Data covers Dagang Net Tower. For 2021 and 2022, tracking was done by cost (RM) only. We started tracking volume (m^3) in 2023.

Waste Generated (MT)



* Data covers our Ping operations

ECOLOGICAL IMPACT

Why It Matters

Biodiversity forms a key aspect of our efforts to tread lighter on natural environments. The business activities of our Technology and Energy divisions, in particular, cause disruptions to natural ecosystems, and it is incumbent upon us to plan our operations in ways that minimise impacts on native flora and fauna species – and their land or sea-based habitats. Doing so protects our reputation as an environmentally responsible organisation and safeguards our social license to operate in a time of heightened regulatory and stakeholder scrutiny.

Our Approach

To minimise our impact on natural ecosystems, we adhere to the best practices outlined in relevant, internationally recognised standards including ISO 14001:2015 Environmental Management Systems, to which SilTerra and OGPC have received certification, and Environmental Quality Act and Regulations 2007, which outlines clear standards in relation to the prevention, abatement and control of pollution as well as the enhancement of natural environments.

Supporting environmentally responsible actions across our operations, we educate our employees on the importance of biodiversity through purpose-fit training programmes and initiatives, providing them with the means to put their learning into practice through biodiversity-related corporate social responsibility ("CSR") activities. We also engage closely with government entities and industry players to foster collaborative approaches on biodiversity protection, with the aim of delivering greater positive impact on natural ecosystems.

Social

By empowering our people and creating value for our customers and local communities, we aim to establish ourselves as an employer of choice and a trustworthy, responsible partner across our international business presence.

WORKFORCE MANAGEMENT

Why It Matters

Our employees are our greatest asset. Leveraging their collective skills and experience, we are empowered to drive innovation across our business, expand our presence across new markets and sectors, and deliver greater value for local communities and environments.

To achieve these outcomes, it is vital that we provide our employees with competitive remuneration and benefits, drive their continuous professional development and consistently uphold fair and non-discriminatory practices. Failure to do so would negatively impact our ability to attract and retain quality talent, reducing organisational productivity and harming our long-term growth potential. This is particularly true within our Technology and Energy divisions, where specialised talent is in high demand.

Our Approach

Providing Competitive Remuneration and Benefits

To drive employee attraction and retention, we offer competitive remuneration packages and a wide range of benefits to our permanent and non-permanent employees, including:

Leave Entitlement	Health and Medical Benefits
• Annual Leave • Medical Leave • Hospitalisation Leave • Compassionate Leave • Maternity & Paternity Leave • Marriage Leave • Examination & Study Leave • Hajj Leave (only for permanent staff)	• Outpatient Medical Treatment • Personal Accident Insurance • Hospitalisation & Surgical Insurance • Term Life Insurance

In addition to these benefits, all employees benefit from contributions to the Employees Provident Fund ("EPF"), Social Security Organisation ("SOCSO") and Employee Insurance System ("EIS"), as per legal requirements, with permanent employees who have been with us for more than two years receiving an increment in their EPF contribution.

Our remuneration packages and benefits are regularly reviewed to ensure that they remain competitive within our respective industries and in line with increases to the cost of living. In addition, we exercise care in maintaining continuous compliance with all legal requirements pertaining to minimum wage and overtime pay in our countries of operation, including the Employment Act 1955 and Industrial Relations Act 1967 in Malaysia.

Empowering Learning and Development

To cultivate an ever learning and growing workforce, we maintain an extensive calendar of training programmes throughout the year. These programmes, which cover role-specific and general areas of competency, are developed based on an annual training needs analysis carried out by our Group Human Resources Department. They are delivered in formal settings (via online mediums) and via on-the-job course formats.

SOCIAL

Our training and development programmes are underscored and guided by our newly-launched corporate values – Driven, Adaptable, Responsible and Ethical, or DARE. These four values describe the fundamental attributes that we strive to develop across each and every member of our workforce. By building an entrepreneurial and agile mindset across our teams, rooted in a deeply-held responsibility to our customers, partners and communities, we can stand in a stronger position to compete and thrive as a global organisation.

Building a Sustainable Pipeline of Talent

To ensure our competitiveness in today's fast-evolving operating environment, it is vital that we maintain a strong pipeline of talent at all levels – from graduates to potential future leaders. To this end, our Group Human Resources Department regularly collaborates with local colleges and universities to increase visibility of DNeX amongst undergraduates while participating in various career fairs to build our reputation as an employer of choice across job seekers of all ages. We also maintain an active internship programme that provides undergraduates with a taste of our vibrant industries and culture of innovation.

Meanwhile, employees with demonstrated leadership potential are provided with additional training programmes geared towards cultivating the specific leadership skills and competencies required for their future potential roles. They are also connected to experienced mentors within the Group, providing them with vital guidance and support as they take the leap to positions of greater responsibility.

Upholding Human Rights and Fair Employment Practices

As our business presence expands, we have developed a suite of policies that uphold fairness in our employment practices and underline our stringent stance against all violations of our employees' human rights.

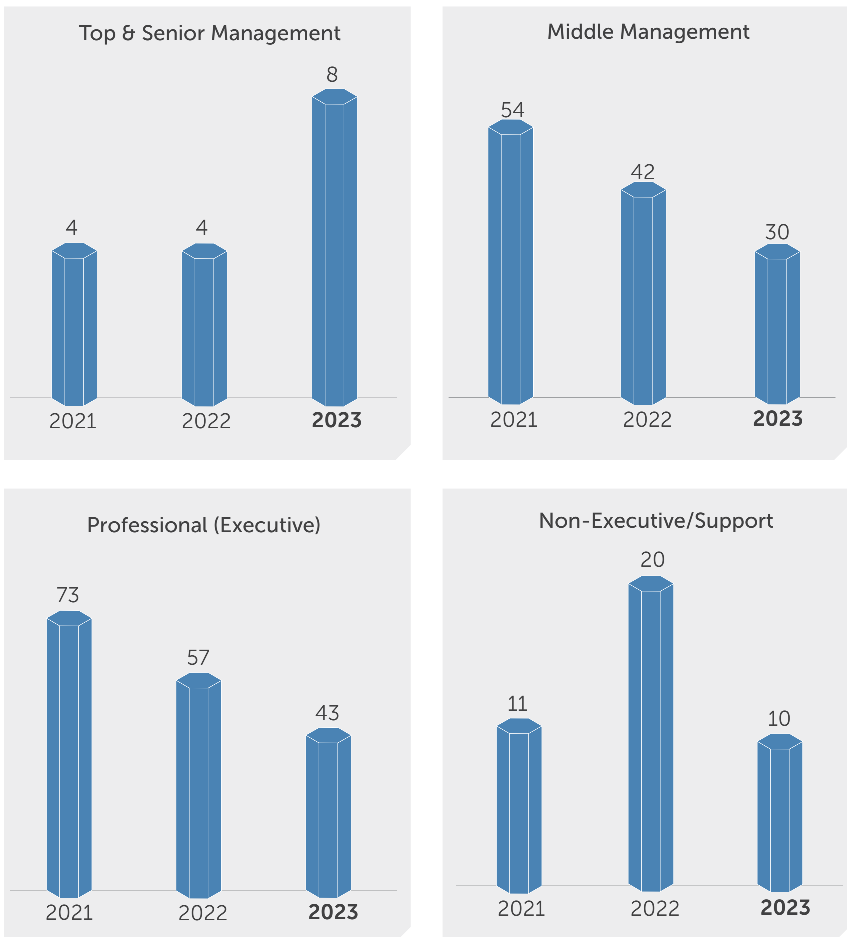
During FY2023, we launched our Anti-Discrimination Policy, Anti-Bullying/Anti-Harassment Policy and Prohibition on Human Trafficking, Forced Labour and Child Labour Policy. These policies strengthen our existing framework, which is pillared on adherence to the Employment Act 1955, Industrial Relation Act 1967, Children and Young Person Employment Act 1966 and the Code of Conduct of the Responsible Business Alliance (RBA). While our employees do not have a registered trade union at present, we firmly respect and uphold their right to engage in collective bargaining activities in line with the principle of freedom of association.

In the year under review, there were no substantiated complaints concerning human rights violations.

NOTE: All employee-related data disclosed below covers DNeX, Ping, SilTerra, OGPC, Dagang Net, SealNet, IAC and DNeX Telco, unless otherwise stated.

Employee Turnover

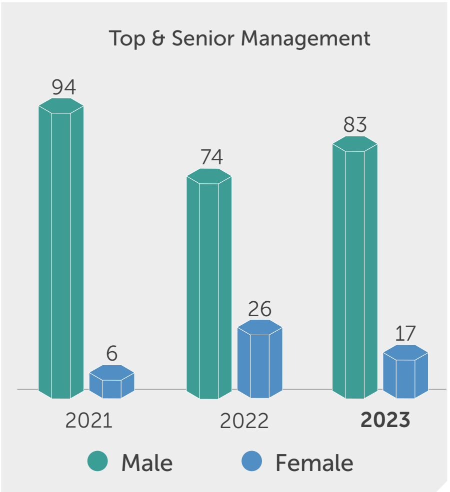
Total Turnover by Employee Category

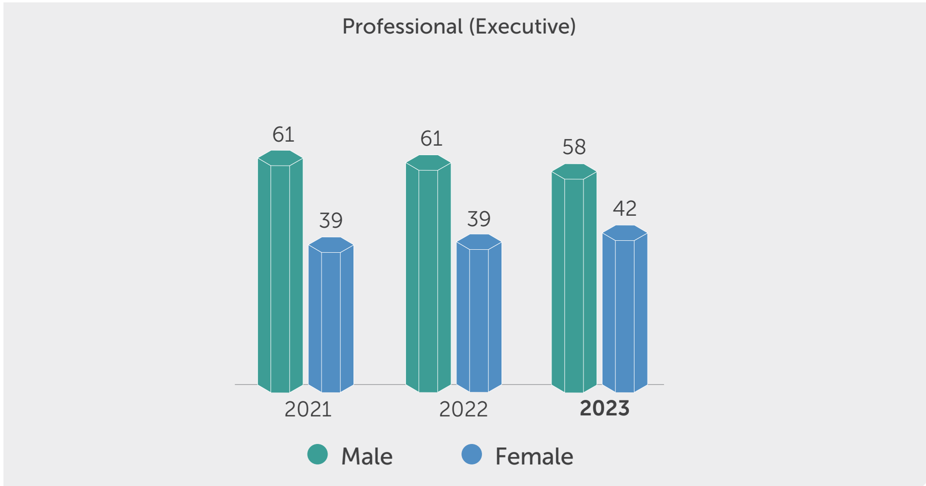


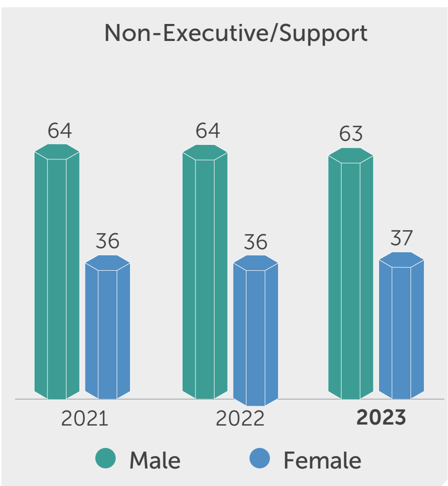
* Covers DNeX, Ping, OGPC, Dagang Net, SealNet, IAC, and DNeX Telco.

Employee Diversity by Gender

Employee Gender for Each Employee Category (%)







SOCIAL

Employee Diversity by Age Group (%)

Top & Senior Management	2021	2022	**2023**
18-24	0	0	**0**
25-34	0	0	**0**
35-44	15	10	**5**
45-55	47	47	**63**
56-65	38	38	**27**
Above **65**	0	5	**5**

Middle Management	2021	2022	**2023**
18-24	0	0	**0**
25-34	25	8	**3**
35-44	43	43	**43**
45-55	30	47	**47**
56-65	2	2	**7**
Above **65**	0	0	**0**

Employee Diversity by Age Group (%) (continued)

Professional (Executive)

Age group	2021	2022	**2023**
18-24	4	6	**2**
25-34	48	48	**50**
35-44	41	39	**38**
45-55	7	7	**9**
56-65	0	0	**1**
Above **65**	0	0	**0**

Non-Executive/Support

Age group	2021	2022	**2023**
18-24	21	21	**15**
25-34	17	38	**40**
35-44	59	37	**26**
45-55	3	2	**11**
56-65	0	2	**8**
Above **65**	0	0	**0**

Data covers DNeX, Ping, OGPC, Dagang Net, SealNet, IAC and DNeX Telco.

SOCIAL

Number of Employees by Ethnicity in 2023

Malay/Bumiputera		Chinese	
Male	Female	Male	Female
231	**204**	**16**	**8**

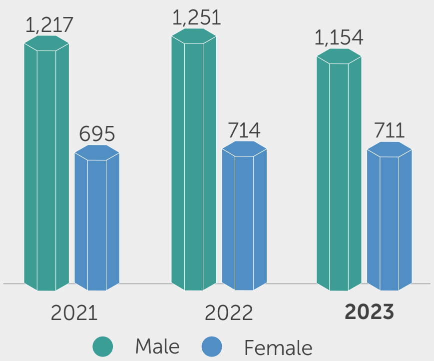
Indian		Others	
Male	Female	Male	Female
12	**8**	**13**	**8**

Data covers the Malaysian operations of DNeX, Ping, OGPC, Dagang Net, SealNet, IAC and DNeX Telco.

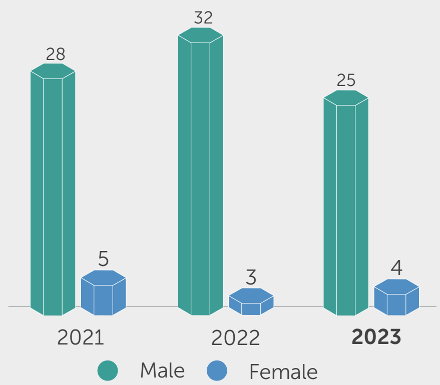
Total Staff Count*
500

Number of Employees Diversity by Nationality

Malaysian



Non-Malaysian

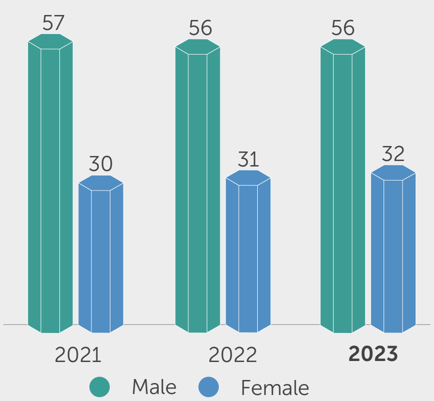


Total Staff Count

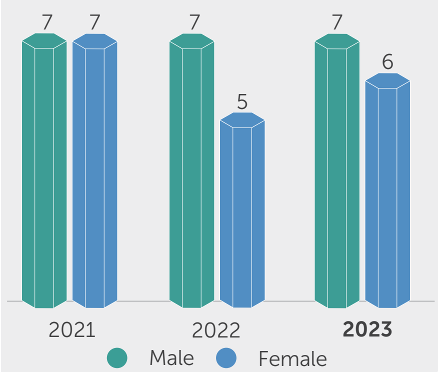
2021	1,945
2022	2,000
2023	**1,894**

Workforce by Type of Employment (%)

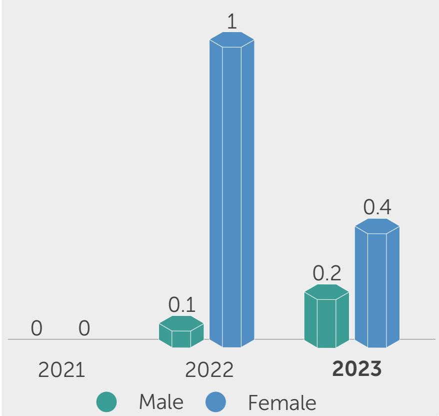
Permanent



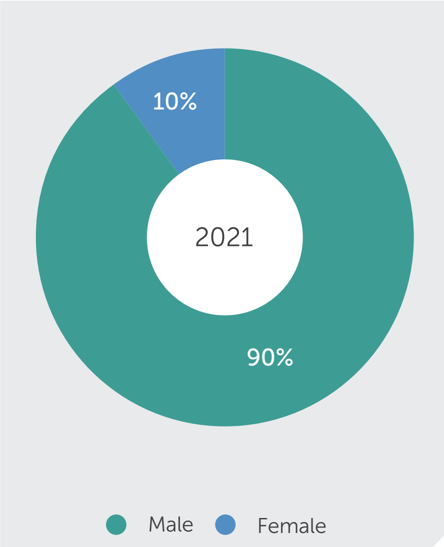
Non-permanent (Contract)

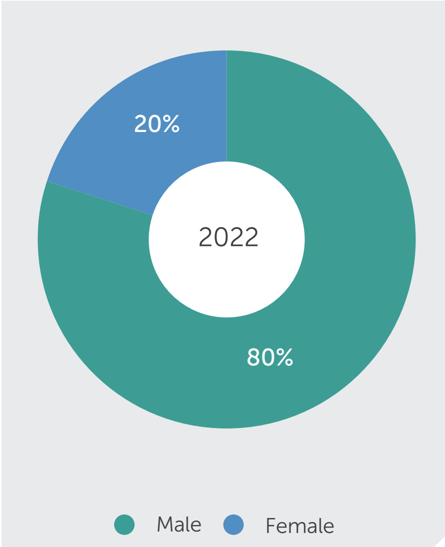


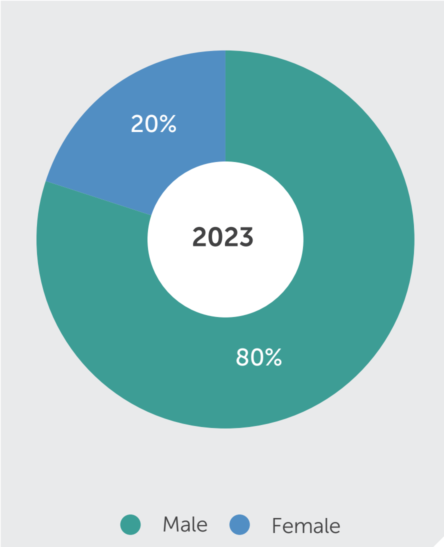
Non-permanent (Protege)



Board Diversity by Gender (%)

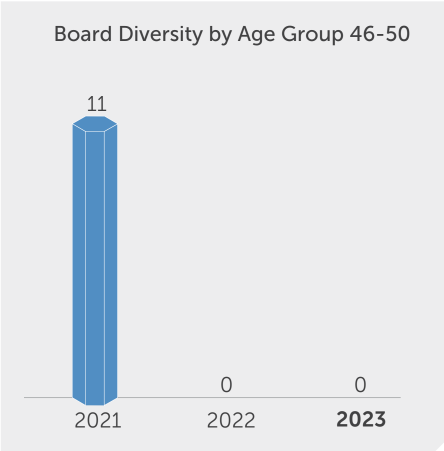


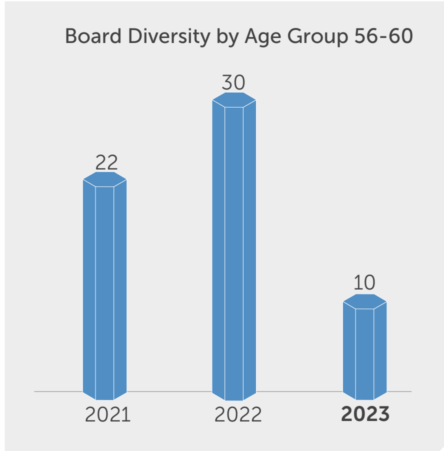


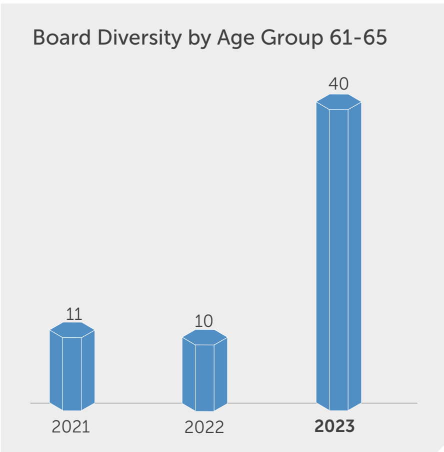


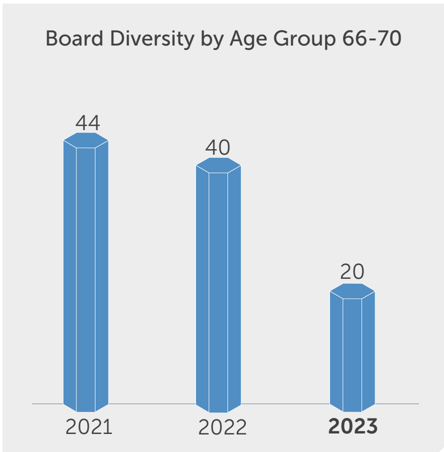
SOCIAL

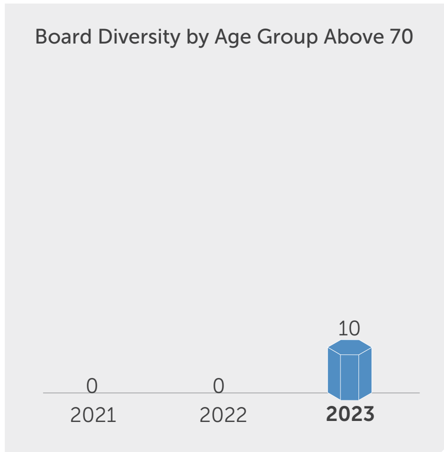
Board Diversity by Age Group (%)



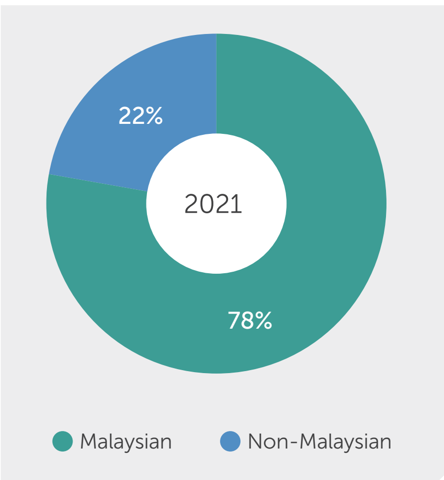


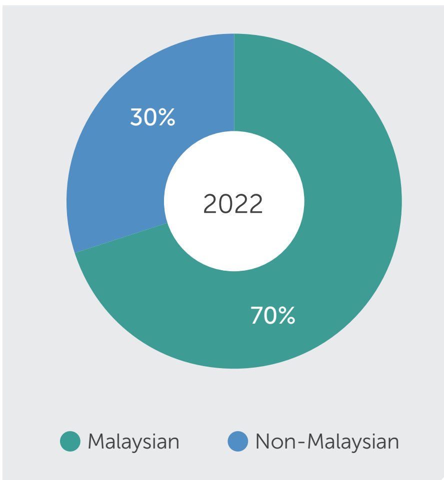


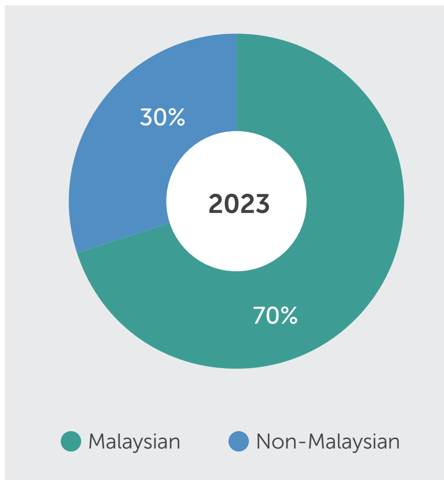




Board Diversity by Nationality (%)

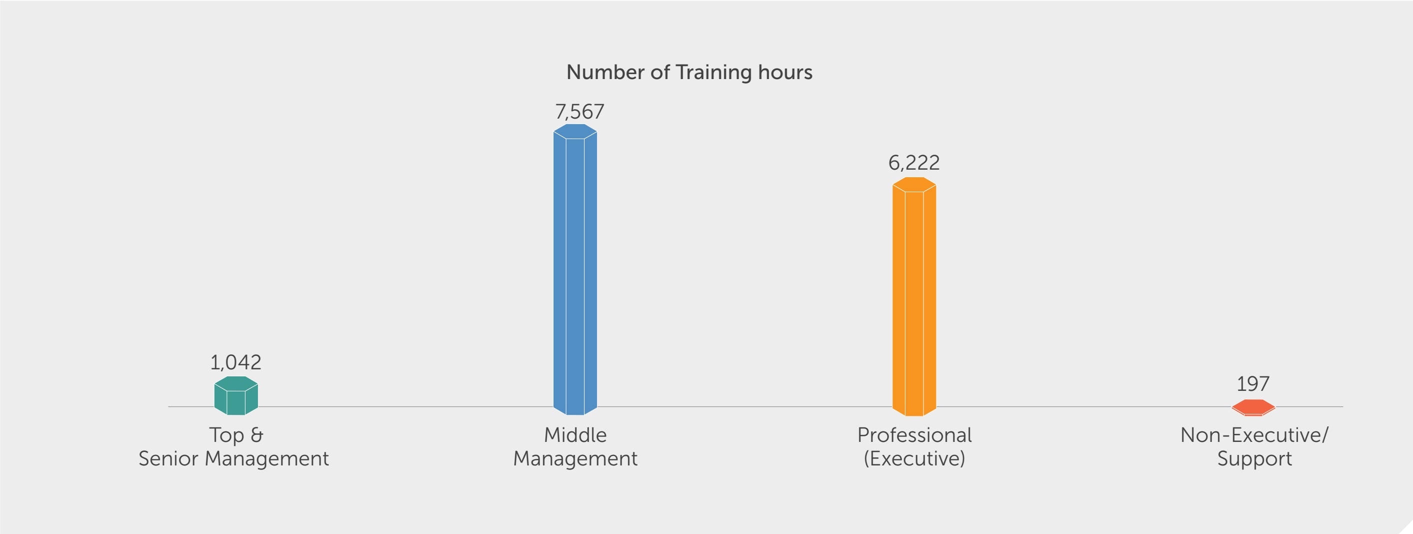






Employee Training

In FY2023, we delivered 15,028 hours of training across our workforce.



SOCIAL

EMPLOYEE HEALTH & SAFETY

Why It Matters

We have a responsibility to safeguard our employees while they are on our premises. This means ensuring that we adhere to all relevant local and international standards in occupational safety and providing them with resources and tools that promote holistic physical and mental health. Through this, we can create conducive and happy work environments that bring out the best in our teams, leading to enhanced productivity and an improved ability to attract and retain our valued talents.

Our Approach

Adhering to our OSH Policy

In seeking to action a comprehensive approach to employee health and safety, we have established Group Occupational Safety and Health ("OSH") Committee to oversee OSH policies and practices, guided by our Occupational Safety & Health Policy ("OSH Policy"). The policy was developed based on the requirements and recommendations of ISO 45001:2018 Occupational Health and Safety Management Systems, the Occupational Safety & Health Act 1994 ("OSHA 1994") and the Occupational Safety and Health (Amendment) Act 2022. The policy was updated during FY2023 to reflect evolving regulatory requirements and industry standards across our widened global presence.

In total, our OSH Policy aims to:

01 Ensure safe and healthy work environments for all employees, contractors, visitors and customers

02 Provide supervision, information and continual awareness to all employees on OSH controls

03 Ensure continued compliance with OSHA 1994

04 Drive improvements to the safety and health of work environments through ongoing hazard identification, risk assessment and risk controls practices

05 Minimise negative impacts from our operations by continually seeking practicable improvement in our use of natural resources

In addition, SilTerra and OGPC have achieved ISO450001:2018 Occupational Health and Safety Management System certification, validating their adherence to international standards in the management of workplace safety and health issues..

Maintaining Strong Governance of OSH Issues

At a practical level, our OSH Policy is governed by our Group Safety and Health Committee, which is responsible for ensuring its smooth implementation within each of our business units and identifying any issues or gaps that may impact our ability to uphold our standards.

The committee sits at the head of a Group-wide structure that empowers all employees to raise any concerns pertaining to workplace health and safety. Should an employee wish to report a concern, he or she may speak to their business unit-level OSH representative, who will then duly elevate the concern to the committee with a view to implementing an appropriate measure to mitigate the immediate problem. Concurrently, efforts will be undertaken to develop a more comprehensive, long-term solution that would permanently rectify the issue.

Delivering OSH Training and Awareness Programmes

We provide our employees with a range of general and role-specific training programmes that educate them on the specific actions and behaviours required to safely operate equipment, identify OSH issues and respond to incidents that occur.

The training programme provided to our floor marshalls empowers them to take the lead in the event of a workplace fire. The programme builds their awareness of the dangers of fires and outlines their roles and responsibilities in the event of an incident. It also details the correct practices to undertake in monitoring fire safety, using fire extinguishers, raising an alarm and putting out small fires.

In addition, all employees working at our manufacturing facilities are availed of a one-day First Aid and CPR training course – certified by the Department of Occupational Safety and Health ("DoSH") – which enables them to become a qualified first aider. The course details actionable steps to assess injuries or illnesses and identify the correct treatment procedures to follow. As part of the course, employees also learn how to administer CPR, equipping them to take life-saving actions in the event of an emergency.

Meanwhile, conscious of the specific health and safety challenges posed in the manufacturing of semiconductors, we have instituted mandatory OSH training for all new employees of SilTerra, with all new joiners required to post a minimum passing score on a corresponding test to be certified to carry out activities within our manufacturing facilities.

With the aim of improving our OSH training and creating safer work environments for all, we consistently engage with our employees, encouraging them to highlight any blind spots in their knowledge or areas where they feel additional training would be of value.

Carrying out HIRARC Assessments

As our business processes evolve in line with new technologies, products and requirements, we strive to remain a step ahead of potential safety and health issues by conducting regular Hazard Identification, Risk Assessment and Risk Control ("HIRARC") assessments. This empowers us to identify workplace safety hazards and establish appropriate controls that minimise the danger of these hazards to employees.

To drive continuous improvement, we review our HIRARC assessment procedures on an annual basis, expanding its remit to include any new potential hazards that arise during the year.

Workplace Injuries and Fatalities

Lost-Time Incident Rate ("LTIR")

		2021	2022	2023
Work-Related Fatalities	Employees*	0	0	0
	Contractors	0	0	0
	Total	0	0	0
Fatal Accident Rate ("FAR")		0	0	0

*Data covers our IT Business Unit

Employee Training in Health and Safety

In the year under review, 1,203 number of employees received training on safety standards.

SOCIAL

PRODUCT QUALITY & SAFETY

Why It Matters

The quality and safety of our products is central to maintaining our reputation as a responsible and trustworthy organisation. Any instance of non-compliance to regulations or standards could lead to negative physical impacts on our customers, causing injuries or worse. Conversely, by maintaining a strong track record in product quality and safety, we can improve our standing in international markets and open the door to new business growth opportunities.

Our Approach

With our business spanning a range of industries and processes, we have instituted a comprehensive approach to product quality and safety that includes stringent monitoring of chemicals, processes to minimise and manage liability issues and comprehensive product recall procedures.

In striving to minimise risks and engender the trust of their stakeholders and customers, each of our business units have developed industry and process-specific quality and safety practices. This is illustrated by SilTerra's end-to-end safety management procedures, which includes maintaining a centralised system to register all new material used, updating safety data sheets on hazardous materials and adhering to appropriate waste management and disposal procedures.

In our IT division, Dagang Net has obtained Capability Maturity Model Certification ("CMMI") Level 3 accreditation for its services and operations, certifying that it has developed a tailored approach to optimising product quality and safety. Supporting these standards, Dagang Net engages with its customers and government entities on a quarterly basis, enabling them to stay ahead of emerging quality and safety-related issues.

Meanwhile, both SilTerra and OGPC have obtained the ISO 9001:2015 Quality Management System certification, recognising their alignment to international best practices in quality management.

In addition, each of our business units have established procedures to address and report on any instances of non-conformance to quality and safety standards. Through these procedures, we aim to address any issues in a timely and responsible fashion, thus minimising risks to our customers and negative impacts on our business.

COMMUNITY RELATIONS

Why It Matters

As a leading Malaysian conglomerate, we have the opportunity to create positive, lasting impacts on local communities. Through the contributions we make to worthy causes and initiatives, we share the benefits of our growth locally, driving sustainable socioeconomic advancement that uplifts underserved and marginalised groups while furthering our reputation as a responsible and caring organisation.

Our Approach

Supporting the Underprivileged

Our community contributions are centred on supporting underserved and marginalised communities, including orphans, children from underprivileged backgrounds and asnaf. Every year, we donate *zakat* to state governments through Dagang Net, with these contributions going directly towards these groups, in addition to carrying out direct engagements through the efforts of our dedicated volunteers.

In FY2023, we reached out to two homes for orphans. Our volunteers painted the walls of Rumah Bakti Nur Ain's dormitories and kitchen, creating a cleaner and more welcoming environment for its children, and carried out various repair and upgrading works for Pusat Jagaan Baitul Hidayah, including painting its fences, planting trees in its compound and rearranging and redecorating the home's computer room and living room.

We took our efforts further during Ramadan, providing financial aid totalling RM138,000 to seven homes and NGOs, as detailed below.

Recipient	End Beneficiaries	Contribution
Pusat Jagaan Baitul Hidayah, Kampung Seri Puchong, Selangor	50 children, comprising orphans, less fortunate kids and *asnaf*, aged 6 to 16 years old	Donated household items and cash totalling RM12,500 in collaboration with Lembaga Zakat Selangor and Zakat Pulau Pinang
Maahad Tahfiz Wal Ulum Ghazaly, Kampung Seri Aman, Selangor	58 children ranging from 13 to 17 years old comprising orphans, less fortunate kids and *asnaf*	Donated household items and cash totalling RM12,500 in collaboration with Lembaga Zakat Selangor and Zakat Pulau Pinang
Kompleks Bait Al-Hasanah, Kampung Perepat, Selangor	160 children, comprising orphans, less fortunate kids and *asnaf*, aged 7 to 17 years old	Contribution towards iftar event, giving '*duit raya*' money packets and in-kind contributions comprising household items/groceries/cash totalling RM60,500 in collaboration with Lembaga Zakat Selangor
Inapan Kasih Sayang, Kepala Batas, Pulau Pinang	78 children, comprising orphans, less fortunate kids and *asnaf*, aged 10 to 12 years old	Contribution towards iftar event, giving '*duit raya*' money packets and in-kind contributions comprising household items/groceries/cash totalling RM22,500 in collaboration with Lembaga Zakat Selangor

SOCIAL

Recipient	End Beneficiaries	Contribution
Rumah Bakti Nur Ain, Bandar Baru Bangi, Selangor	25 children, comprising orphans, less fortunate kids and *asnaf*, aged 8 to 17 years old	Donated household items and cash totalling RM10,000
Women's Aid Organisation (WAO)	Women and children who have suffered from abuse, housed across WAO's various shelters	Donated household items and cash totalling RM10,000
Pusat Jagaan Cahaya Kasih Bestari, Kampung Melayu Subang, Selangor	148 children, comprising orphans, less fortunate kids and *asnaf*, aged 7 to 17 years old	Donated household items and cash totalling RM10,000

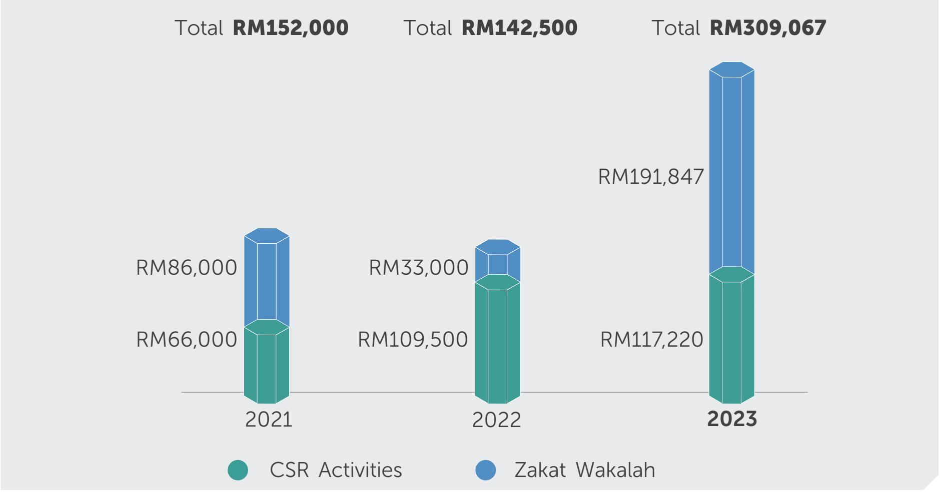
We are currently restrategising our community-based programmes and look forward to expanding our efforts and deepening our impact with a new-and-improved approach in the near future.

Empowering Our Youth

Beyond contributing to those in need, our experience in digital technology equips us to empower Malaysians with skills and competencies that enhance their employability and future-proof their talents.

Since 2016, our CampBijak® programme has reached out to students from underprivileged communities across the Klang Valley region, delivering Science, Technology, Engineering and Mathematics ("STEM") education through engaging and interactive formats that inspire a love for learning in these critical subjects. Having impacted close to 600 students since its founding, the programme is currently on pause as we formulate ways to create even greater impact through an upgraded approach.

Investments in Local Communities



Number of Beneficieries

Governance

We are committed to upholding good governance practices that promote the highest standards in ESG and ethics, not only within our business but across our supply chain, in the knowledge that these practices enhance our long-term resilience as our organisation.

GOVERNANCE

BUSINESS ETHICS

Why It Matters

Our standing as an ethical and responsible organisation is central to our identity and a vital enabler of our continued progress. Any instance of fraud, corruption, conflict of interest or other violations of good business practices could irreparably damage our standing amongst our stakeholders, potentially leading to a loss of partnerships, business opportunities or even access to key markets. Conversely, by maintaining a spotless ethical record, we can solidify the trust of our stakeholders, paving the way for sustainable, long-term growth.

Our Approach

We strive to uphold standards in business conduct and ethics that meet all relevant regulatory requirements. To this end, we adhere to a wide range of policies and frameworks that provide clear guidance to all our employees, suppliers and stakeholders, with these policies approved and overseen by our Board and Board Committees.

Standing Firmly Against Bribery and Corruption

Our Anti-Bribery and Anti-Corruption Framework and Policy ("ABAC Framework and Policy") clearly defines the activities and behaviours that constitute bribery, corruption and facilitation at DNeX. It is aligned with Section 17A of the Malaysian Anti-Corruption Commission Act 2009 (Act 694) ("MACC Act 2009") and the Whistleblower Protection Act 2010, which outline the correct practices to be adopted to prevent corrupt practices and protect whistleblowers from negative ramifications. Furthermore, it is guided by ISO 37001:2016 Anti-Bribery Management Systems, to which we aim to obtain certification in the near future.

To drive adherence to the ABAC Framework and Policy across our workforce and supply chain, annual training and awareness programmes on anti-bribery and anti-corruption are provided to all employees as well as key stakeholders of the Group, with updates to regulatory requirements and the impact of such changes to the policy communicated in a timely fashion. In FY2023, we conducted one awareness session, namely the DNeX Corruption-free Pledge session held on 20 October 2022, which saw the participation of approximately 230 staff via both physical or virtual attendance. In addition, all suppliers are required to read and indicate their commitment to abide by the ABAC Policy and Framework when conducting all business activities related to DNeX.

Promoting Clarity on Gifts and Entertainment

On a related note, we have adopted a Group-wide "No Gift" policy designed to educate our employees on "entertainment" behaviours which may be construed as an act of bribery. The policy dictates that, subject to certain exemptions, all DNeX employees and directors, their family members or agents acting on behalf of their interests may not – whether directly or indirectly – provide gifts to or receive gifts from external parties which have business dealings with the Group. To ensure that the policy is applied correctly, all forms of entertainment received or given must be declared in a dedicated register, which is then reviewed by our Group Human Resources Department on a quarterly basis.

Driving Integrity Across All Business Practices

Beyond compliance, we are committed to fostering a culture that values the principles of integrity and fairness across all business practices. Our Code of Conduct ("Code"), which contains a suite of policies and guidelines, plays an important role in this regard, covering aspects including commitment,

confidentiality, insubordination, inefficiency, publications, conflict of interest, harassment and disciplinary action, amongst others. The Code also details the circumstances under which employees would be deemed to have breached standards and the actions that can be taken against them in such an event.

Supplementing the Code, we mandate the carrying out of due diligence exercises covering practices related to employee recruitment and dealings with external parties such as vendors, agents, customers, business partners and public officials. With these guidelines in place, we are positioned to maintain our standards and performance even as our geographical and sectoral presence expands.

For more detailed information on the internal controls we have implemented to strengthen our stance on business ethics, please refer to Statement on Risk Management and Internal Control on page 167.

Encouraging Reporting of Unethical Behaviour

Our Whistleblowing Framework and Policy is a structured mechanism that all employees and external parties may use to report suspected or known instances of misconduct – including corruption, bribery, fraud and misuse of company resources. The mechanism guarantees that all reports received will be dealt with confidentially and that the whistleblower will be protected from any reprisals, creating an open environment where employees and stakeholders feel supported in raising concerns relating to business ethics and conduct.

Incidents of Corruption and Actions Taken

During the year under review, no operations were assessed for corruption-related risks and there were no confirmed incidents of corruption and action taken.

Anti-Corruption Training

In the year under review, our employees received training on our anti-corruption and anti-bribery standards. This training was provided to 100% of our Top and Senior Management, 45% of our Middle Management, 43% of Professional (Executive) staff and 11% of Non-Executive/Support staff.

Anti-Competitive Behaviour

In the year under review, we received zero legal notices and were involved in zero legal actions relating to anti-competitive behaviour or violations of anti-trust or monopoly laws.

DATA PRIVACY & SECURITY

Why It Matters

We operate in an increasingly complex threat landscape, with sophisticated cybercriminals continuously devising new ways to penetrate corporate IT systems and databases. As such, any breach of our cyber defences could lead to significant operational disruptions, financial losses and impacts to our reputation amongst key stakeholder groups, in addition to legal and regulatory action. This is particularly the case for our IT division, which handles large volumes of trade data on a daily basis.

Our Approach

Our products, services and processes are increasingly digitally-based, meaning that we store large amounts of customer data including personally identifiable information ("PII"). To safeguard the trust of our customers, our Data Privacy Policy details clear practices that we adhere to in protecting all personal data under our possession. The policy is in line with the Personal Data Protection Act ("PDPA") 2010 and mandates that we respect our customers' preferences regarding the use of their data and seek permission before carrying out any actions involving their data.

Data privacy is also of concern in our business relationships. As such, we sign non-disclosure agreements whenever undertaking business transactions involving the exchange of sensitive business data, providing assurance to our business partners that their proprietary data and intellectual property will be safeguarded.

Complaints Concerning Data Privacy and Losses of Customer Data

In FY2023, there were zero incidents – and zero complaints – concerning breaches of customer privacy or data misuse, including breaches relating to PDPA 2010.

GOVERNANCE

SUPPLY CHAIN MANAGEMENT

Why It Matters

The effective management of our supply chain is critical to our ability to deliver high quality, safe and environmentally responsible products to our customers. A single incident of supplier non-compliance – whether relating to sustainability, product quality, employment practices or ethics and integrity – could lead to significant legal, financial and reputational ramifications as well as operational disruptions, impacting our standing within Malaysia and across our global presence.

We also have a responsibility to uplift our suppliers by imparting knowledge that enables them to improve their practices and their stance on sustainability. Through well-planned supplier development programmes, we can equip our partners with the skills and competencies necessary to thrive on the international stage, creating long-term value for Malaysia's business ecosystem as a whole.

Our Approach

Effective supplier management begins with careful procurement processes. We adhere to detailed procedures and processes relating to purchasing, tendering and vendor and contract management. These dictate that all potential suppliers be subjected to a comprehensive pre-qualification assessment prior to being invited to submit a quotation, and that potential suppliers must complete our Vendor Registration and Declaration Form – confirming their commitment to upholding our standards in relation to anti-bribery and anti-corruption, ESG-related issues, business conduct and more.

Our procurement practices are further steered by our Discretionary Authority Limits ("DAL"), which provides a sound framework of authority, accountability and segregation of duties to facilitate effective decision-making on supplier selection at different levels of the Group. The DAL is regularly reviewed to ensure that changes to our operations and business environment are appropriately reflected. Meanwhile, large procurement exercises are escalated to the Board Purchasing and Tender Committee, ensuring extensive and appropriate oversight of these higher-risk engagements.

Upon appointment, suppliers are required to sign our Anti-Bribery and Anti-Corruption Form and are provided with a copy of our ABAC Policy and Vendor & Partner Code of Conduct to facilitate their detailed understanding of and adherence to our expectations. Additionally, suppliers are informed of their responsibility to uphold all applicable federal, provincial and municipal laws, regulations, standards and codes at all times, and we mandate that they obtain all necessary permits, licenses, exemptions, consents and approvals required to manufacture and deliver goods and services as stipulated within their contract with the Group.

To uphold our standards across our supply chain, we conduct detailed monitoring and annual evaluations of our approved vendors. We also avail our suppliers of training and development programmes – refreshing their understanding of our standards and expectations, keeping them abreast of relevant regulatory requirements and upskilling them in critical areas of development including ESG.

Spending on Local Suppliers*

Proportion of Spending on Procurement from Local Suppliers**

71%
2021

68%
2022

84%
2023

* Data covers DNeX, OGPC (general purchases only), Dagang Net, SealNet, IAC and DNeX Telco.

** 'Local suppliers' is defined as suppliers whose business is registered in the same country as the entity that procured its services

BUSINESS MODEL RESILIENCE

Why It Matters

The COVID-19 pandemic and, more recently, the increasing frequency of extreme weather events has highlighted the need to enhance our resilience against changes to our operating environment. With the rate of change accelerating across the geopolitical, environmental and technological dimensions, having plans in place to respond to operational disruptions enables us to minimise the risk of adverse impacts to our operations, safeguarding our standing as a responsible and future-proof organisation.

Our Approach

In May 2022, the Board approved our Business Continuity Management ("BCM") Framework and Policy, subsequently commencing a process to streamline our Group-wide BCM programme.

The BCM Framework comprises our:

- Disaster Recovery Plan ("DRP")
- Crisis Communication Management ("CCM") Plan
- Business Continuity Plan ("BCP")
- Emergency Response Plan ("ERP")

Each of these plans prescribes detailed actions to be taken in order to prevent, prepare for, respond to and recover from the impacts of business disruption events, thus empowering our entities to protect the interests of our key stakeholders and our reputation and brand value at all times. Specifically, our BCP outlines several possible scenarios which may negatively impact our operations or brand value and details how each scenario may be managed through appropriate training, awareness-building and testing activities.

Tests are conducted periodically to ensure that the procedures outlined within the BCP are complete and workable, that resources at designated alternative sites are usable and ready, and that relevant personnel are competent and aware of their responsibilities.

Guided by our comprehensive Enterprise Risk Management Framework ("ERM"), 29 key risks were identified as a potential disruption to DNeX Group business operations as at 31 December 2023. Each risk is reviewed on a quarterly basis to ensure alignment with the latest developments.

SUSTAINABILITY BURSA PERFORMANCE

Indicator	Measurement Unit	2023
Bursa (Anti-corruption)		
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category		
Top and Senior Management	Percentage	100.00
Middle Management	Percentage	45.00
Professional (Executive)	Percentage	43.00
Non-Executive/Support	Percentage	11.00
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	0.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0
Bursa (Community/Society)		
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	309,067.41
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	28 *
Bursa (Diversity)		
Bursa C3(a) Percentage of employees by gender and age group, for each employee category		
Age Group by Employee Category		
Top and Senior Management 18-34	Percentage	0.00
Top and Senior Management 35-55	Percentage	68.00
Top and Senior Management 56-65	Percentage	32.00 *
Middle Management 18-34	Percentage	3.00
Middle Management 35-55	Percentage	90.00
Middle Management 56-65	Percentage	7.00
Professional (Executive) 18-34	Percentage	52.00
Professional (Executive) 35-55	Percentage	47.00 *
Professional (Executive) 56-65	Percentage	1.00
Non-Executive/Support 18-34	Percentage	55.00
Non-Executive/Support 35-55	Percentage	37.00
Non-Executive/Support 56-65	Percentage	8.00
Gender Group by Employee Category		
Top and Senior Management Male	Percentage	83.00
Top and Senior Management Female	Percentage	17.00
Middle Management Male	Percentage	70.00
Middle Management Female	Percentage	30.00
Professional (Executive) Male	Percentage	58.00
Professional (Executive) Female	Percentage	42.00
Non-Executive/Support Male	Percentage	63.00
Non-Executive/Support Female	Percentage	37.00
Bursa C3(b) Percentage of directors by gender and age group		
Male	Percentage	80.00
Female	Percentage	20.00
46-55	Percentage	10.00
56-65	Percentage	50.00
66-70	Percentage	30.00
Bursa (Energy management)		
Bursa C4(a) Total energy consumption	Megawatt	201,736.60
Bursa (Health and safety)		
Bursa C5(a) Number of work-related fatalities	Number	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0.00
Bursa C5(c) Number of employees trained on health and safety standards	Number	1,203

Internal assurance External assurance No assurance (*)Restated

Indicator	Measurement Unit	2023
Bursa (Labour practices and standards)		
Bursa C6(a) Total hours of training by employee category		
Top and Senior Management	Hours	1,042
Middle Management	Hours	7,567
Professional (Executive)	Hours	6,222
Non-Executive/Support	Hours	197
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	13.60
Bursa C6(c) Total number of employee turnover by employee category		
Top and Senior Management	Number	8
Middle Management	Number	30
Professional (Executive)	Number	43
Non-Executive/Support	Number	10
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0
Bursa (Supply chain management)		
Bursa C7(a) Proportion of spending on local suppliers	Percentage	84.00
Bursa (Data privacy and security)		
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0
Bursa (Water)		
Bursa C9(a) Total volume of water used	Megalitres	2.489160

Internal assurance External assurance No assurance (*)Restated

CHAIRMAN'S CORPORATE GOVERNANCE OVERVIEW

Dear Shareholders,

I am pleased to present an overview of our commitment to corporate governance and its pivotal role in driving sustainable growth and value creation for all stakeholders.

The Board of Directors collectively upholds the responsibility for ensuring the Company's sustainable long-term performance, economic value, and growth. We strike a delicate balance between entrepreneurial leadership and vigilant oversight, with Independent Non-Executive Directors playing a crucial role in maintaining this equilibrium.

Our adherence to the Malaysian Code on Corporate Governance ("MCCG") serves as a guiding framework, ensuring that robust governance practices are embedded within our organisational culture. We prioritise accountability, integrity, and ethics, instilling these principles into the fabric of our corporate culture to foster responsible growth.

Throughout the reviewed period, the Board and its Committees have remained steadfast in their commitment to corporate governance and internal control, ensuring transparency and accountability across all aspects of the organisation.

Structured with a majority of Non-Executive Directors, the Board ensures a clear separation of executive and non-executive functions, facilitating effective decision-making and oversight. As Chairman, I collaborate closely with the Board to set strategic direction and ensure its implementation.

We firmly believe that upholding the highest standards of corporate governance is imperative for delivering consistent performance and inspiring investor confidence. By integrating robust governance processes and culture, we safeguard the long-term interests of our shareholders and stakeholders alike.

As a responsible corporate citizen, we recognise the importance of balancing economic performance with environmental and social considerations. Our commitment to sustainable development practices underscores our dedication to creating long-term value while addressing societal needs.

Looking ahead, the Board remains committed in enhancing governance practices, strengthening oversight of sustainability risks and opportunities, and fostering meaningful engagement with stakeholders. In an era marked by geopolitical uncertainties and economic risks, governance, engagement, and collaboration have never been more vital.

"I am pleased to report that DNeX has complied with the relevant provisions of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), the Corporate Governance Guide – 3rd Edition issued by Bursa Securities and the Companies Act 2016."

Characterised by rapid change and uncertainty, I am confident in our ability to adapt and drive sustainable growth. In the upcoming year, the Board will continue to provide guidance focused on resilience and agility, bolster collaboration with management, and further enhance our governance practices and processes.

The Group is committed to adherence to the practices set out in the MCCG, and the Group's adherence thereto is detailed in the Corporate Governance Report, which is available on our corporate website.

I am pleased to report that DNeX has complied with the relevant provisions of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), the Corporate Governance Guide – 3rd Edition issued by Bursa Securities and the Companies Act 2016. The status and the Company's application of the Practices of the MCCG are explained in the Corporate Governance Report which is available to the public on the Company's corporate website at www.dnex.com.my. I am pleased to inform that we have substantially applied the Practices enumerated in the MCCG.

TAN SRI DATO' SRI HAJI SYED ZAINAL ABIDIN BIN SYED MOHAMED TAHIR
Executive Chairman

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("Board") of Dagang NeXchange Berhad ("DNeX" or "Company") recognises the importance of good corporate governance and is committed to practice high standards of corporate governance throughout the Company and its subsidiaries (collectively referred to as "DNeX Group").

The Board is pleased to present the Corporate Governance ("CG") Overview Statement of the Company for the financial period from 1 July 2022 to 31 December 2023 ("financial period ended 31 December 2023"). This CG Overview Statement is prepared pursuant to the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities").

This CG Overview Statement should be read together with the CG Report 2023, which is available on the Company's website at www.dnex.com.my.

The Board will continue to take measures to improve compliance with the principles and recommended best practices along with the Company's course of business.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

1. BOARD RESPONSIBILITIES

1.1 Board Responsibilities

The Board is responsible for oversight and overall management of DNeX Group and makes all major policy decisions of the Company. The Board's fundamental approach in this regard is to ensure that the right leadership, strategy, and internal controls for risk management are well in place. Additionally, the Board is committed to achieving the highest standards of business integrity, ethics, and professionalism across all the Company's activities. The Board shall provide central leadership to the Company, establish its objectives, and develop the strategies that direct the ongoing activities of the Company to achieve these objectives. Directors will apply skill and care in exercising their duties to the Company and are subject to fiduciary duties. Directors shall be accountable to the shareholders of the Company for the Company's performance.

To ensure the effective discharge of its functions and responsibilities, the Board has established Discretionary Authority Limits ("DAL") for DNeX Group, delegating specific duties to the relevant management. In 2021, the Board had, in consultation with BDO Governance Advisory Sdn Bhd, undertaken a comprehensive review of the existing DAL and approved the revised DAL to improve operational efficiency, clarity, and transparency within the DNeX Group. The revised DAL facilitates empowered decision making for the smooth and efficient day to day operations of DNeX Group while also including the necessary check and balance mechanisms.

Additionally, the revised DAL also focuses on risk mitigation at all levels of the organisation by promoting an improved delegation of authority and appropriate check and balance mechanisms to lessen the risk of decision making by any one individual or position.

Matters reserved for the Board's decision, which are expressly set out in the Board Charter and revised DAL, ensure that matters of strategic importance or having material impact are escalated to the Board for deliberation and approval. Key matters reserved for the Board's approval include among others, strategic business plan, annual budget, related party transactions, mergers, investments and divestments, subject always to compliance with the law and regulations applicable to DNeX Group.

The Board develops a Board Charter that serves as a reference and primary induction literature, providing Board members and the management insight into the function of the Board. The Board Charter contains specific guidance to the Board members on, inter alia, the key values, principles and ethos of the Company, the Board's principal responsibilities, composition of the Board, Directors' qualification standards, matters reserved for the Board, induction of newly appointed Directors and continuing education, annual performance evaluation and the division of roles between the Board and the management.

The Non-Executive Directors play a key supporting role, contributing their skills, expertise, and knowledge towards the formulation of DNeX Group's strategic and corporate objectives, policies, and decisions.

In order to ensure an effective discharge of the Board's functions, the Board will assume the following six (6) principal responsibilities:

(a) reviewing, adopting and monitoring the implementation of a strategic plan for DNeX Group;

(b) overseeing the conduct of DNeX Group's business and evaluating whether the business is properly managed. In this respect, the Board must ensure that there are objectives in place against which the management's performance can be measured;

(c) identifying principal risks and ensuring the implementation of appropriate controls and systems to monitor and manage these risks;

(d) ensure succession planning, including the appointment, training, determination of remuneration and, where appropriate, replacement of senior management;

(e) overseeing the development and implementation of a shareholders' communication policy for the Company to ensure effective communication with its shareholders and other stakeholders; and

(f) reviewing the adequacy and integrity of DNeX Group's internal control systems and management information systems, including systems for ensuring compliance with applicable laws, regulations, rules, directives, and guidelines.

To assist in the discharge of its responsibilities, the Board has established the following Board Committees to perform certain of its functions and to provide recommendations and advice:

(i) Audit Committee ("AC")

(ii) Nomination and Remuneration Committee ("NRC")

(iii) Board Procurement and Tender Committee ("BPTC")

(iv) Employees' Share Option Scheme Committee Meeting ("ESOS")

(v) Risk, Governance and Sustainability Committee Meeting ("RGSC")

(vi) Transition and Transformation Committee ("TTC")

(vii) Whistleblowing Committee ("WBC")

Each Board Committee operates within its approved terms of reference set by the Board, which is periodically reviewed. The Board appoints the Chairman and members of each Board Committee.

The Chairman of the respective Board Committees will report to the Board on the outcome of any discussions and make recommendations thereon to the Board. The ultimate responsibility for the final decision on all matters, however, lies with the Board.

The Board may form other committees delegated with specific authorities to act on their behalf. These committees will operate according to approved terms of reference or guidelines and are formed as and when required.

Board meeting agendas include statutory matters, governance, and management reports, which include strategic risks, strategic projects and operational items. The Board also approves an annual operating plan setting the performance targets for DNeX Group within the parameters of the corporate plan.

1.2 Separation of positions of the Chairman and Group Managing Director

The Board recognises the importance of having a clear division of power and responsibilities between the roles of the Chairman of the Board and Group Managing Director ("GMD") to ensure that there is equilibrium of power and authority in managing and directing DNeX Group. The roles of the Chairman of the Board and the GMD are distinct and separate to engender accountability and facilitate a clear division of responsibilities to ensure there is a balance of power and authority in the DNeX Group. This segregation of roles also facilitates a healthy and open exchange of views between the Board and management in their deliberation of businesses, strategies and key activities of the DNeX Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Tan Sri Dato' Sri Haji Syed Zainal Abidin bin Syed Mohamed Tahir was redesignated from the GMD to Executive Chairman on 9 December 2022. At the moment, the Company does not have a GMD. The Executive Chairman of the Board is primarily responsible for the effective and efficient conduct and working of the Board. In addition to leading the Board with an emphasis on governance and compliance, he also facilitates Board sessions. The Chairman of the Board's key responsibilities, amongst others, include:

- providing leadership and stewardship to the Board so that the Board can perform its responsibilities effectively;
- setting the Board agenda and ensuring that Board members receive complete and accurate information in a timely manner;
- leading Board meetings and discussions;
- encouraging active participation and allowing dissenting views to be freely expressed;
- managing the interface between Board and management;
- ensuring appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board as a whole; and
- leading the Board in establishing and monitoring good corporate governance practices in DNeX Group.

The Board delegates to the Group Chief Operating Officer and the management to oversee the day-to-day management of DNeX Group's business operations and implementation of policies and strategies adopted by the Board to achieve the DNeX Group's objective of creating long term value for its shareholders.

The Board takes cognisance of practice 1.4 of the MCCG, whereby the Chairman of the Board should not be a member of the AC and NRC to ensure check and balance, as well as the objectivity will not be impaired/influenced by the Chairman of the Board who also sits on such Board Committee(s). Therefore, our Chairman of the Board is not a member of the AC and NRC.

1.3 Code of Conduct and Ethics and Whistleblowing Policy

The Board has established a Code of Conduct and Ethics ("Code") 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 is published on the Company's corporate website www.dnex.com.my.

The Board is provided with guidance on disclosing conflict of interest and other disclosure information/ requirements to ensure that the Directors comply with the relevant regulations and practices. In order to address and manage possible conflicts of interest that may arise between Directors' interests and those of DNeX Group, DNeX Group has put in place appropriate procedures, including requiring such Directors to abstain from participating in deliberations during meetings and abstaining from voting on any matter in which they may also be deemed interested or conflicted.

DNeX Group has also established a Whistleblowing Policy that aims to provide a structured mechanism for all employees and any parties to report suspected and/or known misconduct, wrongdoings, corruption and instances of fraud, waste, and/or abuse involving the resources of DNeX Group. It provides reassurance that whistleblowers will be protected from reprisals or victimisation for whistleblowing in good faith.

The Whistleblowing Policy is published on the Company's corporate website at www.dnex.com.my and a whistleblower can either email a Whistleblower Report Form at whistle@dnex.com.my or mark the form "Private and Confidential" and mail it to the Chairman of the Whistleblowing Committee. The mailbox is administered by the Head of Risk and Business Process Management Department and overseen by the Chairman of the Whistleblowing Committee.

1.4 Anti-Bribery and Anti-Corruption Framework and Policy ("ABAC")

DNeX Group is committed to the development and establishment of framework, policies and procedures guiding the conduct of our businesses with honesty, fairness and high ethical standards and not allowing certain types of behaviour contrary to commercial integrity, which would put the Group's reputation at risk.

Thus, DNeX Group has established the ABAC that defines the main guidelines for the detection and prevention of fraudulent behaviours. DNeX Group prohibits any type of corruption and bribery such as promising, offering, giving, or accepting any incentive or advantage of any nature, directly or indirectly, in order to influence any type of decision that may result in an undue benefit to DNeX Group.

The objectives of the ABAC are:

- To ensure the policies and guidelines/practices are oriented towards embedding ABAC stance organisation wide, with guidance from Guideline on Adequate Procedures and requirements of the Malaysian Anti-Corruption Commission ("MACC") Act 2009, introduced via Section 4 of the MACC (Amendment) Act 2018;
- To ensure adequate and standardised ABAC policies and guidelines are consistently applied throughout the DNeX Group by all staff; and
- To ensure that business operations within DNeX Group are strictly adhering to the ABAC.

The ABAC is published on the Company's corporate website www.dnex.com.my.

All Directors (executive and non-executive), employees and all vendors or agents, customers, business partners, public officials and others who are performing work or services for and on behalf of DNeX Group shall comply with the rules and guidelines described in the ABAC and must avoid any behaviour, situation or activity that would breach them.

1.5 Strategies Promoting Sustainability

Sustainability has long been a key driving force in DNeX Group's corporate agenda ever since the emergence of corporate responsibility in the early 2000s. It is the foundation of DNeX Group's commitment as a responsible corporate citizen in ensuring the sustainable growth of its profits (a commitment to its shareholders), the sustenance of the planet (a commitment to the environment and community), and the sustainable development of its people (a commitment to nurture DNeX's talented employees and those within the community it operates).

The details of DNeX Group's sustainability activities including its corporate social responsibility activities are set out on in the Integrated Report.

1.6 Access to Information and Advice

The Board members are supplied with the relevant information on a timely basis to enable them to effectively discharge their duties and responsibilities. Board papers were circulated to the Board members at least three (3) working days prior to the date of the meeting to facilitate the Directors to peruse the Board papers and to review the issues to be deliberated at the Board meeting. Where necessary, relevant senior management and personnel are invited to attend Board meetings to furnish details or clarifications on matters tabled for the Board's consideration.

Generally, the Board papers circulated would include minutes of the previous meeting, quarterly and annual financial statements, corporate developments, minutes of Board Committees' meetings, acquisition and disposal proposals, related party transactions and/or recurrent related party transactions, updates from Bursa Securities, list of directors' written resolutions passed and reports on the Directors dealings in securities, if any. In addition, the management is often invited to be present and provide detailed explanation on any agenda at Board meetings.

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Both external and internal auditors and/or advisers (including but not limited to the principal adviser for the corporate exercises undertaken by DNeX Group) will be invited to attend Board meetings, if required, to provide additional information or clarification on matters relevant to the agenda of the Board meetings.

All Directors have unrestricted access to all information pertaining to DNeX Group's businesses and affairs in a timely manner which enables them to discharge their duties effectively.

In furtherance of their duties, the Directors may, whether collectively as a Board or in their individual capacities, seek independent professional advice on specific matters at the Company's expense.

1.7 Company Secretary

The Board is assisted by a qualified and competent company secretary who plays a vital role in advising the Board in relation to DNeX Group's constitution, policies, procedures and compliance with the relevant regulatory requirements, codes, guidance, and legislations. The company secretary is a fellow member of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA") and has obtained a Practicing Certificate from the Companies Commission of Malaysia ("CCM"). All the Directors have unrestricted access to the advice and services of the company secretary for the conduct of the Board's affairs and the business.

The company secretary constantly keeps himself abreast of the evolving capital market environment, regulatory changes, and developments in corporate governance through attendance at relevant conferences and training programmes. He has also attended the relevant continuous professional development programmes required by the CCM and MAICSA for practising company secretaries. The Board is satisfied with the performance and support rendered by the company secretary in discharging its functions.

1.8 Periodic Review and Publication of Board Charter

The Board Charter is published on the Company's corporate website www.dnex.com.my. It shall be periodically reviewed and updated by the Board as necessary to ensure it remains relevant and effective.

2. BOARD COMPOSITION

2.1 Commitment of the Board

The Directors are aware of their respective time commitments to attend to matters of the DNeX Group, including attending Board meetings, Board Committees, and other types of meetings. The annual Board meeting calendar is planned and agreed with the Directors prior to the commencement of each new financial year.

In between Board meetings, approvals on matters requiring the sanction of the Board are sought by way of circular resolutions, which contain all relevant information to enable the Board to make informed decisions. All circular resolutions approved by the Board are tabled for notation and confirmation at the subsequent Board meetings.

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities, which is evidenced by the satisfactory attendance record of the Directors at each Board meeting.

Details of the Board meetings convened and the attendance of each member at the Board meetings held during the financial period ended 31 December 2023 are as follows:

Directors	Directorate	Number of meetings attended
Tan Sri Dato' Sri Haji Syed Zainal Abidin bin Syed Mohamed Tahir	Executive Chairman [1]	22/22
Datuk Johar bin Che Mat	Senior Independent Non-Executive Director	19/22
Dato' Robert Fisher	Independent Non-Executive Director	20/22
Dr. Chen, Wei-Ming	Non-Independent Non-Executive Director	22/22
Tun Noor Shahya bt Tun Abdul Razak	Independent Non-Executive Director	22/22
Muhammad Radhi bin Azizan [2]	Non-Independent Non-Executive Director	22/22
Chandramohan Subramaniam	Independent Non-Executive Director	21/22
Zalina binti Shaher	Independent Non-Executive Director	20/22
Tan Sri Acryl Sani bin Haji Abdullah [3]	Independent Non-Executive Director and Deputy Chairman	6/7
Muhammad Saifullah bin Mohd Isa [4]	Executive Director	3/3
Tan Sri Abd Rahman bin Mamat [5]	Independent Non-Executive Chairman	7/7
Zainal 'Abidin bin Abd Jalil [6]	Executive Director	12/12
Mohd Isa bin Ismail [7]	Non-Independent Non-Executive Director	N/A

Notes:

[1] *Redesignated from GMD to Executive Chairman of the Company with effect from 9 December 2022.*
[2] *Resigned as the Non-Independent Non-Executive Director of the Company with effect from 18 March 2024.*
[3] *Appointed as the Independent Non-Executive Director and Deputy Chairman of the Company with effect from 1 August 2023.*
[4] *Appointed as the Executive Director of the Company with effect from 6 October 2023.*
[5] *Resigned as the Independent Non-Executive Chairman of the Company with effect from 6 December 2022.*
[6] *Resigned as the Executive Director of the Company with effect from 2 March 2023.*
[7] *Appointed as the Non-Independent Non-Executive Directors of the Company with effect from 18 March 2024.*

Notwithstanding the changes, the Company has continued to comply with the MMLR of Bursa Securities whereby at least two (2) directors or one-third (1/3) of the Board, whichever is higher, are Independent Directors. As at 31 December 2023, the Board consists of ten (10) members comprising one (1) Executive Chairman, six (6) Independent Non-Executive Directors, two (2) Non-Independent Non-Executive Directors and one (1) Executive Director. At present, all Directors of the Company have complied with the MMLR of Bursa Securities, where they do not sit on the board of more than five (5) listed issuers.

The Board composition and size are periodically assessed by the Board through the NRC. The profile of each Director is set out in the Integrated Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

2.2 Independency of Independent Directors

For Independent Directors, which exceed a cumulative term of nine (9) years, the Board would justify and seek annual shareholders' approval for re-appointment.

The Independent Directors play a crucial role in corporate accountability and provide unbiased views and impartiality to the Board's deliberations and decision-making process. In addition, Independent Directors ensure that matters and issues brought to the Board are given due consideration, fully discussed, and examined, taking into account the interest of all stakeholders.

During the year, the NRC assessed the independence of the Independent Directors and is satisfied that the Independent Director is independent of the management and free from any business or other relationships which could interfere with the exercise of independent judgement, objectivity, and the ability to act in the best interest of DNeX Group.

2.3 Board Diversity

The Board fully recognises the importance of boardroom diversity, including but not limited to gender, age, and experience, in driving DNeX Group's aspirations. To this effect, DNeX Group has adopted a Board Diversity Policy.

The Board values the different expertise that each Director brings to the Board due to his/her diverse background, skills, and experience. Although the Board does not have specific targets for gender diversity, it endeavours to maintain the number of women directors based on their suitability and competency. As at 31 December 2023, the Board has two (2) women directors, representing 20.0% of the total Board members.

The Board, through its NRC, will continue to take steps to ensure that suitable women candidates are sought and considered as part of the recruitment exercise. This exercise will be done over time, taking into account the present size of the Board, the merit and suitability of women candidates and the evolving challenges to the Company from time to time. The critical attributes of a suitable Board candidate include skills, knowledge, expertise and experience, professionalism, character, competence, commitment (including time commitment) and integrity that the candidate shall bring to the Board.

2.4 Appointment of Directors

After an evaluation by the NRC, the Board may appoint directors to fill a casual vacancy or as additional Directors. The Board must approve all appointees to the Board based on the NRC's recommendation. The Board, through the NRC, has established a formal and transparent procedure for the assessment of candidates for Board appointments as well as assessing the effectiveness of the Board as a whole, the Committees of the Board and the contributions of each Director.

In respect of new Board appointees, the NRC evaluates a potential Board candidate based on established criteria, which include:

(a) Education and experience that provides knowledge of business, financial, governmental or legal matters that are relevant to the Company's business or to its status as a publicly owned company;

(b) An unblemished reputation for integrity;

(c) A reputation for exercising strong business judgment;

(d) Sufficient available time to be able to fulfil his or her responsibilities as a member of the Board and of any committees to which he or she may be appointed; and

(e) Any business interests that may result in a conflict of interest that may arise within the DNeX Group.

Each Director will have the opportunity to meet the potential candidate before appointment.

The assessment of potential candidates for appointment to the Board by the NRC is governed by the parameters set out in the Board Charter, Board Diversity Policy and Directors' Fit and Proper Policy. This ensures that appointed Directors have the right skills, character, experience, competency, integrity, time, and dedication to effectively discharge their roles and responsibilities. The aim is to compose a Board with the right balance to realise DNeX Group's strategic objectives, with fresh input and thinking while retaining cohesiveness.

The process for the appointment of a new Board member is summarised as follows:

(a) Identification of a candidate upon the recommendation by the existing Board members, key senior management team, shareholders and/or if required, external sources;

(b) Conduct background reference check;

(c) The NRC to consider, inter-alia, the competency, experience, commitment, contribution and integrity of the candidates, and in the case of candidates proposed for appointment as Independent Directors, the candidate's independence, in evaluating the suitability of the candidates;

(d) Recommendation of candidates to be made by the NRC to the Board, as well as recommendation for appointment as a member of the various Board Committees, where necessary;

(e) Decision to be made by the Board on the proposed new appointment, including appointment to the various Board Committees;

(f) Announcement to Bursa Securities; and

(g) Conduct an on-boarding briefing to the new Board member as soon as practicable after the date of the appointment.

2.5 Re-election of Directors

The Company's Constitution provides that an election of Directors shall take place each year. At each annual general meeting ("AGM") one-third (1/3) of the Directors for the time being, or, if their number is not three (3) or a multiple of three (3), then the number nearest to one-third (1/3), shall retire from office provided always that all Directors including Managing Director and Executive Directors shall retire from office once at least in each three (3) years as required by the MMLR but shall be eligible for re-election. A retiring Director shall retain office until the close of the meeting at which he retires.

The Directors to retire in every year shall be those who, being subject to retirement by rotation, have been longest in office since their last election, but as between Directors of equal seniority, the Directors to retire shall (unless they otherwise agree among themselves) be determined by lot.

Where a person has been appointed as Director either to fill a casual vacancy or as an additional Director, he/she shall hold office only until the conclusion of the next AGM and shall be eligible for re-election at such meeting.

The NRC also makes recommendations to the Board on the re-election of Directors for shareholders' approval.

2.6 Annual Assessment of Directors

The Board, through the NRC, conducts an annual assessment on its effectiveness, and the effectiveness of each individual Director and the Board Committees established by the Board.

The Board is assessed in the areas of the Board's roles and responsibilities, structure and composition, conduct, meeting process, interaction and communication with the management and other stakeholders, as well as the effectiveness of the Chairman.

The Board Committees are assessed in terms of accountabilities and responsibilities and the success of the Committees in achieving its objectives.

For the financial period ended 31 December 2023, the annual assessment was conducted by the company secretary through questionnaires sent to each director and encompasses an assessment of the performance of the Board as a whole, the Board Committees and individual Directors (via self and peer assessment) as well as the independence of Independent Directors, and Board evaluation on environmental, social and governance or sustainability.

The NRC also reviewed the term of office and performance of the AC and its members in line with the requirement under paragraph 15.20 of the MMLR. Based on the Corporate Governance Guide issued by Bursa Securities, the assessment of the AC includes an assessment of the quality and composition, skills and competencies, and meeting administration and conduct.

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The company secretary presented the findings and comments from the annual assessment to the NRC. The results indicated that the performance of the Board, the Board Committees and the individual Directors during the financial period had been satisfactory and effective in the overall discharge of functions and duties.

The NRC acknowledges the role played by Independent Directors in bringing independent objective judgement to Board deliberations. The NRC is generally satisfied that each Independent Non-Executive Director has remained impartial in judgement and continues to make competent, independent, and objective judgement to Board deliberations.

2.7 Directors' Training

The Board is mindful of the need for directors to attend continuous education programmes to keep them abreast of new developments on legislations, regulations, current commercial issues and changing commercial risks that may affect business operations and compliance matters. Appropriate training and education programmes are identified and arranged for directors' participation from time to time that will enhance their skills and knowledge, and the Company allocates a dedicated training budget to support the continuous development of the directors.

Additionally, each director is allowed to identify their own training needs, considering their memberships on the boards of other companies.

During the financial period ended 31 December 2023, the Directors have attended and participated in training programmes, seminars, conferences, and forums that covered the areas of corporate governance, financial, relevant industry updates, and global business developments, which they considered useful in contributing to the effective discharge of their duties as Directors. The development and training programmes attended by the Directors during the year under review are as follows:

Name of Director	Training/Seminar/Conference Attended	Date	Organiser/Co-Ordinator
Tan Sri Dato' Sri Haji Syed Zainal Abidin bin Syed Mohamed Tahir	DNeX Group SP2024 Offsite Leadership Brainstorming	4-6 May 2023	Leaderonomics Digital
Tan Sri Acryl Sani bin Haji Abdullah Sani	Bursa Malaysia Mandatory Accreditation Programme (MAP)	9-10 October 2023	Institute of Corporate Directors Malaysia
	Audit Committee Conference 2023	14 September 2023	Malaysian Institute of Accountants
Datuk Johar bin Che Mat	Board Offsite Discussion – "MNRB Group Strategy Retreat"	21 & 22 October 2022	MNRB
	MNRB – "Briefing on MFRS 17 Progress" (Hybrid – Boardroom, BMRe & Microsoft Teams)	18 October 2022	MNRB
	MNRB – "Risk Management in Technology (RMiT) Briefing"	12 October 2022	MNRB
	GSC Engagement Session with the BOD – "Transcend MNRB Group to the Next Level of Takaful Innovation & Value Creation"	11 October 2022	MNRB

Name of Director	Training/Seminar/Conference Attended	Date	Organiser/Co-Ordinator
Datuk Johar bin Che Mat	MNRB Group Directors' Training – "Sustainability Awareness: Sustainability at Work"	7 July 2022	MNRB
	DNeX Group SP2024 Offsite Leadership Brainstorming	4-6 May 2023	Leaderonomics Digital
	Cybersecurity Trends & Development NetAssist	22 May 2023	MNRB Holdings Berhad
	Base Erosion and Profit Shifting (BEPS) Pillar 2 and Tax Corporate Governance Framework (TCGF) by Deloitte Tax Services	31 May 2023	MNRB Holdings Berhad
	Board Training: Market Outlook 2023 Updates by RAM	15 June 2023	MNRB Holdings Berhad
	Sustainability Leadership for Islamic Financial Institution	31 July 2023	MNRB Holdings Berhad
	"MFRS 17: Impact & Changes" by Ernst & Young	16 August 2023	MNRB Holdings Berhad
	Briefing on Islamic Banking & Investment Banking	September 2023	MNRB Holdings Berhad
	"Briefing on Reinsurance" by Ahmad Noor Azhari	16 October 2023	MNRB Holdings Berhad
	Mandatory Accreditation Programme Part II: Leading for Impact (LIP)	25 & 26 October 2023	MBSB | ICDM
	"Anti-Money Laundering (AML) & Anti-Bribery & Corruption (ABC)" by Yunos Yusof	10 November 2023	MNRB Holdings Berhad
	ESG by Ernst & Young	30 November 2023	MNRB Holdings Berhad
Dr. Chen Wei-Ming	TSMC 2022 technology symposium	8 August 2022	TSMC
	Semiconductor International Forum	14 September 2022	SEMICOM Taiwan
	Intel Vision 2023	5 May 2023	Intel
	TSMC 2023 Taiwan Technology Symposium	11 May 2023	TSMC
	Purchasing and Sales Fraud Risk Management	19 June 2023	KPMG
Dato' Robert Fisher	Board Risk Committee Dialogue & Networking – Session #1	8 December 2022	Leaderonomics Digital
	DNeX Group SP2024 Offsite Leadership Brainstorming	4-6 May 2023	Leaderonomics Digital

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Name of Director	Training/Seminar/Conference Attended	Date	Organiser/Co-Ordinator
Tun Noor Shahya bt Tun Abdul Razak	IIC-SIDC Corporate Governance Conference 2022	23 September 2022	Institutional Investors Council Malaysia
	Tax and Business Summit 2022	15 March 2023	KPMG
	MIA International Accountants Conference 2023	13-14 June 2023	Malaysian Institute of Accountants
	DNeX Group SP2024 Offsite Leadership Brainstorming	4-6 May 2023	Leaderonomics Digital
	Audit Committee Conference 2023	14 September 2023	Malaysian Institute of Accountants
	KPMG Tax and Business Summit 2023	2 November 2023	KPMG Tax Services Sdn Bhd
Chandramohan Subramaniam	DNeX Group SP2024 Offsite Leadership Brainstorming	4-6 May 2023	Leaderonomics Digital
Muhammad Saifullah bin Mohd Isa	DNeX Group SP2024 Offsite Leadership Brainstorming	4-6 May 2023	Leaderonomics Digital
	Bursa Malaysia Mandatory Accreditation Programme (MAP)	22-23 November 2023	Institute of Corporate Directors Malaysia
Tan Sri Abd Rahman bin Mamat ***(Resigned w.e.f 6.12.2022)***	Course 2: ESG Risk Identification and Materiality	6 September 2022	Malaysia Institute of Accountants
Muhammad Radhi bin Azizan ***(Resigned w.e.f 18.3.2024)***	DNeX Group SP2024 Offsite Leadership Brainstorming	4-6 May 2023	Leaderonomics Digital
Zainal 'Abidin bin Abd Jalil ***(Resigned w.e.f 2.3.2023)***	Enterprise Risk Management (ERM) Awareness Training	20 January 2023	The Institute of Enterprise Risk Practitioners ("IERP")
	DNeX Group SP2024 Offsite Leadership Brainstorming	4-6 May 2023	Leaderonomics Digital

3. BOARD COMMITTEES

3.1 AC

The AC assists in providing oversight on DNeX Group's financial reporting, disclosure, regulatory compliance, and monitoring of internal control processes within DNeX Group. Besides that, the AC reviews quarterly financial results, unaudited and audited financial statements, internal and external audit reports, and related party transactions.

The AC comprises three (3) members, all of whom are Independent Non-Executive Directors. The present members of the AC are as follows:

Directors	Designation
Tun Noor Shahya bt Tun Abdul Razak	Chairman
Datuk Johar bin Che Mat	Member
Tan Sri Acryl Sani bin Hj. Abdullah Sani [1]	Member
Muhammad Radhi bin Azizan [2]	Member

Notes:

[1] Appointed as the member of the AC of the Company with effect from 1 September 2023.

[2] Resigned as the member of the AC of the Company with effect from 17 November 2023.

The Terms of Reference of the AC are available on the Company's website at www.dnex.com.my.

The description of the activities carried out by the AC during the year is set out in the AC Report of this Integrated Report.

3.2 NRC

Details of the composition, meetings convened, and the attendance of each NRC member at the NRC meetings held during the financial period ended 31 December 2023 are as follows:

Name	Designation	Directorate	Number of meetings attended
Datuk Johar bin Che Mat	Chairman	Senior Independent Non-Executive Director	10/10
Dato' Robert Fisher	Member	Independent Non-Executive Director	10/10
Zalina binti Shaher	Member	Independent Non-Executive Director	9/10

The composition of the NRC complies with paragraph 15.08A(1) of the MMLR of Bursa Securities and the Terms of Reference of the NRC. The NRC is comprised exclusively of Non-Executive Directors and chaired by a Senior Independent Non-Executive Director of the Company.

The Terms of Reference of the NRC outlines its composition, frequency of meetings, and the power, duties, and responsibilities of the NRC. The Terms of Reference of the NRC are available on the Company's website at www.dnex.com.my.

The Group Finance Director, Chief People Officer and certain senior management members are usually invited to attend NRC meetings to provide briefings, updates, and clarifications on matters under the NRC's purview.

At Board meetings, the Chairman of the NRC would update the Board on matters that have been deliberated and considered at NRC meetings.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Below is the summary of the key activities undertaken by the NRC in the discharge of its duty during the financial period ended 31 December 2023:

(a) Reviewed the composition of the Board and Board Committees with regards to the mix of skills, independence, and diversity in accordance with its policy.

(b) Determined the Directors who stand for re-election by rotation and determine their eligibility upon conducting assessment based on the Directors' Fit and Proper Policy.

(c) Assessed the effectiveness and performance of the Board and its committees. This is carried out through a self-assessment document that is completed by each Director. The assessment criteria include the following:

- Board composition
- Board process
- Performance of Board Committees
- Information provided to the Board
- Role of the Board in strategy and planning
- Risk management framework
- Accountability and standard of conduct of Directors

(d) Reviewed the term of office and performance of the AC and each of its members to ascertain that the AC and its member have carried out their duties in accordance with the AC's Terms of Reference.

(e) Assessed and reviewed the independence and continuing independence of the Independent Directors.

(f) Reviewed and recommended the appointment of the Director.

(g) Reviewed, assessed, and recommended the remuneration packages of the Executive Directors and senior management.

(h) Reviewed the Directors' fees and other benefits payable to Non-Executive Director.

(i) Reviewed the Terms of Reference of the NRC.

3.3 BPTC

The BPTC was established on 16 December 2013 to oversee the procurement process and contract management of DNeX Group.

Details of the composition, meetings convened, and the attendance of each BPTC member at the BPTC meetings held during the financial period ended 31 December 2023 are as follows:

Name	Designation	Directorate	Number of meetings attended
Zalina binti Shaher	Chairman	Independent Non-Executive Director	2/2
Datuk Johar bin Che Mat	Member	Senior Independent Non-Executive Director	2/2
Tun Noor Shahya bt Tun Abdul Razak	Member	Independent Non-Executive Director	2/2

3.4 ESOS Committee

The ESOS Committee was established to implement and administer the ESOS in accordance with the provisions of the ESOS by-laws. The ESOS Committee shall comprise such persons duly appointed and authorised by the Board from time to time.

Details of the composition, meetings convened, and the attendance of each ESOS Committee member at the ESOS Committee meetings held during the financial period ended 31 December 2023 are as follows:

Name	Designation	Directorate	Number of meetings attended
Datuk Johar bin Che Mat	Chairman	Senior Independent Non-Executive Director	1/1
Tan Sri Dato' Sri Haji Syed Zainal Abidin bin Syed Mohamed Tahir	Member	Executive Chairman	1/1
Hani Jazmine Goh binti Abdullah [1]	Member	Group Chief People Officer	1/1
Azhar bin Othman [2]	Member	Group Chief Operating Officer	N/A
Tan Sri Abd Rahman bin Mamat [3]	Member	Independent Non-Executive Director	N/A
Mohd Azhar bin Mohd Yusof [4]	Member	Executive Director	N/A

Notes:

[1] Resigned as member of the ESOS Committee with effect from 31 May 2023.

[2] Appointed as member of the ESOS Committee with effect from 22 March 2023.

[3] Resigned as member of the ESOS Committee with effect from 6 December 2022.

[4] Resigned as member of the ESOS Committee with effect from 15 August 2022.

The ESOS Committee meets as and when required. One (1) meeting, attended by all its members, was held during the financial period ended 31 December 2023.

3.5 WBC

The WBC Committee was established for its employees and any parties to raise, or report suspected and/or known misconduct, wrongdoings, corruption and instances of fraud, waste, and/ or abuse involving the resources of DNeX Group.

Details of the composition, meetings convened, and the attendance of each WBC member at the WBC meetings held during the financial period ended 31 December 2023 are as follows:

Name	Designation	Directorate	Number of meetings attended
Tun Noor Shahya bt Tun Abdul Razak	Chairman	Independent Non-Executive Director	2/2
Datuk Johar bin Che Mat	Member	Senior Independent Non-Executive Director	2/2
Muhammad Radhi bin Azizan [1]	Member	Non-Independent Non-Executive Director	1/1
Tan Sri Acryl Sani bin Haji Abdullah Sani [2]	Member	Independent Non-Executive Director and Deputy Chairman	N/A

Notes:

[1] Resigned as member of the WBC Committee with effect from 18 March 2024.

[2] Appointed as member of the WBC Committee with effect from 1 September 2023.

The WBC meets as and when required and met twice during the financial period ended 31 December 2023.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

3.6 RGSC

The RGSC was established to assist the Board in discharging its oversight responsibilities and fulfilling its fiduciary responsibilities in formulating, overseeing as well as inculcating a sound enterprise risk management framework and systems, including systems for compliance with applicable laws, regulations, rules, directives, and guidelines in order to manage the overall risk exposure of DNeX Group.

Details of the composition, meetings convened, and the attendance of each RGSC member at the RGSC meetings held during the financial period ended 31 December 2023 are as follows:

Name	Designation	Directorate	Number of meetings attended
Dato' Robert Fisher	Chairman	Independent Non-Executive Director	6/6
Tun Noor Shahya bt Tun Abdul Razak	Member	Independent Non-Executive Director	6/6
Muhammad Radhi bin Azizan [1]	Member	Non-Independent Non-Executive Director	5/6
Tan Sri Acryl Sani bin Haji Abdullah Sani [2]	Member	Independent Non-Executive Director and Deputy Chairman	1/1

Notes:
[1] Resigned as member of the RGSC Committee with effect from 18 March 2024.
[2] Appointed as member of the RGSC Committee with effect from 1 September 2023.

The RGSC meets as and when required. There were six (6) meetings held during the financial period ended 31 December 2023.

3.7 TTC

The TTC was established to assist the Board in succession planning, review of effective organisational chart and ensure the smooth progress of transition and transformation.

Details of the composition, a meeting convened, and the attendance of each TTC member at the TTC meeting held during the financial period ended 31 December 2023 are as follows:

Name	Designation	Directorate	Number of meetings attended
Zalina binti Shaher	Chairman	Independent Non-Executive Director	1/1
Tan Sri Dato' Sri Haji Syed Zainal Abidin bin Syed Mohamed Tahir	Member	Executive Chairman	1/1
Tun Noor Shahya bt Tun Abdul Razak	Member	Independent Non-Executive Director	1/1
Tan Sri Acryl Sani bin Haji Abdullah Sani	Member	Independent Non-Executive Director and Deputy Chairman	1/1
Mohd Isa bin Ismail [1]	Member	Non-Independent Non-Executive Director	N/A

Note:
[1] Appointed as member of the TTC Committee with effect from 1 March 2024.

The TTC meets as and when required. One (1) meeting, attended by all its members, was held during the financial period ended 31 December 2023.

4. DIRECTORS' REMUNERATION

The Board of the Company is mindful that fair remuneration is critical to attract, retain and motivate the right talent in the Board and senior management of the Company. To this end, DNeX Group has in place the Remuneration Policy, which set out to provide guidelines with regards to the remuneration package for the Board and senior management of DNeX Group in line with the best practice of the MCCG issued by the Securities Commission Malaysia.

The Remuneration Policy has been designed with the aim to support DNeX Group's key strategies and create a strong performance-oriented environment and be able to attract, motivate and retain talent as well as promoting business stability and growth of DNeX Group. The Remuneration Policy is available on the Company's website at www.dnex.com.my.

The remuneration for the Executive Directors links rewards to corporate and individual performances.

Non-Executive Directors are remunerated in the form of directors' fees which are approved annually by the shareholders at the AGM and an attendance allowance for each Board meeting that they attend.

The Company had, during its 52nd AGM held on 6 December 2022, obtained shareholders' approval for the payment of Directors' fees and benefits to the Non-Executive Directors of the Company and its subsidiaries up to an aggregate amount of RM4,000,000 for the period from 7 December 2022 until the forthcoming 53rd AGM of the Company. For the financial period ended 31 December 2023, a total of RM3,172,000 was paid to the Non-Executive Directors of the Company and its subsidiaries.

The mandate gave authority to the Company and its subsidiaries to pay Directors' fees and benefits to their Directors, on a monthly basis and after each month of completed service of the Directors. The benefits payable to the Directors comprises allowances and other emolument payable to the Chairman and members of the Board, Board of subsidiaries, Board Committees and such other committees as may be established by the Board.

The payment of Directors' fees and benefits to each Director of the Company and its subsidiaries are based on among others, the following rates:

Description	The Company	
	Chairman	Non-Executive Director
Monthly Directors' Fee		
(a) Board	RM18,000.00	RM12,000.00
(b) AC	RM6,000.00	RM3,000.00
(c) Other Committees	RM1,000.00	RM800.00
Meeting Allowances		
(a) Board	RM2,250.00	RM2,250.00
(b) Board Committees	RM1,500.00	RM1,500.00
Benefits	Medical and hospitalisation	

Description	Company' Subsidiary	
	Chairman	Non-Executive Director
(a) Dagang Net Technologies Sdn Bhd	RM48,000.00 per annum	RM24,000.00 per annum
(b) SilTerra Malaysia Sdn Bhd	RM72,000.00 per annum	RM54,000.00 per annum
(c) Ping Petroleum Limited	USD30,000.00 per annum	USD20,000.00 per annum
(d) Innovation Associates Consulting Sdn Bhd	RM60,000.00 per annum	RM60,000.00 per annum

The details of remuneration for the Directors and senior management of DNeX Group during the financial period ended 31 December 2023 are set out in the Corporate Governance Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

5. UPHOLD INTEGRITY IN FINANCIAL REPORTING

5.1 Compliance with Applicable Financial Reporting Standards

The financial statements of DNeX Group were prepared under the historical cost convention and modified to include other bases of valuation as disclosed therein under significant accounting policies and in compliance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards, and the requirements of the Companies Act 2016.

The Board is responsible for the quality and completeness of publicly disclosed financial reports. This ensures that shareholders are provided with a balanced and meaningful evaluation of the Company's financial performance, its position and its future prospects, through the issuance of its annual audited financial statements and quarterly financial reports and corporate announcements on significant developments affecting the Company in accordance with the MMLR of Bursa Securities.

The Board is committed to continuously providing and presenting a clear, balanced, and comprehensive assessment of DNeX Group's financial performance and prospects. In order to fulfil the commitments to stakeholders, the Company ensures that the recording and reporting of financial and business information is as fair and accurate as determinable.

5.2 Relationship with Auditors and Independence of External Auditors

Through the AC, the Board maintains a transparent and professional relationship with the Company's auditors, both external and internal. The AC met the external auditors once during the year under review without the presence of the Executive Directors and the management to allow the AC and the external auditors to exchange independent views on matters which require the AC's attention.

The external auditors, Messrs Crowe Malaysia PLT, provide an independent opinion, based on the audit performed on the financial statements of DNeX Group and report the same to the shareholders of the Company in accordance with Section 266 of the Companies Act 2016. The external auditors also attend each AGM in order to assist in giving clarifications to shareholders on the audited financial statements.

The suitability and independence of external auditors are annually reviewed and monitored by the AC. The AC has a set of criteria for assessing the suitability and independence of the external auditors. Written and/or verbal assurance from the external auditors is also sought in confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

1. AC

The current AC consists of three (3) Independent Non-Executive Directors and all of them are financial literate and have sufficient understanding of DNeX Group's business. All the members of the AC undertook continuous professional development to keep abreast of relevant developments in accounting and auditing standards, practices, and rules. The composition of the AC is presented in the AC Report of this Integrated Report.

The Chairman of the AC is not the Chairman of the Board, ensuring that the impairment of objectivity on the Board's review of the AC's findings and recommendations remains intact.

The AC has adopted a Terms of Reference, which sets out its goals, objectives, duties, responsibilities, and criteria on the composition of the AC, which includes a former key audit partner of DNeX Group to observe a cooling-off period of at least three (3) years before being able to be appointed as a member of the AC.

In presenting the annual audited financial statements and interim financial statements on a quarterly basis to the shareholders, the Board is responsible for presenting a clear, balanced, and understandable assessment of DNeX Group's performance and position. The AC is entrusted to assist the Board in reviewing DNeX Group's financial reporting process and the accuracy of its financial results, and scrutinising information for disclosure to ensure accuracy, adequacy, completeness, and compliance with the accounting standards.

The Board places great emphasis on the objectivity and independence of the external auditors. Through the AC, the Board maintains a transparent relationship with the external auditors in seeking professional advice on internal control and ensuring compliance with appropriate accounting standards. The AC is empowered to communicate directly with the external auditors to highlight any issues of concern at any point in time.

The AC ensures the external audit function is independent of the activities it audits and reviews the contracts for the provision of non-audit services by the external auditors to ensure that it does not give rise to a conflict of interests. Excluded contracts will include management consulting, internal audit and standard operating policies and procedures documents.

For the financial period ended 31 December 2023, fees paid to the external auditors, Messrs Crowe Malaysia PLT ("Crowe") and its affiliated firms by DNeX Group are stated in the table below:

Nature of Services	31 Dec 23 Group RM'000	31 Dec 23 Company (RM'000)
Audit fees:		
– Crowe	741	330
– Crowe affiliate	823	–
	1,564	330
Non-Audit fees:		
– Crowe	116	51
– Crowe affiliate	173	
	289	51

Non-audit fees included:
(i) Review of Integrated Report, Statement of Risk Management and Internal Control.
(ii) Upon agreed procedures of Energy Profit Levy and provision decommissioning.

The external auditors have confirmed to the AC that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the independence criteria set out by the Malaysian Institute of Accountants.

Further information on the roles and responsibilities of the AC may be found in the AC Report of this Integrated Report.

2. Risk Management and Internal Control Framework

The Board assumes ultimate responsibility for the effective management of risk across DNeX Group, determining its risk appetite as well as ensuring that each business area implements appropriate internal controls. In order to achieve such objective, a risk management policy has been adopted by DNeX Group. DNeX Group's risk management systems are designed to manage, mitigate, and eliminate risks (where possible) to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board, with the assistance of the AC and the RGSC, reviews the adequacy of DNeX Group's risk management and internal control systems. The reviews cover all material controls, including financial, operational, compliance and risk management systems. The AC and RGSC are further supported by a number of sources of internal assurance within the DNeX Group to determine the adequacy and effectiveness of existing risk controls.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board acknowledges its responsibility for maintaining a sound system of internal control which provides reasonable assurance in ensuring the effectiveness and efficiency of DNeX Group's operations and to safeguard shareholders' investment and its assets and interests in compliance with the relevant law and regulations as well as DNeX Group's internal financial administration procedures and guidelines.

DNeX Group has established an Internal Audit Department, which reports directly to the AC as specified in the Terms of Reference of the AC. Internal auditors perform their function in accordance with the annual internal audit plan approved by the AC. The Internal Audit Department has three (3) audit personnel assisting the person responsible for the internal audit. Details on the person responsible for the internal audit are as set out below:

Name	:	Izham Syah bin Mahrome
Qualification	:	Member of the Association of Chartered Certified Accountants, the Institute of Internal Auditors, Malaysia and the Malaysian Institute of Accountants.
Independence	:	Does not have any family relationship with any director and/or major shareholder of the Company
Public Sanction or penalty	:	Has no convictions for any offences within the past 5 years, other than traffic offences, if any and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial period.

Further information may be found in the Statement on Risk Management and Internal Control of this Integrated Report.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

1. Conduct of General Meetings

The AGM is the principal platform of communication with shareholders of the Company. The Integrated Report together with the Notice of AGM is sent to registered shareholders within the prescribed period as allowed under the Company's Constitution and the MMLR of Bursa Securities as the case may be.

In accordance with the MMLR of Bursa Securities, the Company has implemented and will continue to implement poll voting for all proposed resolutions set out in the notice of any general meeting. An independent scrutineer will be appointed to validate the votes cast at any general meeting of the Company.

The 52nd AGM was conducted fully virtual, and the notice was issued to shareholders at least twenty-eight (28) days before the 52nd AGM to provide sufficient time for shareholders to consider the resolutions that would be discussed and decided at the 52nd AGM. During the 52nd AGM, the Chairman informed shareholders, corporate representatives and proxies who were present of their right to participate (including posing questions to the Board) and vote on the resolutions set out in the notice of the 52nd AGM. The external auditors are invited to the meeting to provide their professional and independent views to shareholders if required.

While members of the media are not invited into the AGM meeting hall, a media conference is usually held immediately after the AGM where the Chairman, Group Managing Director and Executive Directors update media representatives on the resolutions passed and answer questions on matters related to DNeX Group. This approach provides the Company with a more efficient way to address the stakeholders of the Company.

2. Communication with Stakeholders

The Board believes that stakeholders' communication is an essential requirement of DNeX Group's sustainability. In view thereof, stakeholders are informed of all material business events and risks of DNeX Group in a factual, timely and widely available manner. The Board has formalised a Corporate Disclosure Policy and Procedure not only to comply with the discourse requirements as stipulated in the MMLR of Bursa Securities, but also sets out the persons authorised and responsible to approve and disclose material information to all stakeholders.

The Board recognises the importance of facilitating effective two-way communication with investors and analysts to provide a greater understanding of DNeX Group's vision, strategies, developments and financial prospects. A variety of engagement initiatives including direct meetings and dialogues with stakeholders are constantly conducted to enhance mutual understanding.

DNeX Group's financial performance, major corporate developments and other relevant information are promptly disseminated to shareholders and investors via announcements of its quarterly results, integrated report, corporate announcements to Bursa Securities and press conferences. It is DNeX Group's practice that any material information for public announcement, including annual and quarterly financial statements, press releases, and presentations to investors, analysts and media are factual and reviewed internally before issuance to ensure accuracy and is expressed in a clear and objective manner.

DNeX Group's corporate website includes a dedicated Investor Relations section, which provides all relevant information on DNeX Group, including announcements to Bursa Securities, share price information, as well as the corporate and governance structure of DNeX Group. Stakeholders are also able to subscribe to e-mail alerts from DNeX Group via the Investor Relations page.

ADDITIONAL COMPLIANCE INFORMATION

1. UTILISATION OF PROCEEDS

Private Placement

In conjunction with the proposed acquisition of 60% equity interest in SilTerra Malaysia Sdn Bhd by the Company from Khazanah Nasional Berhad for the purchase consideration of RM163,800,000 to be satisfied entirely by cash, the Company had on 31 March 2021, announced that the Company proposes to undertake a private placement of up to 30% of the total number of issued shares of the Company to third party investor(s) to be identified later at an issue price to be determined later ("Private Placement")

On 9 April 2021, the Company announced that the listing application in relation to the Private Placement has been submitted to Bursa Malaysia Securities Berhad ("Bursa Securities"), the listing application was subsequently approved by Bursa Securities and shareholders on 27 April 2021 and 20 May 2021 respectively.

On 26 April 2022, the Company announced that the timeframe to implement the Private Placement has lapsed. The Company did not intend to seek any further extension of time for the implementation of the Private Placement.

The status of the utilisation of proceeds raised from the Private Placement as at 31 December 2023 is as follows:

Utilisation of proceeds	Timeframe for utilisation	Proposed utilisation (RM'000)	Actual utilisation (RM'000)	Balance to be utilised (RM'000)
Future viable investment	Within 24 months	93,637	93,637	–
Partial repayment of bank borrowings	Within 6 months	20,000	20,000	–
Working capital	Within 12 months	49,868	49,868	–
Estimated expenses	Upon completion	100	100	–
Total		**163,605**	**163,605**	**–**

Proposed Private Placement

The Company had on 13 September 2023 announced that the Company proposes to undertake a private placement of up to 10% of the total number of issued shares of the Company to third party investor(s) to be identified later at an issue price to be determines later in accordance with the general mandate pursuant to Sections 75 and 76 of the Companies Act 2016 ("Proposed Private Placement").

On 22 September 2023, the Company announced that the listing application in relation to the Proposed Private Placement has been submitted to Bursa Securities.

On 27 September 2023, the Company announced that the listing application was subsequently approved by Bursa Securities for up to 321,531,043 placement shares to be issued pursuant to the Proposed Private Placement.

The allotment of shares in relation to the Proposed Private Placement has yet to be completed.

2. AUDIT AND NON-AUDIT FEES

During the 1 July 2022 to 31 December 2023 ("financial period ended 31 December 2023"), audit and non-audit fees incurred for services rendered to the Company and/or its subsidiaries (collectively referred to as "DNeX Group") were as follows:

Nature of Services	Company (RM'000)	DNeX Group (RM'000)
Audit Service Rendered	330	1,851
Non-Audit Service Rendered	51	289
Total	**381**	**2,140**

3. RECURRENT RELATED PARTY TRANSACTIONS

During the financial period that ended 31 December 2023, the Company did not enter any recurrent related party transaction that requires the shareholders' mandate.

4. MATERIAL CONTRACTS

Save as disclosed in the Audited Financial Statements for the financial period ended 31 December 2023, there were no material contracts entered into by the Company and DNeX Group involving the interests of directors, chief executive who is not a director or major shareholders, either still subsisting at the end of the financial period ended 31 December 2023 or entered into since the end of the previous financial year.

5. CONTRACTS RELATING TO LOANS

During the financial period ended 31 December 2023, there were no material contracts relating to loans entered by the Company and its subsidiaries involving the directors, chief executive who is not a director or major shareholders.

6. EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

The Company had, during its Extraordinary General Meeting held on 1 April 2021, obtained shareholders' approval in relation to the implementation of an ESOS of up to 5% of the total number of issued shares of the Company (excluding treasury shares, if any) at any point in time over the duration of the ESOS for the eligible directors and employees of the Company and its subsidiaries (excluding dormant subsidiaries).

The ESOS shall be in force for five (5) years from the implementation date of 6 April 2021, and this is the only ESOS in existence during the financial period ended 31 December 2023.

During the financial period that ended 31 December 2023, a total of 76,500 new ordinary shares were issued and allotted pursuant to the exercise of the ESOS options.

A brief detail on the number of ESOS options granted, exercised, forfeited and outstanding since commencement on 6 April 2021 to 31 December 2023 is set out in the tables below:

For the period from 6 April 2021 to 31 December 2023

	Number of Options	
Description	**Grand Total**	**Directors and Chief Executive**
Granted	76,626,800	59,509,700
Exercised	1,047,750	1,047,750
Forfeited	16,846,810	12,376,600
Outstanding	58,732,240	46,085,350

ADDITIONAL COMPLIANCE INFORMATION

6. EMPLOYEES' SHARE OPTION SCHEME ("ESOS") (CONT'D.)

A brief detail on the number of ESOS options granted, exercised, forfeited and outstanding since commencement on 6 April 2021 to 31 December 2023 is set out in the tables below (Cont'd.):

For the period from 1 July 2022 to 31 December 2023

	Number of Options	
Description	**Grand Total**	**Directors and Chief Executive**
Granted	12,268,900	10,196,200
Exercised	–	–
Forfeited	4,296,900	3,163,800
Outstanding	7,972,000	7,032,400

Notes:

The number of options exercisable as at 31 December 2023 was 54,821,904 units (30.6.2022: 27,332,095 units) and have an exercise price in the range of RM0.580 to RM1.0323 (30.6.2022: RM0.635 to RM1.032) and a weighted average contractual life of 5 (30.6.2022: 5) years.

The percentages of options applicable to directors and senior management under the ESOS during the financial period and since its commencement up to 31 December 2023 are set out below:

	Percentage	
Directors and Senior Management	**During the financial year**	**Since commencement up to 31 December 2023**
Aggregate maximum allocation	50%	50%
Actual options granted	36%	36%

The details of the options offered to and exercised by the non-executive directors of the Company pursuant to the ESOS in respect of the financial period are as follows:

	Percentage		
Name of Director	**Number of options granted**	**Number of options exercised**	**Number of options forfeited (resigned/ offer not accepted)**
Tan Sri Abd Rahman bin Mamat	1.90%	–	1.90%
Datuk Johar bin Che Mat	1.27%	1%	–
Tan Sri Acryl Sani bin Haji Abdullah Sani	–	–	–
Dato' Robert Fisher	0.95%	–	0.95%
Tun Noor Shahya bt Tun Abdul Razak	0.95%	–	–
Chandramohan Subramaniam	0.95%	–	–
Zalina binti Shaher	0.95%	–	–
Dr. Chen, Wei-Ming	0.95%	–	–
Muhammad Radhi bin Azizan	0.95%	–	0.95%

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors ("the Board") is pleased to provide this Statement on Risk Management and Internal Control pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and the Malaysian Code on Corporate Governance with guidance from the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("the Guidelines").

RESPONSIBILITY OF THE BOARD

The Board acknowledges its principal responsibility for Dagang NeXChange Berhad and its subsidiaries ("DNeX Group")'s risk management and internal control systems and practices to safeguard shareholders' investments and DNeX Group's assets. To ensure the integrity, appropriateness and effectiveness of DNeX Group's risk management and internal controls, the Board is constantly and actively identifying DNeX Group's level of risk tolerance, and assessing and monitoring the key strategic and business risks. The Board upholds its pivotal role and control over the strategic planning, financial, technology, regulatory and compliance functions by constantly keeping abreast with the ongoing developments and best practices in terms of risk and governance amidst the current dynamic and challenging business environment.

The Board actively participates in the setting of DNeX Group's objectives and strategies and ensures the effective discharge of the Board's functions in risk management and internal controls on the following principal responsibilities:

1. setting the overall tone of policy and framework for risk management, including the risk appetite and its tolerance levels;
2. identifying principal risks and ensuring the implementation of appropriate controls and systems to monitor and manage these risks;
3. approving the Enterprise Risk Management Framework and evaluating the effectiveness of the framework implementation; and
4. seeking assurance on the proper functioning of risk management and the internal control system through risk management reports.

The Board delegates some of the above responsibilities to sub-Board committees namely the Audit Committee, the Risk, Governance and Sustainability Committee, the Nomination and Remuneration Committee, the Board Procurement and Tender Committee, the Whistleblowing Committee, the Transition and Transformation Committee as well as the Employees' Share Option Scheme Committee. The Board receives reports periodically from the sub-Board committees to keep the Board informed of the sub-Board committees' work, key deliberation and decisions on delegated matters. The responsibilities and functions of the Board and each of sub-Board committees are specified in the Board Charter and the Terms of Reference for the respective sub-Board committees.

The Board taking into consideration the reasonable assurance from the Risk, Governance and Sustainability Committee and the Management, is of the view that the risk management and internal controls systems of DNeX Group is satisfactory and adequate in safeguarding the shareholders' interests and assets of DNeX Group. Notwithstanding this, DNeX Group will continue to take measures to ensure that there is an effective ongoing review of the entire control, compliance and enterprise risk management framework.

However, in view of the inherent limitations, the Board recognises that any system of risk management and internal control is designed to identify and control rather than eliminate risks and can only provide reasonable assurance that the significant risks impacting DNeX Group's strategies and objectives are managed within the risk appetite, rather than completely eliminate the risks of failure.

RISK MANAGEMENT

Risk management is embedded by the Board as part of the business operation activities of DNeX Group. DNeX Group's systems and controls are designed to ensure that any exposure to significant risk is understood and appropriately managed and that DNeX Group continuously takes measures to strengthen the risk management and internal controls system.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

RISK MANAGEMENT FRAMEWORK

DNeX Group's Enterprise Risk Management Framework ("ERM") is the foundation for DNeX Group practice in designing, implementing, monitoring, reviewing and continually improving risk management of DNeX Group.

The ERM's approach is benchmarked against and aligned to International Organisation for Standardisation ISO 31000:2018 – A Risk Practitioner's Guide which provides principles and generic guidelines on managing risks and applicable within DNeX Group.

ERM FRAMEWORK: LEADERSHIP & COMMITMENT

- Integration into culture, business activities & decision making process
- Design the ERM according to internal & external context of the Group
- Implement the risk management process
- Evaluate effectiveness of risk management framework
- Continual improvement of the framework

DNeX VISION, MISSION & CORE VALUES

ENTERPRISE RISK MANAGEMENT
- Principles of Effective Risk Management
- Risk Policy of the Board
- Board's Risk Appetite Statement
- Risk Management ERM Structure
- Roles & Responsibilities

SCOPE, CONTEXT, CRITERIA
Customisation of risk management process and understand the internal & external context

RISK ASSESSMENT

Risk Identification
Identify all possible opportunities, hazards, threats and risk

Risk Analysis
Determine root causes, likelihood, probability impact and gross risk rating

Risk Evaluation
Determine key controls, controls effectiveness, residual risk rating and risk profiling

RISK TREATMENT
Determine risk action planning

Communication & Consultation
Promote awareness and understanding on risk & obtain feedback & information to support decision making

RECORDING & REPORTING
Documentation and reporting of risk management process & its outcomes through appropriate mechanism

Continuous Monitoring & Reviewing
Regular checking & surveillance for continuous improvements

ERM PRINCIPLES: VALUE CREATION & PROTECTION

- Integral part of organisational process
- Structured & comprehensive
- Customised to objectives and risk profile
- Transparent & inclusive of the Board & Senior management
- Dynamic, iterative & responsive to change
- Based on best available information
- Takes human & cultural factors into account
- Facilitate continual improvement

The ERM encompasses a structured approach, principles and processes on leadership and commitment, integration, designing, implementing, evaluating and improving risk management across DNeX Group.

The Board acknowledges that the ERM implementation and practice is a continuous journey, therefore all members of DNeX Group are committed to adopt the ERM practices continuously and consistently. The ERM has been designed to:

1. create shareholder value through the application of a sound risk management framework;
2. provide a standardised risk management policy and procedures to be adopted and embedded across DNeX Group;
3. ensure proper governance and oversight function through transparent roles and responsibilities of the Board and across all levels of employees in respect of risk management;
4. ensure sufficient resources are available to enable effective risk management; and
5. institute a strong awareness of risk and an appropriate risk culture.

RISK APPETITE

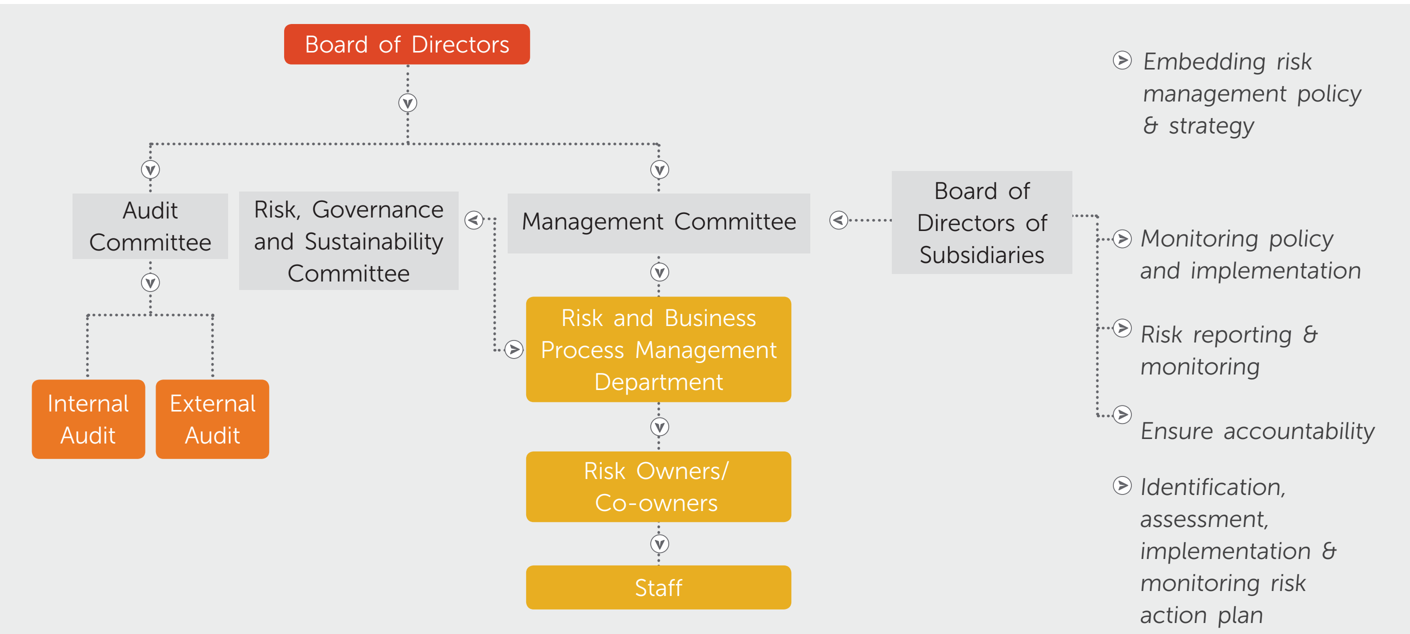
The risk appetite is set by the Board with the goal of aligning risk taking with strategic business objectives and statutory requirements. The risk appetite is thereby embedded in the company's processes and decision making and affects the operations of DNeX in a holistic way.

The risk appetite enables the Board and Management to acknowledge the types and levels of risk that DNeX Group is willing to accept in pursuing business and strategic goals and guide the employees with respect to acceptable and unacceptable behaviour.

Thus, the risk appetite is embedded in day-to-day business activities and decision making throughout DNeX Group. The specified material risk areas amongst others are strategic, financial, operational, regulatory, technological and reputational risks.

RISK GOVERNANCE AND OVERSIGHT

In recognising the importance of risk management and the internal control system in DNeX Group's governance process, the Board has put in place formal lines of responsibility and delegation of authority through the institution of the following:-



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board is the ultimate governing body with overall oversight responsibility defining the appropriate governance structure, risk appetite and embedding the risk management policy and strategy across DNeX Group.

The Audit Committee is responsible to assist the Board in discharging its oversight responsibilities and fulfilling its fiduciary responsibilities in ensuring that there exist adequate and effective systems of governance and internal controls. The Audit Committee may commission for special projects to investigate, develop, or report on specific aspects of the operating and internal processes of DNeX Group.

The Audit Committee also ensures that the established policies, procedures, guidelines, as well as operating and internal accounting controls:

1. are adequate, functioning, and effective;
2. reduce the risk of unreliable financial reporting;
3. protect DNeX Group's assets from misappropriation; and
4. encourage legal and regulatory compliance in promoting efficiency and proper conduct of business of DNeX Group

Risk, Governance and Sustainability Committee assists the Board in discharging its oversight responsibilities and fulfilling its fiduciary responsibilities in formulating, overseeing as well as inculcating a sound enterprise risk management framework and systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines in order to manage the overall risk exposure of DNeX Group. In addition to that, Risk, Governance and Sustainability Committee also provides oversight and guidance on DNeX Group sustainability governance, strategies and initiatives to ensure the Group remain adaptable and resilient in its business operations.

On a quarterly basis, the Risk, Governance and Sustainability Committee reviewed and appraised that appropriate systems are in place to manage principal risks, the efficacy of the controls on progress of operations and current developments and provide directives to manage the overall risk exposure throughout DNeX Group. Risk, Governance and Sustainability Committee also assists the Board in its oversight of DNeX Group's Anti-Bribery and Anti-Corruption ("ABAC") governance and compliance framework and in ensuring that best practices of ABAC management system is established, implemented, maintained and reviewed to adequately address DNeX Group's bribery and corruption risks, including DNeX Group's ABAC Framework and Policy. Risk, Governance and Sustainability Committee is to also assist the Board in promoting the appropriate ABAC culture within DNeX Group and in ensuring the alignment of ABAC Framework and Policy to the strategy of DNeX Group. The Risk, Governance and Sustainability Committee also reviewed the Business Continuity Management ("BCM") framework, the plan, and the scope as well as the effectiveness of the BCM functions in accordance with ISO 22301.

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Meanwhile, the Board of Directors of Subsidiaries are to adopt and monitor the overall ERM policy and performance of the respective subsidiary companies and ensure that the management of their operations are characterised by sound internal controls as established by DNeX Group.

The Management Committee's key objective is to support DNeX Group Executive Chairman to assess major decisions and review the delivery of strategic objectives and business development of DNeX Group in a timely manner. It is a platform where the Management reviews key risks and oversees the risk management framework, policies and procedures and strategies in managing risks within DNeX Group for consideration and recommendation for the Board's approval. The Management Committee also reviews all major investments, evaluate the associated risks and makes its recommendation to the Board on the potential risk response that need to be adopted in relation to a decision to proceed with the investment. The Management Committee ensures that the Board receives adequate and appropriate information for notification and decision making.

A dedicated independent risk management function, namely the Risk and Business Process Management Department is responsible for ensuring that the approved risk management framework and policies are implemented and complied with. They are also responsible for facilitating the risk management processes with operational units which include risk identification, assessment, mitigation and monitoring.

Likewise, all operating units are responsible for identifying and managing risks within their operation. As risk owners, they are to ensure all daily activities are carried out within the established framework and are in full compliance with approved policies, procedures and the discretionary authority limits.

RISK MANAGEMENT APPROACH

The Management Committee together with other Senior Management and Divisional Heads are responsible for the continuous development of risk management and in ensuring that risk management is embedded in all key processes and activities within DNeX Group, taking into consideration the changing risk profiles as dictated by changes in business strategies, the external environment and/or regulatory scrutiny. The processes comprise various activities applied at all operating businesses and support function units.

The risk owners are primarily responsible for the identification and management of risks within their day-to-day operations. Risks are systematically identified and assessed using the established group-wide risk methodologies and action plans and corrective actions are taken to mitigate risks.

The Risk and Business Process Management Department is responsible for the overall coordination of risk management of DNeX Group and works closely with risk owners. The Head of Risk undertakes the coordination of the processes of assessing, monitoring and reporting the risk report to the Risk, Governance and Sustainability Committee and Board on a quarterly basis. The Risk Report presentation is a permanent agenda of the quarterly Risk, Governance and Sustainability Committee and Board meetings to facilitate deliberation on the key risks profile of DNeX Group.

As communication is required for an effective risk management programme, the Risk and Business Process Management Department is responsible to lead the ERM educational programmes,continuous sharing of risks insights as well as undertake initiatives to improve the DNeX Group risk management reporting.

INTERNAL CONTROLS

The Board and Management have established various processes for the internal controls system of DNeX Group which encompasses the structure, governance, policies, processes, tasks, behaviours and other aspects that facilitate effective and efficient operations. It enables DNeX Group to respond appropriately to significant business, operational, financial, compliance and other risks to achieving DNeX Group's objectives.

The key elements of DNeX Group's control environment include:

SEGMENT	KEY INTERNAL CONTROL ELEMENTS
Group's Organisational Structure	The organisational structure is reviewed periodically to address changes in the business environment and to reflect the level of accountability and empowerment of the Management in all aspects of DNeX Group's major business environment, operations and functions. It defines a formal line of authority and responsibility that sets out clear segregation of duties to affect a more effective control at various levels of DNeX Group.
Competency and Talent Management	The Management appoints employees with the necessary competencies to ensure that the personnel driving key operations are sufficiently skilled and exercise the required qualities of professional integrity in their conduct. Training and development programmes are identified to ensure that employees are kept abreast with the constantly changing environment and knowledge in order to be competent in line with achieving DNeX Group's business objectives. Continuous efforts are also in place to identify and grow the talent beyond the succession pool to ensure that new hires have the right skill sets for the appropriate positions in DNeX Group. Performance monitoring is also established which serves as a tool to monitor performance against the set Key Performance Indicators ("KPIs"), covering key financial, customers, internal business process and learning and growth indicators.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

SEGMENT	KEY INTERNAL CONTROL ELEMENTS
Delegation of Authority	DNeX Group defines clear lines of role, responsibility and authority to facilitate swift response in the evolving business environment. Thus, the Board's approving authority on certain activities are delegated to the Management through a clearly and formally defined Discretionary Authority Limits ("DAL"). The DAL provides the primary governance framework for DNeX Group as the Board formally delegates specific oversight and supervisory functions and controls to the Management to more efficiently manage the business decision making process within DNeX Group. It defines a sound framework of authority, accountability and segregation of duties to facilitate effective decision making at the appropriate level. Nonetheless, the key matters are still reserved for the Board's consideration and decision making. The DAL is subject to reviews and enhancement to reflect continuous improvements in tandem with emerging risks and operational issues.
Internal Control System	**Policies and Procedures** Elements of internal control have been embedded and documented in the form of policies and procedures. A set of Group level policies and procedures complete with clear responsibility and accountability are maintained and accessible to employees via an internal portal. To strengthen consistent revision and adoption of Group's policies and procedures, the Risk and Business Process Management Department has an oversight in the customisation and adoption of internal control policies across DNeX Group. The approved policies and procedures will be reviewed and updated on a regular basis to ensure continuous improvements in operational efficiency while taking into consideration the changing operational profile, risks and internal control measures. **Code of Conduct** The Code of Conduct contains policies and guidelines relating to the standards and ethics that all employees are expected to adhere to in the course of their work. It is designed to maintain discipline and order in the workplace among employees of all levels. It also sets out the circumstances in which such employees would be deemed to have breached the Code of Conduct and the actions that can be taken against them if they do so. All employees are strictly required to adhere to DNeX Group's Code of Conduct in order to ensure a high level of discipline and integrity in carrying out duties. **Anti-Bribery and Anti-Corruption Framework and Policy ("ABAC")** Following the enforcement of Section 17A of the Malaysian Anti-Corruption Commission Act 2009 and the Malaysian Anti-Corruption Commission (Amendment) Act 2018 that took effect on 1 June 2020, the Board had on 29 May 2020 approved the ABAC to ensure that adequate procedures are in place to prevent persons associated to DNeX Group from undertaking such conduct of corruption and bribery. Any type of corruption and bribery of any nature, directly or indirectly, in order to influence any type of decision that may result in an undue benefit or advantage to DNeX Group will not be tolerated. The key features of the ABAC are measures established to control such misconduct at strategic, tactical and operational levels. It outlines the actions that need to be taken to prevent, detect and report potential threats and any corruption risks. It serves to reinforce DNeX Group's commitment to good governance and transparency, and shall further guide how employees and related parties shall continue to conduct business with honesty, fairness and high ethical standards, and not allowing certain types of behaviour contrary to commercial integrity which can compromise DNeX Group's reputation.

SEGMENT	KEY INTERNAL CONTROL ELEMENTS
	Whistleblowing Framework and Policy The Whistleblowing Framework and Policy aims to provide a structured mechanism for DNeX Group's employees and any reporting parties to raise or report any suspected or known misconduct. The Whistleblowing Framework and Policy is administered by a Whistleblowing Committee and disclosure via a Whistleblower Report Form can be made to the established channel. Consistent with the need to conduct adequate investigation, the whistleblower's identity and report will be treated by DNeX Group as confidential to the highest extent possible. Group Human Resource, Risk and Business Process Department and Management Information System departments have carried out several internal awareness campaigns in relation to the Code of Conduct, ABAC, Whistleblowing as well as Information Technology Security Awareness Training to inculcate a stronger focus on DNeX Group's core values and the compliance culture that need to be observed by all employees. **Investment Framework and Policy** The establishment of the Investment Framework and Policy on 8 October 2021 is to standardise and tighten DNeX Group's processes and procedures in assessing potential investment opportunities and to reduce the risk of investing in unsuccessful ventures or companies. Further, the Policy is also intended to ensure that proper check and review by the relevant departments have been undertaken, to ensure the investments meet DNeX Group's quantitative and qualitative requirements. The Investment Framework and Policy also looks to ensure post investment and/or acquisition monitoring are being done by the relevant departments. This is to make certain that the targets and commitments made with regards to the investment and acquisition are properly tracked, monitored, and updated to the Board. Where there is a material divergence in the actual results against what was committed, the proposer of the transaction will have to make the necessary updates and where necessary, implement actions to mitigate or improve the performance to ensure the commitments made can be met. **Code of Conduct and Ethics for Directors** The establishment of the policy on 27 May 2022 is to provide the fundamental guiding principles and standards applicable to the Board of DNeX Group. The Directors acknowledge that they must exercise judgment in applying the principles embodied in the Code of Conduct and Ethics to any particular situation. The Code of Conduct and Ethics should be read in conjunction with the existing framework of all relevant laws and regulations as well as the directives and policies of the DNeX Group including any relevant best practices or standards in corporate governance and provisions of the constitutions of companies within the DNeX Group. **Directors' Fit and Proper Policy** The establishment of the policy on 27 May 2022 serves to guide the Nomination and Remuneration Committee ("NRC") and the Board in the review and assessment of candidates that are to be appointed on to the Board as well as Directors who are seeking for re-election. This policy is firmly aligned with the achievement of the Company's business objectives, values and principles. **DNeX Guidelines on Directors' Fee for Subsidiary Companies** The establishment of the guidelines on 8 October 2021 provides the guidelines in relation to payment of fees to a person who serves as a member of the Board or Board Committee (where applicable) of subsidiary companies within DNeX Group.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

SEGMENT	KEY INTERNAL CONTROL ELEMENTS
	<u>**Remuneration Policy for Directors and Senior Management**</u> The establishment of the policy on 8 October 2021 is designed to support DNeX Group's key strategies and create a strong performance-oriented environment and be able to attract, motivate and retain talent as well as promoting business stability and growth of DNeX Group.
Strategic Plans and Performance Management	DNeX Group undertakes a comprehensive annual budgeting and forecasting exercise on all business and operating units to ensure that strategic initiatives are developed in line with DNeX Group's moving forward business objectives. Each operating unit is accountable to prepare a comprehensive analysis of strategic priorities and undergoes a detailed budgeting and brainstorming process prior to the finalisation of the five (5) year strategic plan and the detailed annual operating plan for the forthcoming financial year. The Board constructively challenges and contributes to the development of DNeX Group's strategic directions at Group and key subsidiary levels. The Board probes the Management to ensure that the Management has taken into consideration the varying opportunities and risks whilst developing robust strategic plan. DNeX Group's strategic plan and annual operating plan is reviewed, deliberated and approved by the Board accordingly. DNeX Group's approved strategic business directions in terms of financial and major initiatives are then cascaded to the Corporate, Business Leaders and all level of employees across DNeX Group and are monitored as Key Performance Indicators (KPIs) using balance scorecard methodology. Each division is assessed against the approved budgets and corporate objectives and justification is provided for significant variances.
Monitoring	The Management Committee meets on a monthly basis to deliberate on business and financial performance, operating risk and issues and to provide direction and support to business units in performing their assigned duties in an effective manner. The Management Committee discusses pertinent issues, strategy and corrective or improvement measures to be implemented, where required. The Management reports on the business, operational and financial performance of DNeX Group against the committed plans to the Audit Committee where as business related risks and its mitigation plans report to the Risk, Governance and Sustainability Committee subsequently to the Board on a quarterly basis or as and when deemed necessary. Through this mechanism, the Board is informed of all major control issues pertaining to internal control, risk taking and regulatory compliance. This will ensure that business objectives stay on course and that the Management undertakes the required remedial action within the committed timeline.
Audit	<u>**Internal Audit**</u> The scope of works of the internal audit function are carried out based on the internal audit plan approved annually by the Audit Committee. For the period under review, the internal auditor has checked for compliance with policies and procedures and the effectiveness of the internal control system. Any significant findings of non-compliance or recommendations for process improvement are highlighted during the quarterly Audit Committee meetings. The internal auditor plays a significant role in verifying and validating whether the Management has met its responsibilities and determining the level of compliance to internal controls. This is carried out by evaluating controls, risk management, and governance processes carried out in pursuit of the business objectives. The Audit Committee reviews the audit report that details out the internal audit observations, the internal auditor's recommendations, Management's responses and ascertains that appropriate and prompt remedial actions are taken by the Management.

SEGMENT	KEY INTERNAL CONTROL ELEMENTS
	<u>External Audit</u> DNeX Group also receives an audit report and management letter from external auditors who conduct annual statutory audits on the financial statements. Areas for improvements and reservations arising from the interim and final audits and any other matters the external auditors may wish to discuss (in the absence of the Management where necessary) during the course of the statutory audit by the external auditors are brought to the attention of the Audit Committee and Board accordingly.
Communication and Feedback	DNeX Group recognises the importance of timely dissemination of information and has been transparent and accountable to shareholders, stakeholders and the general public. The Board is committed to ensure that the shareholders and investors are well informed of major developments of DNeX Group through various disclosures and announcement to Bursa Securities including quarterly results, press releases to the media and online investor relations on the company's website and social media platforms. All feedbacks are regularly collated and analysed with appropriate follow up action by the Group Corporate Communications and Sustainability department who acts as the point of contact to respond for DNeX Group. The Group Corporate Communications and Sustainability department also functions as an employee communication channel, to keep employees across DNeX Group informed and engaged on corporate developments and internal activities. This is achieved through internal digital platform and physical engagements through quarterly Townhall sessions.

REVIEW OF STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL BY EXTERNAL AUDITORS

In accordance with Paragraph 15.23 of the MMLR, the external auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in this Integrated Report and had reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal control.

MANAGEMENT COMMITMENT

The Board received assurance from the Executive Chairman and DNeX Group Chief Operating Officer that to the best of their knowledge, DNeX Group's risk management and internal control system is sound and effective, providing reasonable assurance that the structure and operation of controls are appropriate for DNeX Group's operations. The Board will continue to monitor all major risks affecting DNeX Group and take necessary measures to mitigate them and continue to enhance the adequacy and effectiveness of the risk management and internal control systems of DNeX Group.

This statement is made in accordance with a circular resolution of the Board dated 30 April 2024.

AUDIT COMMITTEE REPORT

The Board of Directors (the "Board") is pleased to present the Audit Committee ("AC") Report, which provides insights into how the AC discharged its functions for the Company and its subsidiaries ("DNeX Group") for the financial period from 1 July 2022 to 31 December 2023 ("financial period ended 31 December 2023").

COMPOSITION AND MEETING ATTENDANCE

The composition and meeting attendance of the AC and the changes that took place during the financial period ended 31 December 2023 are as detailed below:

Directors	Designation	Number of meetings attended
Tun Noor Shahya bt Tun Abdul Razak[1]	Chairman	11/11
Datuk Johar bin Che Mat	Member	10/11
Tan Sri Acryl Sani bin Haji Abdullah Sani[2]	Member	1/1
Muhammad Radhi bin Azizan[3]	Member	10/10

Notes:

[1] Member of the Malaysian Institute of Accountants.
[2] Appointed as the member of the AC of the Company with effect from 1 September 2023.
[3] Resigned as the member of the AC of the Company with effect from 17 November 2023.

Since the resignation of Encik Muhammad Radhi bin Azizan on 17 November 2023, the composition of the AC consists solely of Independent Non-Executive Directors, who are qualified individuals with the required skills and expertise to discharge the AC's functions and duties which complies with Paragraph 15.09 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), Step-Up Practice 9.4 under Principle B of the Malaysian Code on Corporate Governance ("MCCG") and the terms of reference of the AC.

The terms of reference governing the AC are available on the Company' website at www.dnex.com.my. The Board has reviewed and assessed the performance of the AC and is satisfied that the AC has discharged its functions, duties, and responsibilities in accordance with its terms of reference.

The Executive Chairman, Group Chief Operating Officer, Head of Internal Audit Department, certain senior management members and the Company's External Auditors, namely Crowe Malaysia PLT, are usually invited to attend AC meetings to provide briefings, updates, and clarifications on matters under the AC's purview.

The Chairman of the AC presented reports to the Board highlighting issues discussed at AC meetings.

AUTHORITY

In carrying out its duties and responsibilities, the AC is vested with the following authority:

(a) Explicit authority to investigate any matter within its terms of reference.

(b) Equipped with resources required to perform its duties.

(c) Have full, free, and unrestricted access to any information, records, personnel and properties of the Company and any other companies in DNeX Group.

(d) Have direct communication channels with the External Auditors and persons carrying out the internal audit function or activity. The Head of Internal Audit should report directly to the AC.

(e) Obtain external professional advice and secure the attendance of outside parties with relevant experience and expertise, if deemed necessary.

(f) Convene meetings with External Auditors, Internal Auditors, or both without the presence of the Management, whenever deemed necessary.

SUMMARY OF ACTIVITIES OF THE AC

A summary and an overview of the activities of the AC in discharging their duties and responsibilities during the financial period ended 31 December 2023 are as follows:

(i) Financial Reporting

(a) Reviewed the DNeX Group's quarterly unaudited financial results and the related announcements before recommendation to the Board for consideration and approval for release to Bursa Securities. When reviewing the report, the AC received assurance from the Management that the condensed consolidated interim financial statements were prepared in accordance with Malaysian Financial Reporting Standards 134: Interim Financial Reporting, paragraph 9.22 of the MMLR of Bursa Securities and International Accounting Standards 34: Interim Financial Reporting issued by the International Accounting Standards Board.

(b) The AC also reviewed the Audited Financial Statements of the Company and DNeX Group for the financial period ended 31 December 2023, which cover the financial position and performance for the financial period and ensure that it complied with all disclosures and regulatory requirements and recommended the audited financial statements to the Board for approval.

(c) Reviewed and approved the Report of the AC for inclusion in the Company's Integrated Report.

(ii) External Audit

(a) Considered the audit fees and re-appointment of Crowe Malaysia PLT as External Auditors of the Company and DNeX Group.

(b) Reviewed and approved the External Auditors' Policy, External Auditors' Audit Planning Memorandum, audit findings, audit approach and scope of audit work for the financial period.

(c) Met with the External Auditors without the presence of Executive Board members and Management to discuss DNeX Group's practices to enhance compliance with all laws and regulations imposed by relevant regulatory bodies.

(d) Reviewed and approved the non-audit services provided/to be provided by the External Auditors and its affiliates to ensure the provision of the non-audit services does not impair their independence or objectivity as External Auditors of the Company and DNeX Group.

(e) Evaluated the performance of the External Auditors for the financial period ended 31 December 2023, covering areas such as calibre, quality processes, audit team, audit scope, audit communication, audit governance and independence and considered and recommended the re-appointment of the External Auditors.

(iii) Internal Audit

(a) Reviewed and approved the Internal Audit Plan for DNeX Group to ensure adequate scope and comprehensiveness of the activities and coverage of auditable entities with significant high risks.

(b) Reviewed the progress of audit assignments carried out in accordance with the Internal Audit Plan for the financial period ended 31 December 2023.

(c) Reviewed the Reports issued by the internal audit functions that were tabled at the AC meetings in which management was present at such meetings to provide pertinent clarification or additional information to address questions raised by AC members pertaining to matters raised.

(d) Performed follow-up on the status of management's agreed action plans on recommendations raised in previous internal audit cycles, including specific timelines for resolving those outstanding matters.

AUDIT COMMITTEE REPORT

(e) Reviewed the proposed fees for the Internal Auditors in respect of their audit of the Company and DNeX Group.

(f) Assess the effectiveness of the internal audit function.

(iv) Related Party Transactions

Reviewed the related party transactions and recurrent related party transactions to ensure that transactions entered were on an arm's length basis and on normal commercial terms.

(v) Conflict of Interest

Reviewed the Conflict of Interest and Potential Conflict of Interest that may arise within DNeX Group and/or the Company.

(vi) Other matters

(a) Reviewed the terms of reference of the AC to assist the Board in discharging its oversight responsibilities and fulfilling its fiduciary duties in formulating, overseeing as well as inculcating a sound enterprise risk management framework and systems, including systems for compliance with applicable laws, regulations, rules, directives, and guidelines to manage the overall risk exposure of DNeX Group.

(b) Reviewed the Company's compliance with the MMLR, applicable approved accounting standards and other relevant legal and regulatory requirements.

(c) Review and verify the allocation of the Employees' Share Option Scheme options in accordance with the MMLR.

(d) Reviewed the appointment of PwC Consulting Associates (M) Sdn Bhd to conduct forensic audit and reviewed the subsequent forensic report.

(e) Reviewed and assessed on all legal proceedings of the Company and DNeX Group.

INTERNAL AUDIT FUNCTION

DNeX Group has an in-house Internal Audit Department since November 2020 to improve the effectiveness of the control and governance process. The Internal Audit Department is headed and led by Izham Syah bin Mahrome, who is a member of the Association of Chartered Certified Accountants, the Institute of Internal Auditors, Malaysia and the Malaysian Institute of Accountants. As at 31 December 2023, the Head of Internal Audit Department is supported by a team of four (4) internal auditors.

All the personnel deployed by the Internal Audit Department are free from any relationships or conflicts of interest in DNeX Group, which could impair their objectivity and independence during their work.

The internal auditors report directly to the AC and assist the AC in discharging its duties and responsibilities.

The internal audit function was carried out by the Internal Audit Department based on the annual audit plan that was reviewed and approved by the AC. The audit plan includes a review of the adequacy of operational controls, risk management, and compliance with established policies, procedures, applicable law and regulations and management efficiency. The AC also reviews the adequacy of the scope, functions, competency, and resources of the internal audit function to ensure that it is adequately resourced with competent and proficient internal auditors.

The internal auditors carried out the internal audit activities within the framework of the Audit Charter and based on a methodology, which is consistent with the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors.

The total cost incurred for the internal audit function for the financial period ended 31 December 2023 was RM1,397,328.00.

For further details on risk management, internal controls, and internal audit functions, please refer to the Statement on Risk Management and Internal Control in this Report.

FINANCIAL STATEMENTS

STATEMENT OF DIRECTORS' RESPONSIBILITY

The Board of Directors ("the Board") are responsible for ensuring that the audited financial statements provide a true and fair view of the financial position of the Company and its subsidiaries (collectively referred to as "the Group") for the financial period ended 31 December 2023 and of their financial performance and cash flows for the financial period ended 31 December 2023.

In preparing the audited financial statements for the financial period ended 31 December 2023 set out in this Integrated Report, the Board has ensured that all applicable Malaysian Financial Reporting Standards, International Financial Reporting Standards, and the requirement of the Companies Act 2016 in Malaysia have been followed and confirm that the financial statement has been prepared on a going concern basis. The Group have used the appropriate accounting policies, consistently applied, and supported by reasonable and prudent judgement and estimates.

The Board is responsible for ensuring that the accounting records, other records and register of the Group and the Company have been properly kept in accordance with the provision of the Companies Act 2016, which discloses with reasonable accuracy the financial position of the Group.

The Board also has the responsibility for taking such steps that are reasonably available to them to safeguard the assets of the Group, in that context, to have proper regard for the establishment of appropriate systems of internal control to prevent and detect fraud and other irregularities.

This Statement of Directors' Responsibility is made in accordance with a resolution passed by the Board on 30 April 2024.

DIRECTORS' REPORT

FOR THE PERIOD FROM 1 JULY 2022 TO 31 DECEMBER 2023

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial period from 1 July 2022 to 31 December 2023.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding whilst the principal activities of the subsidiaries are as stated in Note 7 to the financial statements. There have been no significant changes in the nature of these activities during the financial period.

CHANGE OF FINANCIAL YEAR END

On 17 August 2023, the Company changed its financial year end from 30 June to 31 December.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 7 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
(Loss)/Profit for the financial period attributable to:		
Owners of the Company	(119,947)	3,261
non-controlling interests	(70,838)	–
	(190,785)	3,261

RESERVES AND PROVISIONS

All material transfers to or from reserves and provisions during the financial period under review are disclosed in the financial statements.

DIVIDENDS

The Directors do not recommend the payment of any dividend for the financial period under review.

DIRECTORS OF THE COMPANY

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

Tan Sri Dato' Sri Haji Syed Zainal Abidin bin Syed Mohamed Tahir (Executive Chairman)
Tan Sri Acryl Sani bin Hj. Abdullah Sani (Appointed on 1 August 2023)
Datuk Johar bin Che Mat
Dato' Robert Fisher
Dr. Chen, Wei-Ming
Tun Noor Shahya bt Tun Abdul Razak
Chandramohan Subramaniam
Zalina binti Shaher
Muhammad Saifullah bin Mohd Isa (Appointed on 6 October 2023)
Mohd Isa bin Ismail (Appointed on 18 March 2024)
Tan Sri Abd Rahman bin Mamat (Resigned on 6 December 2022)
Zainal 'Abidin bin Abd Jalil (Resigned on 2 March 2023)
Muhammad Radhi bin Azizan (Resigned on 18 March 2024)

The name of the Directors of subsidiaries are set out in the respective subsidiaries' statutory financial statements and the said information is deemed incorporated herein by such reference and made a part hereof.

DIRECTORS' REPORT
FOR THE PERIOD FROM 1 JULY 2022 TO 31 DECEMBER 2023

DIRECTORS' INTERESTS

The interests and deemed interests in the ordinary shares and options over shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial period end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

	Number of options over ordinary shares			
	At 1.7.2022/ Date of appointment	**Bought**	**Sold**	**At 31.12.2023**
Interests in the Company:				
Datuk Johar bin Che Mat – Direct	319,550	–	–	**319,550**
Muhammad Radhi Azizan – Direct	9,200,000	–	–	**9,200,000**
Tan Sri Acryl Sani bin Hj. Abdullah Sani – Direct	375,000	–	–	**375,000**

	Number of options over ordinary shares			
	At 1.7.2022/ Date of appointment	**Granted**	**Forfeited/ Lapsed**	**At 31.12.2023**
Interests in the Company:				
Tan Sri Dato' Sri Haji Syed Zainal Abidin bin Syed Mohamed Tahir	25,000,000	–	–	**25,000,000**
Datuk Johar bin Che Mat	1,685,450	–	–	**1,685,450**
Zainal 'Abidin Abd Jalil^	10,000,000	–	–	**10,000,000**
Muhammad Saifullah bin Mohd Isa	87,300	32,400	–	**119,700**
Dr. Chen, Wei Ming	–	1,500,000	–	**1,500,000**
Tun Noor Shahya bt Tun Abdul Razak	–	1,500,000	–	**1,500,000**
Chandramohan Subramaniam	–	1,500,000	–	**1,500,000**
Zalina binti Shaher	–	1,500,000	–	**1,500,000**

^ resigned as Director on 2 March 2023, but entitled to ESOS scheme.

None of the other Directors holding office at 31 December 2023 had any interest in the ordinary shares and options over shares of the Company and of its related corporations during the financial period.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than directors' remuneration as disclosed in the "Directors' remuneration" of this report) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

There were no arrangements during and at the end of the financial period which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate apart from the issue of the Employee Share Option Scheme ("ESOS").

DIRECTORS' REMUNERATION

The details of the directors' remuneration paid or payable to the Directors of the Company during the financial period are as follows:

	Group RM'000	Company RM'000
Non-executive Directors		
– Fees	**2,579**	**2,108**
– Remuneration	**536**	**504**
Total short-term employee benefits	**3,115**	**2,612**
Executive Directors		
– Fees	**91**	**34**
– Remuneration	**3,757**	**3,757**
– Short-term employee benefits		
– EPF	**249**	**249**
– Others	**1,161**	**1,161**
Total short-term employee benefits	**5,258**	**5,201**
	8,373	**7,813**

INDEMNITY AND INSURANCE COSTS

During the financial period, Directors and Officers of the Company and its subsidiaries are covered under the Directors and Officers Liability Insurance Policy ("the Policy") in respect of liabilities arising from acts committed in their respective capacity as, inter alia, Directors and Officers of the Group subject to the terms of the Policy. The total amount of indemnity coverage and insurance premium paid for the Directors and certain Officers of the Company and of the Group were RM15,000,000 and RM63,164 respectively.

DIRECTORS' REPORT

FOR THE PERIOD FROM 1 JULY 2022 TO 31 DECEMBER 2023

ISSUE OF SHARES AND DEBENTURES

During the financial period, the Company issued 76,500 new ordinary shares from the exercise of options under the Company's ESOS at the exercise price as disclosed in Note 16 to the financial statements amounting to RM84,000.

The new ordinary shares issued rank pari passu in all respects with the existing ordinary shares of the Company.

There were no other changes in the issued and paid-up capital of the Company during the financial period.

There were no debentures issued during the financial period.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial period apart from the issuance of options pursuant to the ESOS.

EMPLOYEE SHARE OPTION SCHEME

At an extraordinary general meeting held on 1 April 2021, the shareholders of the Company approved as follows:

i) establishment of a new ESOS of up to 5% of the total number of issued shares of the Company (excluding treasury shares, if any) at any point in time over the duration of the new ESOS for the eligible directors and employees of the Company and its subsidiaries (excluding dormant subsidiaries); and

ii) allocation of ESOS Options to the Directors of the Company.

The details of the ESOS are disclosed in Note 16 to the financial statements.

Details of ESOS granted to the Directors are disclosed in the Directors' interests section of the financial statements.

WARRANTS 2016/2021

The Warrants were constituted by the Deed Poll dated 27 January 2016 ("Deed Poll").

On 1 August 2016, a total of 711,396,809 Warrants were issued by the Company.

The details of the Warrants are disclosed in Note 16 to the financial statements.

The Warrants had lapsed on 30 July 2021 and removed from the Main Market of Bursa Malaysia Securities Berhad on 2 August 2021.

OTHER STATUTORY INFORMATION

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

i) all known bad debts have been written off and that adequate allowance had been made for impairment losses on receivables, and

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

OTHER STATUTORY INFORMATION (CONTINUED)

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

i) that would further render the amount written off for bad debts, or the additional allowance for impairment losses on receivables in the Group and in the Company inadequate to any substantial extent, or

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

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

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

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

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

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

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

In the opinion of the Directors, except for the recognition of deferred tax assets and deferred tax liabilities as disclosed in Note 10 to the financial statements, the financial performance of the Group and of the Company for the financial period have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial period and the date of this report.

SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD

The significant events during the financial period are disclosed in Note 38 to the financial statements.

DIRECTORS' REPORT
FOR THE PERIOD FROM 1 JULY 2022 TO 31 DECEMBER 2023

AUDITORS

The auditors, Crowe Malaysia PLT, have expressed their willingness to continue in office.

The details of the auditors' remuneration for the financial period are as follows:

	Group RM'000	Company RM'000
Audit fees	1,851	330
Non-audit fees	289	51
	2,140	381

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

Tan Sri Dato' Sri Haji Syed Zainal Abidin bin Syed Mohamed Tahir

Tun Noor Shahya bt Tun Abdul Razak

Kuala Lumpur,
Date: 30 April 2024

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Note	Group		Company	
		31.12.2023 RM'000	**30.6.2022 RM'000**	**31.12.2023 RM'000**	**30.6.2022 RM'000**
Assets					
Property, plant and equipment	3	**2,231,263**	1,748,810	**175**	163
Right-of-use assets	4	**58,091**	56,467	**–**	–
Intangible assets	6	**1,162,318**	1,028,596	**1,562**	216
Investments in subsidiaries	7	**–**	–	**186,225**	186,225
Investments in an associate and joint operation	8	**–**	–	**–**	–
Deferred tax assets	10	**50,268**	159,020	**–**	–
Trade and other receivables	13	**11,091**	144,273	**–**	–
Cash and cash equivalents (restricted)	15	**258,913**	260,672	**–**	–
Total non-current assets		**3,771,944**	3,397,838	**187,962**	186,604
Inventories	11	**125,219**	147,970	**–**	–
Contract assets	12	**9,132**	43,778	**–**	–
Trade and other receivables	13	**316,530**	276,308	**2,580**	1,868
Amount due from subsidiaries	14	**–**	–	**603,636**	543,890
Current tax assets		**8,023**	5,212	**1,119**	28
Cash and cash equivalents	15	**411,041**	754,524	**115,624**	135,386
Total current assets		**869,945**	1,227,792	**722,959**	681,172
Total assets		**4,641,889**	4,625,630	**910,921**	867,776
Equity					
Share capital	16	**1,017,403**	1,017,319	**1,017,403**	1,017,319
Warrant reserve	16	**–**	–	**–**	–
Share option reserve	16	**22,330**	11,439	**22,330**	11,439
Translation reserve	16	**86,043**	63,055	**–**	–
Fair value reserve	16	**–**	–	**–**	–
Retained earnings/(Accumulated losses)		**643,864**	763,086	**(185,904)**	(190,554)
Total equity attributable to owners of the Company		**1,769,640**	1,854,899	**853,829**	838,204
non-controlling interests	17	**403,662**	474,119	**–**	–
Total equity		**2,173,302**	2,329,018	**853,829**	838,204

The notes on pages 198 to 305 are an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	Note	Group		Company	
		31.12.2023 RM'000	**30.6.2022 RM'000**	**31.12.2023 RM'000**	**30.6.2022 RM'000**
Liabilities					
Deferred tax liabilities	10	**828,026**	638,262	**–**	–
Loans and borrowings	18	**14,015**	232,784	**–**	–
Long-term obligations and provisions	19	**4,501**	7,320	**–**	–
Lease liabilities	20	**1,430**	74	**–**	–
Provision for decommissioning costs	21	**485,524**	422,667	**–**	–
Contract liabilities	12	**287,587**	342,748	**–**	–
Total non-current liabilities		**1,621,083**	1,643,855	**–**	–
Contract liabilities	12	**317,027**	220,977	**–**	–
Trade and other payables	22	**231,918**	286,171	**3,457**	4,370
Loans and borrowings	18	**283,388**	86,575	**50,000**	23,000
Lease liabilities	20	**1,606**	679	**–**	–
Amount due to subsidiaries	14	**–**	–	**3,635**	2,202
Current tax liabilities		**13,565**	58,355	**–**	–
Total current liabilities		**847,504**	652,757	**57,092**	29,572
Total liabilities		**2,468,587**	2,296,612	**57,092**	29,572
Total equity and liabilities		**4,641,889**	4,625,630	**910,921**	867,776

The notes on pages 198 to 305 are an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE PERIOD FROM 1 JULY 2022 TO 31 DECEMBER 2023

		Group		Company	
	Note	1.7.2022 to 31.12.2023 RM'000	1.7.2021 to 30.6.2022 RM'000	1.7.2022 to 31.12.2023 RM'000	1.7.2021 to 30.6.2022 RM'000
Revenue	23	**1,912,931**	1,457,385	**24,842**	19,050
Cost of sales		**(1,369,626)**	(826,842)	**–**	–
Gross profit		**543,305**	630,543	**24,842**	19,050
Sales and marketing expenses		**(8,349)**	(2,047)	**–**	–
Administrative expenses		**(30,037)**	(14,724)	**(3,090)**	(1,871)
Net gain/(loss) on impairment of financial instruments and contract assets	24	**7,827**	(9,506)	**(426)**	(677)
Other operating expenses		**(342,954)**	(231,627)	**(57,861)**	(36,221)
Other operating income	25	**29,541**	283,712	**22,961**	17,834
Results from operating activities		**199,333**	656,351	**(13,574)**	(1,885)
Finance costs	26	**(76,680)**	(50,217)	**(2,530)**	(1,096)
Finance income	26	**34,591**	6,856	**25,660**	15,104
Profit before tax	27	**157,244**	612,990	**9,556**	12,123
Zakat		**(1,051)**	(638)	**–**	–
Tax (expense)/credit	28	**(346,978)**	94,922	**(6,295)**	(5,244)
(Loss)/Profit for the period/year		**(190,785)**	707,274	**3,261**	6,879
Other comprehensive income, net of tax					
Items that may be reclassified subsequently to profit or loss					
Foreign currency translation differences		**22,988**	63,362	**–**	–
Other comprehensive income for the period/year, net of tax		**22,988**	63,362	**–**	–
Total comprehensive (loss)/income for the period/year		**(167,797)**	770,636	**3,261**	6,879
(Loss)/Profit attributable to:					
Owners of the Company		**(119,947)**	549,587	**3,261**	6,879
non-controlling interests		**(70,838)**	157,687	**–**	–
(Loss)/Profit for the period/year		**(190,785)**	707,274	**3,261**	6,879

The notes on pages 198 to 305 are an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE PERIOD FROM 1 JULY 2022 TO 31 DECEMBER 2023

		Group		Company	
	Note	**1.7.2022 to 31.12.2023 RM'000**	**1.7.2021 to 30.6.2022 RM'000**	**1.7.2022 to 31.12.2023 RM'000**	**1.7.2021 to 30.6.2022 RM'000**
Total comprehensive (loss)/income attributable to:					
Owners of the Company		**(96,959)**	612,949	**3,261**	6,879
non-controlling interests		**(70,838)**	157,687	**–**	–
Total comprehensive (loss)/income for the period/year		**(167,797)**	770,636	**3,261**	6,879
Earnings per ordinary share (sen)	29				
– Basic		**(3.80)**	17.68		
– Diluted		**(3.80)**	17.67		

The notes on pages 198 to 305 are an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE PERIOD FROM 1 JULY 2022 TO 31 DECEMBER 2023

		Attributable to owners of the Company								
			Non-distributable				*Distributable*			
Group	**Note**	**Share capital RM'000**	**Warrant reserve RM'000**	**Share option reserve RM'000**	**Translation reserve RM'000**	**Fair value reserve RM'000**	**Retained earnings RM'000**	**Total RM'000**	**Non-controlling interests RM'000**	**Total equity RM'000**
At 1 July 2021		785,437	3,001	2,143	(311)	(734)	233,400	1,022,936	30,551	1,053,487
Profit for the year		–	–	–	–	–	549,587	549,587	157,687	707,274
Foreign currency translation differences		–	–	–	63,362	–	–	63,362	–	63,362
Total comprehensive income for the period		–	–	–	63,362	–	549,587	612,949	157,687	770,636
Contributions by and distributions to owners of the Company										
Issuance of shares										
– Effect of conversion of Warrant		185,938	(2,928)	–	–	–	–	183,010	–	183,010
– Warrant lapsed		–	(73)	–	–	–	73	–	–	–
– Share options exercised		1,076	–	(342)	–	–	–	734	–	734
– Share options forfeited		–	–	(41)	–	–	41	–	–	–
– Effect of issuance of Private Placement		44,868	–	–	–	–	–	44,868	–	44,868
		231,882	(3,001)	(383)	–	–	114	228,612	–	228,612
Dividend to owners of the Company	30	–	–	–	–	–	(18,934)	(18,934)	–	(18,934)
Share options expenses		–	–	9,679	–	–	–	9,679	–	9,679
Changes in subsidiaries' ownership interests that does not result in loss of control		–	–	–	–	–	(438)	(438)	438	–
Realisation of exchange translation reserve		–	–	–	4	–	(4)	–	–	–
Realisation of fair value reserve		–	–	–	–	734	(734)	–	–	–
Total transactions with owners of the Company		231,882	(3,001)	9,296	4	734	(19,996)	218,919	438	219,357
Acquisition of subsidiaries	31	–	–	–	–	–	–	–	285,538	285,538
Derecognition of a subsidiary		–	–	–	–	–	95	95	(95)	–
At 30 June 2022		1,017,319	–	11,439	63,055	–	763,086	1,854,899	474,119	2,329,018
		Note 16	Note 16	Note 16	Note 16	Note 16			Note 17	

The notes on pages 198 to 305 are an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIOD FROM 1 JULY 2022 TO 31 DECEMBER 2023

		Attributable to owners of the Company								
			Non-distributable				Distributable			
Group	**Note**	**Share capital RM'000**	**Warrant reserve RM'000**	**Share option reserve RM'000**	**Translation reserve RM'000**	**Fair value reserve RM'000**	**Retained earnings RM'000**	**Total RM'000**	**Non-controlling interests RM'000**	**Total equity RM'000**
At 30 June 2022/ 1 July 2022		**1,017,319**	**–**	**11,439**	**63,055**	**–**	**763,086**	**1,854,899**	**474,119**	**2,329,018**
Loss for the period		**–**	**–**	**–**	**–**	**–**	**(119,947)**	**(119,947)**	**(70,838)**	**(190,785)**
Foreign currency translation differences		**–**	**–**	**–**	**22,988**	**–**	**–**	**22,988**	**–**	**22,988**
Total comprehensive income for the period		**–**	**–**	**–**	**22,988**	**–**	**(119,947)**	**(96,959)**	**(70,838)**	**(167,797)**
Contributions by and distributions to owners of the Company										
Issuance of shares										
– Share options exercised		**84**	**–**	**(26)**	**–**	**–**	**–**	**58**	**–**	**58**
– Share options forfeited		**–**	**–**	**(1,389)**	**–**	**–**	**1,389**	**–**	**–**	**–**
		84	**–**	**(1,415)**	**–**	**–**	**1,389**	**58**	**–**	**58**
Share options expenses		**–**	**–**	**12,306**	**–**	**–**	**–**	**12,306**	**–**	**12,306**
Dividend paid by a subsidiary to non-controlling interest		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(35)**	**(35)**
Changes in subsidiaries' ownership interests that do not result in a loss of control		**–**	**–**	**–**	**–**	**–**	**(664)**	**(664)**	**416**	**(248)**
Total transactions with owners of the Company		**84**	**–**	**10,891**	**–**	**–**	**725**	**11,700**	**381**	**12,081**
At 31 December 2023		**1,017,403**	**–**	**22,330**	**86,043**	**–**	**643,864**	**1,769,640**	**403,662**	**2,173,302**
		Note 16	Note 16	Note 16	Note 16	Note 16			Note 17	

The notes on pages 198 to 305 are an integral part of these financial statements.

Company	Note	Share capital RM'000	Warrant reserve RM'000	Share option reserve RM'000	Accumulated losses RM'000	Total equity RM'000
		Attributable to owners of the Company				
			Non-distributable			
At 1 July 2021		785,437	3,001	2,143	(178,613)	611,968
Profit for the year		–	–	–	6,879	6,879
Total comprehensive income for the year		–	–	–	6,879	6,879
Contributions by and distributions to owners of the Company						
Issuance of shares						
– Effect of conversion of Warrant		185,938	(2,928)	–	–	183,010
– Warrant lapsed		–	(73)	–	73	–
– Share options exercised		1,076	–	(342)	–	734
– Share options forfeited		–	–	(41)	41	–
– Effect of issuance of Private Placement		44,868	–	–	–	44,868
		231,882	(3,001)	(383)	114	228,612
Dividend to owners of the Company	30	–	–	–	(18,934)	(18,934)
Share options expenses		–	–	9,679	–	9,679
Total transactions with owners of the Company		231,882	(3,001)	9,296	(18,820)	219,357
At 30 June 2022		1,017,319	–	11,439	(190,554)	838,204
		Note 16	Note 16	Note 16		

The notes on pages 198 to 305 are an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE PERIOD FROM 1 JULY 2022 TO 31 DECEMBER 2023

		Attributable to owners of the Company				
			Non-distributable			
Company	Note	Share capital RM'000	Warrant reserve RM'000	Share option reserve RM'000	Accumulated losses RM'000	Total equity RM'000
At 30 June 2022/1 July 2022		**1,017,319**	**–**	**11,439**	**(190,554)**	**838,204**
Profit for the period		**–**	**–**	**–**	**3,261**	**3,261**
Total comprehensive income for the period		**–**	**–**	**–**	**3,261**	**3,261**
Contributions by and distributions to owners of the Company						
Issuance of shares						
– Share options exercised		**84**	**–**	**(26)**	**–**	**58**
– Share options forfeited		**–**	**–**	**(1,389)**	**1,389**	**–**
		84	**–**	**(1,415)**	**1,389**	**58**
Share options expenses		**–**	**–**	**12,306**	**–**	**12,306**
Total transactions with owners of the Company		**84**	**–**	**10,891**	**1,389**	**12,364**
At 31 December 2023		**1,017,403**	**–**	**22,330**	**(185,904)**	**853,829**
		Note 16	Note 16	Note 16		

The notes on pages 198 to 305 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

FOR THE PERIOD FROM 1 JULY 2022 TO 31 DECEMBER 2023

		Group		Company	
	Note	1.7.2022 to 31.12.2023 RM'000	1.7.2021 to 30.6.2022 RM'000	1.7.2022 to 31.12.2023 RM'000	1.7.2021 to 30.6.2022 RM'000
Cash flows from/(for) operating activities					
Dividends received from investees		**–**	–	**24,842**	19,050
Management fee received from subsidiaries		**–**	–	**7,552**	–
Cash receipts from customers		**1,829,730**	1,682,319	**–**	–
Cash payments to suppliers		**(1,062,400)**	(811,154)	**–**	–
Cash payments to employees and for expenses		**(260,415)**	(223,238)	**(61,105)**	(24,625)
Cash flows generated from/(used in) operating activities		**506,915**	647,927	**(28,711)**	(5,575)
Net taxation		**(127,570)**	(20,365)	**(7,027)**	(4,023)
Zakat paid		**(753)**	(746)	**–**	–
Net cash generated from/(used in) operating activities		**378,592**	626,816	**(35,738)**	(9,598)
Cash flows for investing activities					
Advances to subsidiaries		**–**	–	**(12,364)**	(291,647)
Interest received		**33,868**	6,699	**3,986**	3,139
Proceeds from disposal of property, plant and equipment		**844**	2,071	**24**	4
Purchase of property, plant and equipment, and intangible assets		**(703,543)**	(266,090)	**(188)**	(338)
Acquisition of subsidiaries		**–**	(77,285)	**–**	–
Disposal of a subsidiary		**–**	80	**–**	–
Disposal of an associate		**80**	–	**–**	–
Dividend received from an associate		**29**	–	**–**	–
Additional investment in existing subsidiaries		**(248)**	–	**–**	–
Net cash used in investing activities		**(668,970)**	(334,525)	**(8,542)**	(288,842)

The notes on pages 198 to 305 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

FOR THE PERIOD FROM 1 JULY 2022 TO 31 DECEMBER 2023

		Group		Company	
	Note	1.7.2022 to 31.12.2023 RM'000	1.7.2021 to 30.6.2022 RM'000	1.7.2022 to 31.12.2023 RM'000	1.7.2021 to 30.6.2022 RM'000
Cash flows (for)/from financing activities					
Drawdown of loans and borrowings		**27,000**	221,029	**27,000**	–
Payment of lease liabilities		**(2,400)**	(1,346)	**–**	–
Proceeds from issuance of shares		**–**	44,868	**–**	44,868
Proceeds from share options exercised		**58**	734	**58**	734
Proceeds from warrant conversion		**–**	183,010	**–**	183,010
Dividend paid to owners of the Company		**–**	(18,934)	**–**	(18,934)
Dividend paid to non-controlling interests		**(35)**	–	**–**	–
Payment of loans and borrowings interests		**(47,628)**	(34,624)	**(2,540)**	(1,096)
Repayment of loans and borrowings principal		**(63,862)**	(141,415)	**–**	–
Increase in pledged deposits and restricted cash		**(34,506)**	(174,694)	**(7,530)**	–
Net cash (used in)/generated from financing activities		**(121,373)**	78,628	**16,988**	208,582
Net change in cash and cash equivalents		**(411,751)**	370,919	**(27,292)**	(89,858)
Cash and cash equivalents at 1 July		**698,056**	252,448	**135,386**	225,244
Effect of exchange rate fluctuations on cash held		**35,706**	74,689	**–**	–
Cash and cash equivalents as at 31 December/30 June	(i)	**322,011**	698,056	**108,094**	135,386

The notes on pages 198 to 305 are an integral part of these financial statements.

NOTES TO THE STATEMENTS OF CASH FLOWS

i) *Cash and cash equivalents*

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

	Group		Company	
	31.12.2023 RM'000	**30.6.2022 RM'000**	**31.12.2023 RM'000**	**30.6.2022 RM'000**
Non-current				
Restricted and pledged				
– Cash and bank balances	**258,913**	260,672	**–**	–
Current				
Restricted and pledged				
– Cash and bank balances	**49,884**	1	**–**	–
– Deposits with licensed banks	**38,164**	51,782	**7,530**	–
	88,048	51,783	**7,530**	–
Unrestricted				
– Cash and bank balances	**255,663**	494,526	**66,898**	47,575
– Deposits with licensed banks	**67,330**	208,215	**41,196**	87,811
	322,993	702,741	**108,094**	135,386
	669,954	1,015,196	**115,624**	135,386
Less: Bank overdrafts	**(982)**	(4,685)	**–**	–
Less: Cash and cash equivalents pledged as security	**(346,961)**	(312,455)	**(7,530)**	–
	322,011	698,056	**108,094**	135,386

The notes on pages 198 to 305 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Dagang NeXchange Berhad is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office and principal place of business are as follows:

Registered office
E–10–4, Megan Avenue 1,
189, Jalan Tun Razak,
50400 Kuala Lumpur,
Wilayah Persekutuan, Malaysia.

Principal place of business
Dagang Net Tower,
Block 10 (A&B) Corporate Park, Star Central,
Lingkaran Cyberpoint Timur, Cyber 12,
63000 Cyberjaya, Selangor.

The consolidated financial statements of the Company as at and for the financial period from 1 July 2022 to 31 December 2023 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interests in an associate and joint operation.

The Company is principally engaged in investment holding whilst the principal activities of the subsidiaries are as stated in Note 7 to the financial statements.

On 17 August 2023, the Company changed its financial year end from 30 June to 31 December.

These financial statements were authorised for issue by the Board of Directors on 30 April 2024.

1. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

During the current financial period, the Group has adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any):-

MFRSs and/or IC Interpretations (Including the Consequential Amendments)

Amendments to MFRS 3: Reference to the Conceptual Framework
Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use
Amendments to MFRS 137: Onerous Contracts – Costs of Fulfilling a Contract
Annual Improvements to MFRS Standards 2018 – 2020

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the Group's financial statements.

1. BASIS OF PREPARATION (CONTINUED)

(a) Statement of compliance (continued)

The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the current financial period:-

MFRSs and/or IC Interpretations (Including the Consequential Amendments)	Effective date
MFRS 17: Insurance Contracts	1 January 2023
Amendments to MFRS 17: Insurance Contracts	1 January 2023
Amendment to MFRS 17: Initial Application of MFRS 17 and MFRS 9 – Comparative Information	1 January 2023
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 112: International Tax Reform – Pillar Two Model Rules	1 January 2023
Amendments to MFRS 16: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 101: Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 107 and MFRS 7: Supplier Finance Arrangements	1 January 2024
Amendments to MFRS 121: Lack of Exchangeability	1 January 2025
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an investor and its Associate or Joint Venture	Deferred

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2.

(c) Functional and presentation currencies

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION (CONTINUED)

(d) Use of estimates and judgements

There are no significant areas of estimation of uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements, other than as follows:

(i) Revenue

The Group's contract for the implementation of National Single Window ("NSW") will be ending in August 2024. Thus, there can be no assurance that the Group will be able to continue to enjoy similar level of revenue when the NSW contract expires.

(ii) Depreciation of property, plant and equipment and amortisation of intangible assets

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment and amortisation charges for the intangible assets are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges and amortisation charges could be revised. The carrying amounts of property, plant and equipment and intangible assets as at the reporting date are disclosed in Notes 3 and 6 to the financial statements respectively.

(iii) Impairment of property, plant and equipment, right-of-use assets and intangible assets

The Group determines whether an item of its property, plant and equipment, right-of-use assets and intangible assets is impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount such as discounted cash flows. For discounted cash flows, significant judgement is required in the estimation of the present value of future cash flows generated by the assets, which involve uncertainties and are significantly affected by assumptions used and judgements made regarding estimates of future cash flows and discount rates. The carrying amounts of property, plant and equipment, right-of-use assets and intangible assets as at the reporting date are disclosed in Notes 3, 4 and 6 to the financial statements respectively.

(iv) Estimation of oil and gas reserves

Oil and gas reserves are key elements in the Group's investment decision making process. They are also an important element in testing for impairment. Changes in proved and probable developed oil and gas will affect unit–of–production depreciation charges to profit or loss. Proved oil and gas reserves are the estimated quantities of crude oil, natural gas and natural gas liquids which geological and engineering data demonstrate with reasonable certainty to be recoverable in future periods from known reservoirs under existing economic and operating conditions, i.e. prices and costs as of the date the estimate is made.

Proved developed reserves are reserves that can be expected to be recovered through existing wells with existing equipment and operating methods. Estimates of oil and gas reserves are inherently imprecise, require the application of judgement and are subject to future revision. Accordingly, financial and accounting measures (such as the discounted cash flows, depreciation, depletion and amortisation charges, and decommissioning provisions) that are based on proved reserves are also subject to change.

1. BASIS OF PREPARATION (CONTINUED)

(d) Use of estimates and judgements (continued)

(iv) Estimation of oil and gas reserves (continued)

Proved reserves are estimated by reference to available reservoir and well information, including production and pressure trends for producing reservoirs and, in some cases, subject to definitional limits, to similar data from other producing reservoirs. Proved reserves estimates are attributed to future development projects only where there is a significant commitment to project funding and execution and for which applicable governmental and regulatory approvals have been secured or are reasonably certain to be secured. Furthermore, estimates of proved reserves only include volumes for which access to market is assured with reasonable certainty. All proved reserves estimates are subject to revision, either upward or downward, based on new information, such as from development drilling and production activities or from changes in economic factors, including product prices, contract terms or development plans.

Probable reserves are those unproved reserves which analysis of geological and engineering data suggests are more likely than not to be recoverable. In this context, when probabilistic methods are used, there should be at least a 50% probability that the quantities actually recovered will equal or exceed the sum of estimated proved plus probable reserves.

In general, changes in the technical maturity of hydrocarbon reserves resulting from new information becoming available from development and production activities have tended to be the most significant cause of annual revisions. In general, estimates of reserves for undeveloped or partially developed fields are subject to greater uncertainty over their future life than estimates of reserves for fields that are substantially developed and depleted. As a field goes into production, the amount of proved reserves will be subject to future revision once additional information becomes available through, for example, the drilling of additional wells or the observation of long-term reservoir performance under producing conditions. As those fields are further developed, new information may lead to revisions.

Changes to the Group's estimates of proved and probable reserves, particularly proved and probable developed reserves, also affect the amount of depreciation and amortisation recorded for oil and gas assets and rights and concessions related to revisions. A reduction in proved and probable developed reserves will increase depreciation and amortisation charges (assuming constant production) and reduce income.

Although the possibility exists for changes in reserves to have a critical effect on depreciation and amortisation charges and, therefore, income, it is expected that in the normal course of business, the Group will continue to prioritise exploration and timely project delivery which ultimately results in maximisation of reserve recovery and will thus constrain the likelihood for changes to occur.

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION (CONTINUED)

(d) Use of estimates and judgements (continued)

(v) Impairment review of oil and gas assets

The recoverable amount of the Group's oil and gas assets is determined by post-tax cash flows expected to be generated by the assets over their lives considering those assumptions that market participants would take into account when assessing fair value.

The Group assesses its tangible and intangible oil and gas assets for impairment indicators in accordance with MFRS 136 through use of a valuation model. Key assumptions in the valuation model relate to prices and costs that are based on long-term assumptions. The calculation of the valuation requires the use of estimates of key assumptions. In testing for impairment indicators, the Group uses the oil price forecast based on the oil price forward curve from independent parties initially, overlaid with management's views, future cost inflation factor and discount rate to calculate post-tax cash flows. These assumptions and judgements are subject to change as new information becomes available. Changes in economic conditions can also affect the rate used to discount future cash flow estimates and the discount rate applied is reviewed on an annual basis. The Group has considered reasonable possible movements in key assumptions such as forecast oil prices, production profiles and discount rates. The carrying amounts of oil and gas assets as at the reporting date are disclosed in Notes 3 and 6 to the financial statements respectively.

(vi) Asset retirement obligations

The Group incurs retirement obligations for certain assets. The present values of these obligations are recorded as liabilities on a discounted basis, which is typically at the time the assets are installed. In the estimation of present value, the Group uses assumptions and judgements regarding such factors as the existence of a legal obligation for an asset retirement obligation, technical assessments of the assets, estimated amounts and timing of settlements, drilling rig rates, discount rates and inflation rates. Asset retirement obligations is disclosed in Note 21 to the financial statements.

(vii) Write-down of inventories

Reviews are made periodically by management on damaged, obsolete and slow–moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories. The carrying amount of inventories as at the reporting date is disclosed in Note 11 to the financial statements.

(viii) Impairment of contract assets and trade receivables

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all contract assets and trade receivables. The contract assets are grouped with trade receivables for impairment assessment because they have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group develops the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses and adjusts for qualitative and quantitative reasonable and supportable forward–looking information. If the expectation is different from the estimation, such difference will impact the carrying values of contract assets and trade receivables. The carrying amounts of contract assets and trade receivables as at the reporting date are disclosed in Notes 12 and 13 to the financial statements respectively.

1. BASIS OF PREPARATION (CONTINUED)

(d) Use of estimates and judgements (continued)

(ix) Impairment of non-trade receivables

The loss allowances for non-trade financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgements in making these assumptions and selecting appropriate inputs to the impairment calculation, based on the past payment trends, existing market conditions as well as forward–looking estimates at the end of each reporting period. The carrying amounts of other receivables and amount due from subsidiaries as at the reporting date are disclosed in Notes 13 and 14 to the financial statements respectively.

(x) Deferred tax assets

Deferred tax assets are recognised for all unabsorbed capital allowances to the extent that it is probable that future taxable profits would be available against which the unabsorbed capital allowances could be utilised. Management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the assessment of the probability of the future taxable profits. The carrying amount of deferred tax assets as at the reporting date is disclosed in Note 10 to the financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of consolidation

(i) Subsidiaries

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

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

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

On the disposal of investments in subsidiaries, the difference between the net disposal proceeds and the carrying amounts of the investments is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (continued)

(ii) Business combinations

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

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

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

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

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

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

(iii) Acquisitions of non-controlling interests

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

(iv) Loss of control

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (continued)

(v) Associates

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses, unless it is classified as held for sale or distribution. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associates, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in profit or loss.

When the Group's interest in an associate decrease but does not result in a loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

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

(vi) Joint arrangements

A joint arrangement is an arrangement of which there is contractually agreed sharing of control by the Group with one or more parties, where decisions about the relevant activities relating to the joint arrangement require unanimous consent of the parties sharing control. The classification of a joint arrangement as a joint operation or a joint venture depends upon the rights and obligations of the parties to the arrangement. A joint venture is a joint arrangement whereby the joint venturers have rights to the net assets of the arrangement. A joint operation is a joint arrangement whereby the joint operators have rights to the assets and obligations for the liabilities, relating to the arrangement.

In relation to the Group's interest in the joint operation, the Group recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the financial statements under the appropriate headings.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (continued)

(vii) Non-controlling interests

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

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

(viii) Transactions eliminated on consolidation

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

Unrealised gains arising from transactions with equity-accounted associates are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency

(i) Foreign currency transactions

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

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

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

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of equity instruments where they are measured at fair value through other comprehensive income or a financial instrument designated as a cash flow hedge, which are recognised in other comprehensive income.

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Foreign currency (continued)

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

The income and expenses of foreign operations in hyperinflationary economies are translated to RM at the exchange rate at the end of the reporting period. Prior to translating the financial statements of foreign operations in hyperinflationary economies, their financial statements for the current period are restated to account for changes in the general purchasing power of the local currency. The restatement is based on relevant price indices at the end of the reporting period.

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

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(c) Financial instruments

(i) Recognition and initial measurement

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement

Financial assets

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

(a) Amortised cost

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

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

(b) Fair value through other comprehensive income

(i) Debt investments

Fair value through other comprehensive income category comprises debt investment where it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the debt investment, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The debt investment is not designated as fair value through profit or loss. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

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

(ii) Equity investments

This category comprises investment in equity that is not held for trading, and the Group and the Company irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment–by–investment basis. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of investment. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are not reclassified to profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement (continued)

Financial assets (continued)

(c) Fair value through profit or loss

All financial assets not measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. This includes derivative financial assets (except for a derivative that is a designated and effective hedging instrument). On initial recognition, the Group or the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in the profit or loss.

All financial assets, except for those measured at fair value through profit or loss and equity investments measured at fair value through other comprehensive income, are subject to impairment assessment (see Note 2(j)(i)).

Financial liabilities

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

(a) Fair value through profit or loss

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination and financial liabilities that are specifically designated into this category upon initial recognition.

Financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair value with gains or losses, including any interest expense are recognised in the profit or loss.

For financial liabilities where it is designated as fair value through profit or loss upon initial recognition, the Group and the Company recognise the amount of change in fair value of the financial liability that is attributable to change in credit risk in the other comprehensive income and remaining amount of the change in fair value in the profit or loss, unless the treatment of the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch.

(b) Amortised cost

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

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

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

(iii) Regular way purchase or sale of financial assets

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

Trade date accounting refers to:
(a) the recognition of an asset to be received and the liability to pay for it on the trade date; and
(b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

Settlement date accounting refers to:
(a) the recognition of an asset on the day it is received by the Group or the Company; and
(b) derecognition of an asset and recognition of any gain or loss on disposal on the day that is delivered by the Group or the Company.

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

(iv) Derecognition

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

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

(v) Offsetting

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

(d) Property, plant and equipment

(i) Recognition and measurement

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

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the estimated costs of dismantling and removing the items and restoring the site on which they are located. The cost of self–constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Property, plant and equipment (continued)

(i) Recognition and measurement (continued)

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

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

(ii) Subsequent costs

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

(iii) Depreciation

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

Freehold land is not depreciated.

Expenses incurred for the construction of tangible assets attributable to ongoing projects incurred are capitalised as 'capital work-in-progress'. Capitalisation is made within tangible assets according to the nature of the expenditure. No depreciation is charged during this phase until the asset is ready for use. The depreciation rate would be calculated based on the useful life of the asset to be assessed once it is ready for use.

Depreciation is calculated on a straight–line basis to allocate their depreciate amounts over their estimated useful lives as follows:

• Buildings and facility system	15 – 50 years
• Office renovations	5 – 10 years
• Plant and machinery	3 – 8 years
• Equipment and motor vehicles	3 – 15 years
• Office equipment, furniture and fittings	5 – 10 years
• Computer equipment	3 – 10 years
• Floating production, storage and offloading (FPSO) and vessel	10 – 20 years
• Technology assets	4 years

Depreciation of oil and gas assets comprising subsea facilities and equipment is computed based on the unit–of–production method using proven and probable developed reserves.

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

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Leases

(i) Definition of a lease

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

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

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

(ii) Recognition and initial measurement

(a) As a lessee

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Leases (continued)

(ii) Recognition and initial measurement (continued)

(a) As a lessee (continued)

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

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

(b) As a lessor

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

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

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

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

(iii) Subsequent measurement

(a) As a lessee

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Leases (continued)

(iii) Subsequent measurement (continued)

(b) As a lessor

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

(f) Intangible assets

(i) Goodwill

Goodwill arises on business combinations is measured at cost less any accumulated impairment losses. In respect of equity-accounted associates, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted associates.

Intangible assets acquired separately are measured at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and accumulated impairment losses.

(ii) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as incurred.

Expenditure on development activities, whereby the application of research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset.

The expenditure capitalised includes the cost of materials, direct labour and overheads costs that are directly attributable to preparing the asset for its intended use. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Other development expenditure is recognised in profit or loss as incurred.

Capitalised development expenditure is measured at cost less any accumulated amortisation and any accumulated impairment losses.

(iii) Rights and concessions of oil and gas licences and customer bases

Rights and concessions of oil and gas licences and customer bases, that are acquired by the Group, which have finite useful lives, are measured at cost less any accumulated amortisation and any accumulated impairment losses.

(iv) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Intangible assets (continued)

(iv) Amortisation

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

Intangible assets with definite useful lives are amortised from the date that they are available for use. Amortisation is based on the cost of an asset less its residual value.

Amortisation is recognised in profit or loss on a straight–line basis over the estimated useful lives of intangible assets as follows:

• Capitalised development costs, software and licence	3 – 6 years

Amortisation of producing oil and gas properties (development and production assets) is computed based on the unit of production method using proven and probable reserves.

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

(v) Exploration and evaluation assets

Exploration and evaluation assets are not amortised prior to the conclusion of evaluation activities. At completion of evaluation activities, if technical feasibility is demonstrated and commercial reserves are discovered then, following development sanction, the carrying value of the exploration and evaluation asset is reclassified as a development and production asset, but only after the carrying value is assessed for impairment and where appropriate its carrying value adjusted. If, after completion of evaluation activities in an area, it is not possible to determine technical feasibility and commercial viability or if the legal right to explore expires or if the Group decides not to continue exploration and evaluation activity, then the costs of such unsuccessful exploration and evaluation are written off to profit or loss in the period the relevant events occur.

MFRS 6 *Exploration for and Evaluation of Mineral Resources* requires exploration and evaluation assets to be assessed for impairment when facts and circumstances suggest that the carrying amounts may exceed the recoverable amounts. One or more of the following facts and circumstances indicate that an impairment test should be conducted:

- The period for which the right to explore in the specific area has expired during the period or will expire in the near future, and it is not expected to be renewed;
- Substantive expenditure on further exploration in the specific area is neither budgeted or planned;
- Exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the Group has decided to discontinue activities in the specific area; and
- Sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Cost of raw materials, work in progress, manufactured inventories and consumables are calculated using on the weighted average cost method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of work in progress and finished goods, cost includes an appropriate share of production overheads based on normal operating capacity.

Petroleum products of spares, other than crude oil, are stated at the lower of cost and net realisable value. Crude oil are stated at fair value less cost to sell.

Cost of trading merchandise is determined on the first-in-first-out cost method and includes the purchase price, production or conversion costs and incidentals incurred in bringing the inventories to their present location and condition.

(h) Contract asset/Contract liability

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

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

(i) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments that are readily convertible to known amounts of cash and which have an insignificant risk of changes in fair value with original maturities of three months or less. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts, pledged deposits and restricted cash. Restricted cash comprises amounts held on deposit for specific purposes under contractual agreements and which are not available to the Group to service short term liquidity needs.

(j) Impairment

(i) Financial assets

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost and contract assets. Expected credit losses are a probability–weighted estimate of credit losses.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Impairment (continued)

(i) Financial assets (continued)

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

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

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

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

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

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

(ii) Other assets

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

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

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Impairment (continued)

(ii) Other assets (continued)

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

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

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

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

(k) Equity instruments

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

(i) Issue expense

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

(ii) Ordinary shares

Ordinary shares are classified as equity.

(l) Warrants

Amount allocated in relation to the issuance of warrants are credited to the warrant reserve which is non-distributable. The warrant reserve is transferred to the share capital account upon the exercise of the warrants and the warrant reserve in relation to the unexercised warrants at the expiry of the warrant period will be transferred to the retained earnings.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are recognised in profit or loss in the period in which the related service is provided.

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

(ii) State plans

The Group's contributions to the statutory pension funds are charged to profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(iii) Share-based payment transactions

The grant date fair value of share-based payment granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the fair value of the share-based payment at grant date is measured to reflect such conditions and there is no true–up for differences between expected and actual outcomes.

The fair value of the employee share options is measured using a binomial option pricing model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends and risk–free interest rate. Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

(iv) Termination benefits

Termination benefits are recognised in profit or loss at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months at the end of the reporting period, then they are discounted.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Employee benefits (continued)

(v) Employee share appreciation rights

Employees of the Group receive remuneration in the form of share appreciation rights as consideration for services rendered. The Group has a choice of whether to settle in cash or by issuing equity instruments. However, the Group is obligated to settle in cash if issuance of equity instruments are not viable. For cash settled transactions, the cost is recognised in profit or loss, with a corresponding increase in the liabilities over the vesting period. This is initially measured by reference to the fair value of the rights at the date on which the rights are granted and subsequently at the end of each reporting period until settled, at the fair value of the share appreciation rights. The cumulative expense recognised at each reporting date reflects the will ultimately vest and change in fair value of the rights. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised at the beginning and end of that period.

(n) Provisions

(i) Decommissioning costs

Provision for future decommissioning costs is made in full when the Group has an obligation to dismantle and remove a facility or an item of plant and to restore the site on which it is located, and when a reasonable estimate of that liability can be made. Periodic estimates are made for such future facility abandonment costs. The estimated cost of decommissioning and restoration is discounted to its net present value. An amount equivalent to the discounted initial provision for decommissioning costs is capitalised and amortised over the life of the underlying asset on a unit–of–production basis over proven and probable reserves. Any change in the present value of the estimated expenditure is reflected as an adjustment to the provision and the oil and gas asset.

The unwinding of the discount applied to future decommissioning provisions is included under finance costs in profit or loss as crude oil are produced. The estimated interest rate used in discounting the cash flow is reviewed at least annually.

Any change in the expected future cost, interest rate and inflation rate are reflected as an adjustment in the provision for decommissioning costs of the corresponding oil and gas asset. The present value of decommissioning costs are revalued at the financial period–end translation rates.

(ii) Other provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre–tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Contingent liabilities

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

(p) Revenue and other income

(i) Revenue

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Group or the Company recognises revenue when (or as) it transfers control over a product or service to a customer. An asset is transferred when (or as) the customer obtains control of the asset.

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

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

(a) Sale of semiconductor wafers

Revenue from sale of semiconductor wafers is recognised at the point of sale which coincides with when the Group transfers the control of the product to the customer.

For contracts with customers which meet the no alternative use and the Group has rights to payment for work performed, revenue is recognised over time based on units-of-production method.

(b) Sale of oil and gas products

Revenue from sale of oil and gas products is recognised when the performance obligation has been met, being the point at which the title has been transferred to the buyer by means of the bill of lading document. Typically, payments for the sale of the oil and gas are received in advance or the maximum credit exposure is by the end of the month following the month in which the sale is recognised. Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for oil products in the normal course of business, net of discounts, customs duties, sales taxes and royalties.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Revenue and other income (continued)

(i) Revenue (continued)

(c) Rendering of services

Contracts from services that comprises multiple deliverables represents a combined output for which the customer has contracted for that are substantially the same and that have the same pattern of transfer to the customer and are therefore recognised as a single performance obligation. The Group recognises revenue from the rendering of services over time, using an output method determined by surveys of works performed to measure progress towards complete satisfaction of the services.

Revenue from provision of semiconductor–related consulting services and training is recognised over time as and when the services are performed using the milestones reached method.

Otherwise, revenue from rendering of services is recognised at a point in time upon performance of services, such services include the services rendered from National Single Window and its related contracts.

(d) Sale of customised equipment

Revenue from sale of customised equipment is recognised at a point in time in the period in which the customer accepts the delivery of the goods.

Contracts that bundle the design, sale and installation of customised equipment are recognised as a single performance obligation as the design and installation includes significant integration services. Revenue is recognised progressively in proportion to the stage of completion determined by reference to technical milestones.

(e) Subscriptions

Subscription fees are recognised over the period that access to the required services is being provided.

(f) Rental of equipment

Rental of equipment is recognised in profit or loss on a straight–line basis over the term of the lease.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Revenue and other income (continued)

(ii) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established.

(iii) Lease income

Lease income from sub-lease property is recognised in profit or loss on a straight–line basis over the term of the lease as other income.

(iv) Management fee

Management fee is recognised at a point in time when services are rendered.

(v) Interest income

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

(q) Borrowing costs

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Income taxes

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

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

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

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

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

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

(s) Earnings per ordinary share

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Operating segments

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

(u) Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. In estimating the fair value of an asset or a liability, the Group take into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical asset or liability that the entity can access at the measurement date;

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

Level 3: Inputs are unobservable inputs for the asset or liability.

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

The fair value for measurement and disclosure purposes in these financial statements is determined on such a basis, except for shared–based payment transactions (MFRS 2), leasing transactions (MFRS 16) and measurement that have some similarities to fair value but not are fair value, such as net realisable value (MFRS 102) or value in use (MFRS 136).

NOTES TO THE FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	Buildings and facility system RM'000	Office renovations RM'000	Plant and machinery RM'000	Equipment and motor vehicles RM'000	Office equipment, furniture and fittings RM'000	Computer equipment RM'000	Floating production, storage and offloading ("FPSO") and vessel RM'000	Oil and gas assets RM'000	Asset retirement obligation ("ARO") RM'000	Technology assets RM'000	Capital work-in-progress RM'000	Total RM'000
Cost													
At 1 July 2021	23,953	9,766	13,367	18,029	1,515	5,568	50,169	115,429	346,692	363,674	–	23,119	971,281
Acquisition of subsidiaries (Note 31)	–	472,474	–	–	1,280,465	–	–	–	–	–	93,785	43,993	1,890,717
Additions	–	–	41	–	106	170	838	58,373	63,378	–	–	110,627	233,533
Disposals	–	–	–	(416)	–	–	(92)	–	(2,062)	–	–	–	(2,570)
Written off	–	–	–	–	(1,102)	–	–	–	–	–	–	(2)	(1,104)
Reclassifications	–	4,287	(25)	–	62,865	25	–	–	–	–	243	(66,713)	682
Foreign currency translation	–	8,386	–	–	57,477	–	–	4,794	21,162	(43,765)	5,764	22,151	75,969
At 30 June 2022/1 July 2022	**23,953**	**494,913**	**13,383**	**17,613**	**1,401,326**	**5,763**	**50,915**	**178,596**	**429,170**	**319,909**	**99,792**	**133,175**	**3,168,508**
Additions	**–**	**–**	**474**	**–**	**–**	**43**	**6,886**	**7,953**	**73,818**	**–**	**–**	**568,033**	**657,207**
Disposals	**–**	**–**	**–**	**(807)**	**–**	**–**	**(75)**	**–**	**–**	**–**	**–**	**–**	**(882)**
Written off	**–**	**–**	**(126)**	**–**	**–**	**(46)**	**(3,079)**	**–**	**–**	**–**	**–**	**–**	**(3,251)**
Reclassifications	**–**	**132,393**	**–**	**–**	**362,077**	**1**	**6,281**	**–**	**–**	**–**	**–**	**(500,752)**	**–**
Foreign currency translation	**–**	**26,071**	**–**	**–**	**90,584**	**–**	**–**	**4,673**	**18,120**	**35,620**	**5,285**	**(52,364)**	**127,989**
At 31 December 2023	**23,953**	**653,377**	**13,731**	**16,806**	**1,853,987**	**5,761**	**60,928**	**191,222**	**521,108**	**355,529**	**105,077**	**148,092**	**3,949,571**

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Freehold land RM'000	Buildings and facility system RM'000	Office renovations RM'000	Plant and machinery RM'000	Equipment and motor vehicles RM'000	Office equipment, furniture and fittings RM'000	Computer equipment RM'000	Floating production, storage and offloading ("FPSO") and vessel RM'000	Oil and gas assets RM'000	Asset retirement obligation ("ARO") RM'000	Technology assets RM'000	Capital work-in-progress RM'000	Total RM'000
Accumulated depreciation													
At 1 July 2021	–	1,811	8,657	10,242	1,301	4,175	48,411	7,395	68,022	145,187	–	–	295,201
Acquisition of subsidiaries (Note 31)	–	76,966	–	–	785,989	–	–	–	–	–	87,377	–	950,332
Depreciation charges	–	24,393	1,536	–	20,702	415	994	5,243	16,917	14,606	4,649	–	89,455
Disposals	–	–	–	(321)	–	–	(84)	–	–	–	–	–	(405)
Written off	–	–	–	–	(1,100)	–	–	–	–	–	–	–	(1,100)
Reclassifications	–	–	(8)	–	682	8	–	–	–	–	–	–	682
Foreign currency translation	–	2,849	2	–	49,492	–	–	435	4,885	1,607	5,581	–	64,851
At 30 June 2022/1 July 2022	**–**	**106,019**	**10,187**	**9,921**	**857,066**	**4,598**	**49,321**	**13,073**	**89,824**	**161,400**	**97,607**	**–**	**1,399,016**
Depreciation charges	**–**	**41,420**	**2,303**	**–**	**65,852**	**549**	**6,852**	**8,323**	**39,735**	**23,403**	**4,137**	**–**	**192,574**
Disposals	**–**	**–**	**–**	**(568)**	**–**	**–**	**(41)**	**–**	**–**	**–**	**–**	**–**	**(609)**
Adjustments	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(4,128)**	**–**	**(4,128)**
Written off	**–**	**–**	**(115)**	**–**	**–**	**(11)**	**(3,079)**	**–**	**–**	**–**	**–**	**–**	**(3,205)**
Foreign currency translation	**–**	**6,760**	**–**	**–**	**63,394**	**–**	**–**	**318**	**3,792**	**6,814**	**6,908**	**–**	**(854,221)**
At 31 December 2023	**–**	**154,199**	**12,375**	**9,353**	**986,312**	**5,136**	**53,053**	**21,714**	**133,351**	**191,617**	**104,524**	**–**	**1,671,634**
Accumulated impairment loss													
At 1 July 2021	**–**	**–**	**4**	**7,787**	**17**	**93**	**31**	**–**	**–**	**–**	**–**	**12,845**	**20,777**
Disposals	**–**	**–**	**–**	**(95)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(95)**
At 30 June 2022/1 July 2022	**–**	**–**	**4**	**7,692**	**17**	**93**	**31**	**–**	**–**	**–**	**–**	**12,845**	**20,682**
Disposals	**–**	**–**	**–**	**(239)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(239)**
Impairment charge	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**25,751**	**25,751**
Foreign currency translation	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**480**	**480**
At 31 December 2023	**–**	**–**	**4**	**7,453**	**17**	**93**	**31**	**–**	**–**	**–**	**–**	**39,076**	**46,674**
Carrying amounts													
At 1 July 2021	23,953	7,955	4,706	–	197	1,300	1,727	108,034	278,670	218,487	–	10,274	655,303
At 30 June 2022	23,953	388,894	3,192	–	544,243	1,072	1,563	165,523	339,346	158,509	2,185	120,330	1,748,810
At 31 December 2023	**23,953**	**499,178**	**1,352**	**–**	**867,658**	**532**	**7,844**	**169,508**	**387,757**	**163,912**	**553**	**109,016**	**2,231,263**

NOTES TO THE FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Motor vehicles RM'000	Office equipment, furniture and fittings RM'000	Computer equipment RM'000	Total RM'000
Cost				
At 1 July 2021	229	82	352	663
Additions	–	–	117	117
Disposal	–	–	(9)	(9)
At 30 June 2022/1 July 2022	**229**	**82**	**460**	**771**
Additions	**–**	**6**	**218**	**224**
Disposal	**–**	**–**	**(39)**	**(39)**
At 31 December 2023	**229**	**88**	**639**	**956**
Accumulated depreciation				
At 1 July 2021	229	78	216	523
Depreciation charge	–	1	89	90
Disposal	–	–	(5)	(5)
At 30 June 2022/1 July 2022	**229**	**79**	**300**	**608**
Depreciation charge	**–**	**2**	**184**	**186**
Disposal	**–**	**–**	**(13)**	**(13)**
At 31 December 2023	**229**	**81**	**471**	**781**
Carrying amounts				
At 1 July 2021	–	4	136	140
At 30 June 2022	–	3	160	163
At 31 December 2023	**–**	**7**	**168**	**175**

(a) The freehold land and buildings of the Group amounting to approximately RM21,812,000 (30.6.2022: RM21,981,000) have been charged to licensed banks as security for banking facilities granted to the Group as disclosed in Note 18 to the financial statements.

(b) The capital work in progress of the Group amounting to approximately RM11,754,000 (30.6.2022: RM19,221,000) have been charged to licensed banks as security for banking facilities granted to the Group as disclosed in Note 18 to the financial statements.

(c) In the current financial period, the Group carried out a review of the recoverable amount of its property, plant and equipment. An impairment loss of approximately RM25,751,000 was recognised in "other operating expenses" line item of the statements of profit or loss and other comprehensive income.

4. RIGHT-OF-USE ASSETS

Group	Buildings RM'000	Leasehold land RM'000	Total RM'000
Carrying amounts			
At 1 July 2021	545	–	545
Acquisition of subsidiaries (Note 31)	334	57,950	58,284
Additions	173	–	173
Depreciation charge	(793)	(1,896)	(2,689)
Foreign currency translation	(9)	163	154
At 30 June 2022/1 July 2022	**250**	**56,217**	**56,467**
Additions	**4,273**	**–**	**4,273**
Depreciation charge	**(1,571)**	**(2,261)**	**(3,832)**
Lease modification	**85**	**–**	**85**
Other adjustments	**–**	**958**	**958**
Foreign currency translation	**27**	**113**	**140**
At 31 December 2023	**3,064**	**55,027**	**58,091**

The Group leases certain office buildings, warehouses and leasehold land of which the leasing activities are summarised below:

(i) Office buildings and warehouses

The Group has leased certain office buildings and warehouses that run between 1 year to 3 years (30.6.2022: 1 year to 3 years), with an option to renew the lease after that date. The Group is allowed to sublease the office buildings and warehouses.

(ii) Leasehold land

The Group leases a land with unexpired lease period of less than 50 years.

NOTES TO THE FINANCIAL STATEMENTS

5. GOODWILL

	Group	
	31.12.2023 RM'000	**30.6.2022 RM'000**
Cost		
1 July 2021/30 June 2022/31 December 2023	**63,820**	63,820
Accumulated impairment loss		
1 July 2021/30 June 2022/31 December 2023	**63,820**	63,820
Carrying amounts		
1 July 2021/30 June 2022/31 December 2023	**–**	–

The recoverable amounts of the cash–generating units were determined using the value in use approach, and this was derived from the present value of the future cash flows from each cash–generating unit computed based on the projections of financial budgets approved by management covering a period of 5 years. In the previous financial years, goodwill was fully impaired.

6. INTANGIBLE ASSETS

Group	**Software in progress RM'000**	**Software RM'000**	**Development expenditure RM'000**	**Licence and others RM'000**	**Development and production assets RM'000**	**Exploration and evaluation assets RM'000**	**Total RM'000**
Cost							
At 1 July 2021	1,028	35,035	315	48,106	1,071,050	55,874	1,211,408
Additions	429	455	–	–	–	36,009	36,893
Written off	–	–	–	–	–	(328)	(328)
Reclassification	(345)	345	–	–	–	–	–
Foreign currency translation	–	–	–	–	48,932	3,392	52,324
At 30 June 2022/1 July 2022	**1,112**	**35,835**	**315**	**48,106**	**1,119,982**	**94,947**	**1,300,297**
Additions	**825**	**1,346**	**–**	**–**	**–**	**149,802**	**151,973**
Written off	**(200)**	**–**	**–**	**–**	**–**	**–**	**(200)**
Reclassification	**(482)**	**482**	**–**	**–**	**–**	**–**	**–**
Foreign currency translation	**(467)**	**–**	**–**	**–**	**35,903**	**4,009**	**39,445**
At 31 December 2023	**788**	**37,663**	**315**	**48,106**	**1,155,885**	**248,758**	**1,491,515**

6. INTANGIBLE ASSETS (CONTINUED)

Group	Software in progress RM'000	Software RM'000	Development expenditure RM'000	Licence and others RM'000	Development and production assets RM'000	Exploration and evaluation assets RM'000	Total RM'000
Accumulated amortisation and impairment loss							
At 1 July 2021							
Accumulated amortisation	–	22,349	315	38,872	152,391	–	213,927
Accumulated impairment loss	–	9,259	–	9,234	–	–	18,493
	–	31,608	315	48,106	152,391	–	232,420
Amortisation for the year	–	2,081	–	–	27,066	–	29,147
Foreign currency translation	–	–	–	–	10,134	–	10,134
Accumulated amortisation	–	24,430	315	38,872	189,591	–	253,208
Accumulated impairment loss	–	9,259	–	9,234	–	–	18,493
At 30 June 2022/1 July 2022	**–**	**33,689**	**315**	**48,106**	**189,591**	**–**	**271,701**
Amortisation for the period	**–**	**2,077**	**–**	**–**	**47,743**	**–**	**49,820**
Foreign currency translation	**–**	**–**	**–**	**–**	**7,676**	**–**	**7,676**
Accumulated amortisation	**–**	**26,507**	**315**	**38,872**	**245,010**	**–**	**310,704**
Accumulated impairment loss	**–**	**9,259**	**–**	**9,234**	**–**	**–**	**18,493**
At 31 December 2023	**–**	**35,766**	**315**	**48,106**	**245,010**	**–**	**329,197**
Carrying amounts							
At 1 July 2021	1,028	3,427	–	–	918,659	55,874	978,988
At 30 June 2022	1,112	2,146	–	–	930,391	94,947	1,028,596
At 31 December 2023	**788**	**1,897**	**–**	**–**	**910,875**	**248,758**	**1,162,318**

NOTES TO THE FINANCIAL STATEMENTS

6. INTANGIBLE ASSETS (CONTINUED)

Company	Software in progress RM'000	Software RM'000	Total RM'000
Cost			
At 1 July 2021	–	9	9
Additions	202	19	221
At 30 June 2022/1 July 2022	202	28	230
Additions	827	750	1,577
Reclassification	(239)	239	–
At 31 December 2023	**790**	**1,017**	**1,807**
Accumulated amortisation			
At 1 July 2021	–	9	9
Amortisation for the year	–	5	5
At 30 June 2022/1 July 2022	–	14	14
Amortisation for the period	–	231	231
At 31 December 2023	**–**	**245**	**245**
Carrying amounts			
At 1 July 2021	–	–	–
At 30 June 2022	202	14	216
At 31 December 2023	**790**	**772**	**1,562**

(a) Development and production assets consist of the rights and concessions of oil and gas licences. This represents the carrying amount of producing field licences in the Anasuria Cluster amounting to approximately RM910,875,000 (30.6.2022: RM930,391,000).

(b) Exploration and evaluation assets relate to the exploration costs incurred in the Avalon field. Additions during the financial period mainly included the pre-development cost of the Avalon field.

7. INVESTMENTS IN SUBSIDIARIES

	Company	
	31.12.2023 RM'000	**30.6.2022 RM'000**
At cost		
Unquoted shares	**287,886**	287,886
Less: Impairment loss	**(101,661)**	(101,661)
	186,225	186,225

7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The movements in the allowance for impairment losses of investments in subsidiaries during the financial period/year were:

	Company	
	31.12.2023 RM'000	**30.6.2022 RM'000**
At 1 July/30 June/31 December	**101,661**	101,661

Details of the subsidiaries are as follows:

Name of subsidiary	Principal place of business/ country of incorporation	Principal activities	Effective ownership interest	
			31.12.2023 %	**30.6.2022 %**
Information Technology				
Dagang Net Technologies Sdn. Bhd.	Malaysia	Development, management and provision of business to government (B2G) e-commerce and computerised transaction in trade facilitation services.	**100**	100
DNeX RFID Sdn. Bhd.*	Malaysia	Research and development, design, manufacturing and trading of radio-frequency technology.	**51**	51
Global eCommerce Limited*@	Federal Territory of Labuan, Malaysia	Yet to commence business.	**51**	51
DNeX Telco Services Sdn. Bhd.*	Malaysia	Providing of services for infrastructure works for telecommunication industry.	**51**	51
Global Market eCommerce Sdn. Bhd.*	Malaysia	Dealing in the business for online marketing and e-market place.	**100**	100
DNeX VMS Sdn. Bhd.*^	Malaysia	Yet to commence business.	**100**	100

* *The subsidiaries' interests are held under Dagang Net Technologies Sdn. Bhd..*

@ *This subsidiary was audited by other firm of chartered accountants.*

^ *In the previous financial year, Dagang Net Technologies Sdn. Bhd. acquired the remaining 49% equity interest of DNeX VMS Sdn. Bhd. from the other individual shareholders for total cash consideration of RM2. The financial effects arising from equity transactions were not presented in the financial statement as they were not material to the Group.*

NOTES TO THE FINANCIAL STATEMENTS

7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows: (continued)

Name of subsidiary	Principal place of business/ country of incorporation	Principal activities	Effective ownership interest	
			31.12.2023 %	30.6.2022 %
Information Technology				
Imizu Sdn. Bhd.**	Malaysia	Trading, dealing in any manner whatsoever in all type of drinking water and beverages on retail as well as on wholesale basis in Malaysia or elsewhere.	**55**	55
SealNet Sdn. Bhd.*α	Malaysia	Providing technical consultancy, implementation, training, maintenance and technical support services related to eBusiness and the operation of business to business (B2B) eCommerce portal.	**100**	80
Genaxis Group Sdn. Bhd.*	Malaysia	Providing consultancy and advisory in computer hardware, software, peripherals and other IT based products.	**51**	51

* *These subsidiaries' interests are held under Dagang Net Technologies Sdn. Bhd..*

** *The subsidiary's interest is held under Global Market eCommerce Sdn. Bhd..*

α *On 23 June 2023, Dagang Net Technologies Sdn. Bhd. acquired the remaining 20% equity interest of SealNet Sdn. Bhd. from the other individual shareholder for the total cash consideration of RM150,000. The financial effects arising from equity transactions were not presented in the financial statement as they were not material to the Group.*

7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows: (continued)

Name of subsidiary	Principal place of business/ country of incorporation	Principal activities	Effective ownership interest 31.12.2023 %	30.6.2022 %
Information Technology				
Innovation Associates Consulting Sdn. Bhd.***#	Malaysia	Providing advisory and consultancy services in relation to strategy, business improvement, computers, telecommunication and information technology.	**31**	31
PT Dagang Net Indonesia*~	Indonesia	Yet to commence business.	**99**	99
PT Dagang Samudera Hutama*##~	Indonesia	Ship owner, ship operator and other shipping related activities.	**49**	49
PT DNeX Telco Indonesia****~	Indonesia	Provision of subsea cable installation and maintenance.	**95**	95
DNeX Solutions Sdn. Bhd.	Malaysia	Providing expertise in IT project management and consultancy, supply of (ICT) hardware equipment, maintenance and asset management.	**100**	100
DNeX Capital Sdn. Bhd.	Malaysia	Intended for Trust, funds or similar entity not elsewhere classified.	**100**	100
DNeX Mena Sdn. Bhd.∞	Malaysia	Investment holding.	**100**	–
DNeX (Beijing) Technology Co. Ltd.∞^	China	Information transmission, software and information technology services.	**100**	–

* *The subsidiaries' interests are held under Dagang Net Technologies Sdn. Bhd..*

*** *The subsidiary's interest is held under Genaxis Group Sdn. Bhd..*

**** *The subsidiary's interest is held under PT Dagang Samudera Hutama.*

\# *Although the Company owns less than half of the voting power in Innovation Associates Consulting Sdn. Bhd., the Company controls this subsidiary by virtue of an agreement with the other investors of Genaxis Group Sdn. Bhd.. Consequently, the Company consolidates its investment in this subsidiary.*

\#\# *Although the Company owns less than half of the voting power in PT Dagang Samudera Hutama, the Company controls this subsidiary by virtue of an Investment Agreement with the other investors. Consequently, the Company consolidates its investment in this subsidiary at 100% effective interest in equity.*

~ *These subsidiaries were audited by member firms of Crowe Global of which Crowe Malaysia PLT is a member.*

∞ *Incorporated on 24 July 2023, first set of audited financial statements has not been prepared.*

∞^ *Incorporated on 7 November 2023, first set of audited financial statements has not been prepared. This subsidiary's interest is held under DNeX Mena Sdn. Bhd.*

NOTES TO THE FINANCIAL STATEMENTS

7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows: (continued)

Name of subsidiary	Principal place of business/ country of incorporation	Principal activities	Effective ownership interest 31.12.2023 %	Effective ownership interest 30.6.2022 %
Energy				
DNeX Energy Sdn. Bhd.	Malaysia	Investment holding in upstream oil and gas exploration and production.	**100**	100
Ping Petroleum Limited*****~	Bermuda	Exploration, development and production of crude oil and natural gas and investment holding.	**90**	90
Ping Petroleum UK PLC******~	England and Wales	Exploration and development of upstream oil and gas assets.	**90**	90
Ping Petroleum Sdn. Bhd.******	Malaysia	Exploration and development of upstream oil and gas assets.	**90**	90
OGPC Sdn. Bhd.	Malaysia	Sale of oil and gas related equipment, provision of engineering and technical support services for the oil and gas industry.	**100**	100
DNeX Drilling Tech and Oilfield Services Sdn. Bhd.*******ß	Malaysia	Involved in oil and gas oilfield services including supplies of products and equipment.	**100**	98
OGPC O & G Sdn. Bhd.*******	Malaysia	Sale of oil and gas related equipment, provision of engineering and technical support services for the oil and gas industry.	**100**	100
Forward Energy Generation Ltd.@	Federal Territory of Labuan, Malaysia	Design, develop, construct, operation and maintenance of power plant.	**100**	100

***** *The subsidiary's interest is held under DNeX Energy Sdn. Bhd.*

****** *These subsidiaries' interests are held under Ping Petroleum Limited.*

~ *These subsidiaries were audited by member firms of Crowe Global of which Crowe Malaysia PLT is a member.*

@ *This subsidiary was audited by other firm of chartered accountants.*

******* *These subsidiaries' interests are held under OGPC Sdn. Bhd.*

ß *On 15 November 2023, OGPC Sdn. Bhd. acquired the remaining 2% of equity interest from the other corporate shareholder for total cash consideration of RM98,000. The financial effects arising from equity transactions were not presented in the financial statement as they were not material to the Group.*

7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows: (continued)

Name of subsidiary	Principal place of business/ country of incorporation	Principal activities	Effective ownership interest	
			31.12.2023 %	30.6.2022 %
Technology				
DNeX Semiconductor Sdn. Bhd.	Malaysia	Investment holding in the manufacturing of semiconductor wafers and supplies multinational fabless and integrated device manufacturer.	**100**	100
Silterra Malaysia Sdn. Bhd.[********@^Ω]	Malaysia	Manufacturing of semiconductor wafers and supplies multinational fabless and integrated device manufacturer.	**60**	60
Pembinaan Waferfab Sdn. Bhd.[###@^]	Malaysia	Trading of Solid State Drive ("SSD") products.	**60**	60
Silterra Sales & Marketing Sdn. Bhd.[###@^]	Malaysia	Sales and marketing of advanced semi-conductor products.	**60**	60
Silterra Capital Berhad[###@^]	Malaysia	Dormant.	**60**	60
Silterra Sales & Marketing (L) Ltd.[####@^]	Federal Territory of Labuan, Malaysia	Sales and marketing of advanced semi-conductor products.	**60**	60
Silterra USA, Inc.[#####@^]	United States of America	Dormant.	**60**	60

******** *This subsidiary's interest is held under DNeX Semiconductor Sdn. Bhd..*

These subsidiaries' interests are held under Silterra Malaysia Sdn. Bhd..

@ *These subsidiaries were audited by other firms of chartered accountants.*

^ *In the previous financial year, the Company and Beijing Integrated Circuit Advanced Manufacturing & High–End Equipment Equity Investment Fund Center (Limited Partnership) ("CGP Fund") entered into a share sale and purchase agreement with Khazanah Nasional Berhad to acquire 100% equity interest in Silterra Malaysia Sdn. Bhd. ("Silterra") for a total cash consideration of RM273,000,000. The Company through DNeX Semiconductor Sdn. Bhd. hold 60% equity interest in Silterra.*

This subsidiary's interest is held under Silterra Sales & Marketing Sdn. Bhd..

This subsidiary's interest is held under Silterra Sales & Marketing (L) Ltd..

@ *These subsidiaries were audited by other firms of chartered accountants.*

^ *In the previous financial year, the Company and Beijing Integrated Circuit Advanced Manufacturing & High–End Equipment Equity Investment Fund Center (Limited Partnership) ("CGP Fund") entered into a share sale and purchase agreement with Khazanah Nasional Berhad to acquire 100% equity interest in Silterra Malaysia Sdn. Bhd. ("Silterra") for a total cash consideration of RM273,000,000. The Company through DNeX Semiconductor Sdn. Bhd. hold 60% equity interest in Silterra.*

Ω *The management accounts was approved by the Board of Directors of the Company for consolidation purpose.*

NOTES TO THE FINANCIAL STATEMENTS

7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

non-controlling interests in subsidiaries

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

	31.12.2023	30.6.2022
NCI percentage of ownership interest and voting interest		
– DNeX RFID Sdn. Bhd.	**49.00%**	49.00%
– SealNet Sdn. Bhd.	**–**	20.00%
– DNeX Drilling Tech and Oilfield Services Sdn. Bhd.	**–**	2.00%
– Global eCommerce Limited	**49.00%**	49.00%
– DNeX Telco Services Sdn. Bhd.	**49.00%**	49.00%
– Imizu Sdn. Bhd.	**45.00%**	45.00%
– Genaxis Group Sdn. Bhd.	**49.00%**	49.00%
– Innovation Associates Consulting Sdn. Bhd.	**69.40%**	69.40%
– PT Dagang Net Indonesia	**1.00%**	1.00%
– PT DNeX Telco Indonesia	**5.00%**	5.00%
– Ping Petroleum Limited and its subsidiaries	**10.00%**	10.00%
– Silterra Malaysia Sdn. Bhd. and its subsidiaries	**40.00%**	40.00%
Carrying amount of NCI (RM'000)	**403,662**	474,119
(Loss)/Profit allocated to NCI (RM'000)	**(70,838)**	157,687

7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Summarised financial information before Intra-group elimination

	DNeX RFID Sdn. Bhd.		SealNet Sdn. Bhd.		DNeX Drilling Tech and Oilfield Services Sdn. Bhd.		Global eCommerce Limited	
	1.7.2022 to 31.12.2023 RM'000	1.7.2021 to 30.6.2022 RM'000	1.7.2022 to 31.12.2023 RM'000	1.7.2021 to 30.6.2022 RM'000	1.7.2022 to 31.12.2023 RM'000	1.7.2021 to 30.6.2022 RM'000	1.7.2022 to 31.12.2023 RM'000	1.7.2021 to 30.6.2022 RM'000
As at 31 December/30 June								
Non-current assets	**–**	–	**–**	1,532	**–**	155	**–**	–
Current assets	**5,335**	773	**–**	2,259	**–**	4,065	**5**	10
Non-current liabilities	**–**	–	**–**	–	**–**	(46)	**–**	–
Current liabilities	**(32,033)**	(34,429)	**–**	(3,493)	**–**	(902)	**(1,197)**	(1,139)
Net (liabilities)/assets	**(26,698)**	(33,656)	**–**	298	**–**	3,272	**(1,192)**	(1,129)
Period/Year ended 31 December/ 30 June								
Revenue	**(2,290)**	–	**5,636**	4,073	**7,044**	5,871	**–**	–
Profit/(Loss) for the period/year	**6,958**	(7,747)	**(3,519)**	(1,309)	**3,318**	2,013	**(3)**	31
Total comprehensive income/(loss)	**6,958**	(7,747)	**(3,519)**	(1,309)	**3,318**	2,013	**(63)**	(36)
Net cash flows generated from/(used in) operating activities	**2,317**	(357)	**(2,230)**	(2,051)	**3,306**	2,193	**–**	(45)
Net cash flows (used in)/generated from investing activities	**(416)**	–	**142**	(805)	**455**	(31)	**–**	–
Net cash flows (used in)/generated from financing activities	**(1,863)**	356	**2,355**	2,707	**(2,180)**	(485)	**–**	41

NOTES TO THE FINANCIAL STATEMENTS

7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Summarised financial information before intra-group elimination (continued)

	DNeX GIS Sdn. Bhd.	DNeX Telco Services Sdn. Bhd.		Imizu Sdn. Bhd.	
	1.7.2021 to 30.6.2022 RM'000	1.7.2022 to 31.12.2023 RM'000	1.7.2021 to 30.6.2022 RM'000	1.7.2022 to 31.12.2023 RM'000	1.7.2021 to 30.6.2022 RM'000
As at 31 December/30 June					
Non-current assets	–	**19**	–	**–**	–
Current assets	–	**14,120**	9,025	**71**	–
Current liabilities	–	**(31,221)**	(24,507)	**(7,182)**	(7,159)
Net liabilities	–	**(17,082)**	(15,482)	**(7,111)**	(7,159)
Period/Year ended 31 December/30 June					
Revenue	12	**4,956**	2,711	**–**	–
Profit/(Loss) for the period/year	7	**(1,600)**	(1,263)	**47**	(33)
Total comprehensive income/(loss)	7	**(1,600)**	(1,263)	**47**	(33)
Net cash flows (used in)/generated from operating activities	(202)	**(3,670)**	(4,532)	**66**	(31)
Net cash flows used in investing activities	(5)	**(237)**	(1,824)	**–**	–
Net cash flows generated from financing activities	–	**3,907**	6,293	**5**	31

7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Summarised financial information before intra-group elimination (continued)

	Genaxis Group Sdn. Bhd.		Innovation Associates Consulting Sdn. Bhd.		PT Dagang Net Indonesia	
	1.7.2022 to 31.12.2023 RM'000	**1.7.2021 to 30.6.2022 RM'000**	**1.7.2022 to 31.12.2023 RM'000**	**1.7.2021 to 30.6.2022 RM'000**	**1.7.2022 to 31.12.2023 RM'000**	**1.7.2021 to 30.6.2022 RM'000**
As at 31 December/30 June						
Non-current assets	**21,688**	21,714	**1,656**	531	**421**	166
Current assets	**3,505**	3,549	**21,420**	37,904	**1,258**	1,558
Non-current liabilities	**–**	–	**(619)**	–	**(265)**	–
Current liabilities	**(43,832)**	(40,512)	**(51,736)**	(49,159)	**(997)**	(271)
Net (liabilities)/assets	**(18,639)**	(15,249)	**(29,279)**	(10,724)	**417**	1,453
Period/Year ended 31 December/30 June						
Revenue	**–**	72	**46,388**	43,127	**–**	–
(Loss)/Profit for the period/year	**(3,391)**	(2,627)	**(18,554)**	912	**(946)**	(341)
Total comprehensive (loss)/income	**(3,391)**	(2,627)	**(18,544)**	912	**(1,036)**	(357)
Net cash flows (used in)/generated from operating activities	**(371)**	(513)	**5,512**	(3,340)	**(426)**	(282)
Net cash flows generated from/(used in) investing activities	**63**	–	**(6,679)**	(2,319)	**(7)**	(56)
Net cash flows generated from financing activities	**340**	217	**9,000**	4,619	**438**	335

NOTES TO THE FINANCIAL STATEMENTS

7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Summarised financial information before Intra-group elimination (continued)

	PT DNeX Telco Indonesia		Ping Petroleum Limited and its subsidiaries		Silterra Malaysia Sdn. Bhd. and its subsidiaries	
	1.7.2022 to 31.12.2023 RM'000	**1.7.2021 to 30.6.2022 RM'000**	**1.7.2022 to 31.12.2023 RM'000**	**1.7.2021 to 30.6.2022 RM'000**	**1.7.2022 to 31.12.2023 RM'000**	**1.7.2021 to 30.6.2022 RM'000**
As at 31 December/30 June						
Non-current assets	**63,853**	94,959	**1,808,843**	1,605,545	**881,060**	629,141
Current assets	**68,871**	41,936	**380,210**	347,894	**291,290**	678,192
Non-current liabilities	**(61,305)**	(76,384)	**(1,054,123)**	(1,001,515)	**(289,258)**	(342,748)
Current liabilities	**(128,896)**	(85,962)	**(321,343)**	(159,012)	**(416,261)**	(392,950)
Net (liabilities)/assets	**(57,477)**	(25,451)	**813,587**	792,912	**466,831**	571,635
Period/Year ended 31 December/30 June						
Revenue	**88,050**	55,402	**532,941**	351,444	**999,177**	857,668
(Loss)/Profit for the period/year	**(31,297)**	(19,485)	**(4,767)**	78,536	**(104,236)**	412,628
Total comprehensive (loss)/income	**(32,026)**	(19,697)	**20,666**	123,132	**(115,108)**	431,651
Net cash flows (used in)/generated from operating activities	**(4,624)**	(13,661)	**271,796**	55,952	**74,093**	603,684
Net cash flows used in investing activities	**(6,868)**	(14,661)	**(226,364)**	(78,244)	**(432,957)**	(110,627)
Net cash flows generated from/(used in) financing activities	**20,177**	29,011	**(42,350)**	266,865	**(40,988)**	(99,383)

8. INVESTMENTS IN ASSOCIATES AND JOINT OPERATION

(a) Investment in an associate

	Group	
	31.12.2023 RM'000	**30.6.2022 RM'000**
At carrying amount		
Unquoted shares		
– outside Malaysia		
– at cost	–	83
Share of post-acquisition profits	–	17
Share of post-acquisition other comprehensive loss	–	(4)
Less: Impairment loss	–	(96)
	–	–

Details of the associates are as follows:

Name of associate	Principal place of business/ country of incorporation	Principal activities	Effective ownership interest	
			31.12.2023 %	**30.6.2022 %**
1Trade (Thailand) Co., Ltd.^^^	Thailand	Providing technical consultancy, implementation, training, maintenance and technical support services related to eBusiness and the operation of business to business (B2B) eCommerce portal.	–	39

^^^ *This associate's interest is held under Sealnet Sdn. Bhd.. During the financial period, SealNet Sdn. Bhd. disposed of its entire equity interest in the associate for a consideration of RM80,000.*

The summarised financial information of 1Trade (Thailand) Co., Ltd. has not been presented as the associate is not material to the Group.

NOTES TO THE FINANCIAL STATEMENTS

8. INVESTMENTS IN ASSOCIATES AND JOINT OPERATION (CONTINUED)

(b) Investment in joint operation

Anasuria Operating Company Limited ("AOCL")

The Group, via its indirect owned subsidiary, Ping Petroleum UK PLC ("PPUK") together with Anasuria Hibiscus UK Limited ("AHUK"), established the joint operating company, AOCL as the operator of the Anasuria Cluster assets. AOCL has been approved as the License Operator for the assets by the Secretary of State for Energy and Climate Change of the United Kingdom Government. At the end of the reporting period, the Group holds a 50% interest in AOCL.

The principal place of business of the joint operations is in Aberdeen, United Kingdom.

The Anasuria Cluster is located approximately 175 kilometers east of Aberdeen in the UK Central North Sea and consists of:

(i) 100% interest in the Guillemot A field and the related field facilities;
(ii) 100% interest in the Teal field and the related field facilities;
(iii) 100% interest in the Teal South field and the related field facilities;
(iv) 38.65% interest in the Cook field and the related field facilities; and
(v) 100% ownership in the common infrastructure known as the Anasuria Floating Production, Storage and Offloading unit ("FPSO") and the related equipment.

9. OTHER INVESTMENTS

	Group		Company	
	31.12.2023 RM'000	30.6.2022 RM'000	31.12.2023 RM'000	30.6.2022 RM'000
Financial assets, at fair value	**7,655**	7,655	**4,117**	4,117
Foreign exchange translation	**162**	162	**–**	–
Less: Impairment loss	**(7,817)**	(7,817)	**(4,117)**	(4,117)
	–	–	**–**	–

10. DEFERRED TAX ASSETS/(LIABILITIES)

Recognised deferred tax assets/(liabilities)

Deferred tax assets/(liabilities) of the Group are attributable to the following:

Group	Assets		Liabilities		Net	
	31.12.2023 RM'000	**30.6.2022 RM'000**	**31.12.2023 RM'000**	**30.6.2022 RM'000**	**31.12.2023 RM'000**	**30.6.2022 RM'000**
Property, plant and equipment and intangible assets	**–**	–	**(1,095,849)**	(853,741)	**(1,095,849)**	(853,741)
Right-of-use assets	**–**	1,866	**(12,606)**	(13,111)	**(12,606)**	(11,245)
Provisions	**11,765**	13,544	**–**	–	**11,765**	13,544
Provision for decommissioning costs	**194,210**	169,067	**–**	–	**194,210**	169,067
Unabsorbed capital allowances	**124,722**	203,133	**–**	–	**124,722**	203,133
	330,697	387,610	**(1,108,455)**	(866,852)	**(777,758)**	(479,242)
Offsetting	**(280,429)**	(228,590)	**280,429**	228,590	**–**	–
Net deferred tax assets/(liabilities)	**50,268**	159,020	**(828,026)**	(638,262)	**(777,758)**	(479,242)

NOTES TO THE FINANCIAL STATEMENTS

10. DEFERRED TAX ASSETS/(LIABILITIES)

Recognised deferred tax assets/(liabilities) (continued)

Movement in temporary differences during the year/period

Group	At 1.7.2021 RM'000	Recognised in profit or loss (Note 28) RM'000	Acquisition of subsidiaries (Note 31) RM'000	Foreign currecny translation RM'000	At 30.6.2022 /1.7.2022 RM'000	Recognised in profit or loss (Note 28) RM'000	Foreign currency translation RM'000	At 31.12.2023 RM'000
Property, plant and equipment and intangible assets	(598,426)	(56,825)	(168,108)	(30,382)	(853,741)	(184,268)	(57,840)	**(1,095,849)**
Right-of-use assets	1,293	540	(13,111)	33	(11,245)	(1,477)	116	**(12,606)**
Provisions	–	13,452	–	92	13,544	(2,452)	673	**11,765**
Provision for decommissioning costs	175,526	(16,956)	–	10,497	169,067	15,288	9,855	**194,210**
Unabsorbed capital allowances	–	201,749	–	1,384	203,133	(84,669)	6,258	**124,722**
	(421,607)	141,960	(181,219)	(18,376)	(479,242)	(257,578)	(40,938)	**(777,758)**

10. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

Deferred tax assets/(liabilities) have not been recognised in respect of the following items:

	Group		Company	
	31.12.2023 RM'000	**30.6.2022 RM'000**	**31.12.2023 RM'000**	**30.6.2022 RM'000**
Unutilised tax losses	**2,289,207**	2,249,939	**–**	–
Unutilised investment tax allowances	**5,065,887**	5,065,887	**–**	–
Unabsorbed capital allowances	**4,428,079**	4,119,224	**–**	–
Property, plant and equipment and intangible assets	**1,168**	380	**(317)**	(112)
Provisions	**42,868**	55,538	**291**	291
Others	**(101)**	68	**–**	–
	11,827,108	11,491,036	**(26)**	179
Unrecognised deferred tax assets/(liabilities)	**2,838,506**	2,757,849	**(6)**	43

(a) Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profits will be allowable against which the Group and the Company can utilise the benefits.

(b) The comparative figures have been restated to reflect the actual tax losses, investment tax allowances and capital allowances available to the Group and to the Company.

(c) With effect from period of assessment 2020, the unutilised tax losses in a period of assessment of the Group and of the Company can only be carried forward for a maximum period of ten (10) consecutive years of assessment to be utilised against income from any business source. The unabsorbed capital allowances and unutilised investment tax allowances do not expire under the current tax legislation.

NOTES TO THE FINANCIAL STATEMENTS

11. INVENTORIES

	Group	
	31.12.2023 RM'000	**30.6.2022 RM'000**
Raw materials	**21,481**	27,335
Work in progress	**28,365**	55,891
Manufactured inventories	**12,096**	3,938
Consumables	**32,034**	42,472
Crude oil	**17,029**	11,912
Spares	**5,312**	4,864
Trading merchandise in transit	**8,902**	1,558
	125,219	147,970
Recognised in profit or loss:		
Inventories recognised as cost of sales	**452,429**	140,249
Write-down to net realisable value	**1,146**	1,323

Due to slow-moving and obsolete consumables, the Group tested the related product line for impairment and also wrote down the related inventories to their net realisable value, which resulted in a loss of RM1,146,000 (30.6.2022: RM1,323,000) in the financial period/year.

12. CONTRACT ASSETS/(LIABILITIES)

	Group	
	31.12.2023 RM'000	**30.6.2022 RM'000**
Contract assets		
At 1 July	**58,760**	56,985
Transfer to trade receivables	**(43,835)**	(41,350)
Performance obligations performed	**9,141**	43,125
Allowance for impairment losses	**(14,934)**	(14,982)
At 31 December/30 June	**9,132**	43,778
Allowance for impairment losses:-		
At 1 July	**14,982**	16,450
Addition during financial period/year	**10**	415
Reversal during financial period/year	**(58)**	–
Reclassification to trade receivables	**–**	(1,883)
At 31 December/30 June	**14,934**	14,982

12. CONTRACT ASSETS/(LIABILITIES) (CONTINUED)

	Group	
	31.12.2023 RM'000	**30.6.2022 RM'000**
Contract liabilities		
At 1 July	**(563,725)**	(1,845)
Contract liabilities at the beginning of financial period/year recognised as revenue	**29,486**	1,845
Performance obligations performed	**1,310**	336
Cash received/amounts billed for unfulfilled performance obligations	**(71,685)**	(564,061)
At 31 December/30 June	**(604,614)**	(563,725)

(a) The contract assets primarily relate to the Group's right to consideration for work completed and services provided on contracts but not yet billed as at the reporting date. The amount will be transferred to trade receivables when the Group issues billing in the manner as established in the contracts with customers.

(b) The contract liabilities primarily relate to the advance consideration received from customers. The amount will be recognised as revenue when the performance obligations are satisfied. The contract liabilities are expected to be recognised as revenue over a period of 5 years (30.6.2022: 5 years).

NOTES TO THE FINANCIAL STATEMENTS

13. TRADE AND OTHER RECEIVABLES

	Note	Group		Company	
		31.12.2023 RM'000	**30.6.2022 RM'000**	**31.12.2023 RM'000**	**30.6.2022 RM'000**
Non-current					
Non-trade					
Prepayments	13.1	**11,091**	144,273	**–**	–
Current					
Trade					
Trade receivables		**280,856**	264,641	**–**	–
Less: Impairment loss		**(41,761)**	(54,413)	**–**	–
		239,095	210,228	**–**	–
Non-trade					
Other receivables		**38,626**	39,763	**454**	1,320
Deposits	13.2	**9,440**	9,188	**2,161**	791
Less: Impairment loss		**(13,757)**	(21,405)	**(291)**	(291)
		34,309	27,546	**2,324**	1,820
Prepayments	13.1	**43,126**	38,534	**256**	48
		77,435	66,080	**2,580**	1,868
		316,530	276,308	**2,580**	1,868
		327,621	420,581	**2,580**	1,868

13.1 Included in non-current prepayments of the Group is an amount of RM11,091,000 (30.6.2022: RM144,273,000) representing deposits paid for the purchase of equipment.

Included in current prepayments of the Group is an amount of RM19,539,000 (30.6.2022: RM18,092,000) representing assignment fee paid in advance to a duty holder of Anasuria Cluster.

13.2 Included in deposits of the Group is a cash collateral of RM5,215,000 (30.6.2022: RM7,473,000) paid for securing performance bond relating to the hardware, operating and maintenance of the Vehicle Entry Permit and Road Charge (VEP & RC) contracts.

Included in deposits of the Group and of the Company in the current financial period was a deposit of RM1,310,000 paid for incorporation of a subsidiary.

14. AMOUNTS DUE FROM/(TO) SUBSIDIARIES

The amounts due from/(to) subsidiaries consist of the following:

	Company	
	31.12.2023 RM'000	**30.6.2022 RM'000**
Amount due from subsidiaries		
Non-trade	**632,418**	572,246
Less: Impairment loss	**(28,782)**	(28,356)
	603,636	543,890
Allowance for impairment losses:-		
At 1 July	**28,356**	27,492
Addition during the period/year	**426**	864
At 31 December/30 June	**28,782**	28,356
Amount due to subsidiaries		
Non-trade	**(3,635)**	(2,202)

The non-trade balances represent payments made on behalf of subsidiaries and advances from subsidiaries which are unsecured and interest-free.

Certain inter-company advances bore interest at 4% (30.6.2022: 4%) per annum with no fixed repayment terms.

NOTES TO THE FINANCIAL STATEMENTS

15. CASH AND CASH EQUIVALENTS

		Group		Company	
	Note	31.12.2023 RM'000	30.6.2022 RM'000	31.12.2023 RM'000	30.6.2022 RM'000
Non-current					
Cash and bank balances	15.1	**258,913**	260,672	**–**	–
		258,913	260,672	**–**	–
Current					
Deposits with licensed banks	15.2	**105,494**	259,997	**48,726**	87,811
Cash and bank balances	15.3	**305,547**	494,527	**66,898**	47,575
		411,041	754,524	**115,624**	135,386
Cash and cash equivalents in the statements of financial position		**669,954**	1,015,196	**115,624**	135,386

15.1 Non-current restricted cash represents monies placed in trust under a Decommissioning Security Agreement for the Group's obligations for the estimated future cost of decommissioning the facilities of the Anasuria Cluster. Such decommissioning activities are expected to be carried out at the end of life of the Anasuria Cluster and therefore, these monies in the trust are classified as non-current assets.

15.2 Included in deposits with licensed banks of the Group and of the Company is an amount of RM38,164,000 and RM7,530,000 (30.6.2022: RM51,782,000 and RM Nil) respectively which are pledged to licensed banks for credit facilities.

15.3 Included in current cash and bank balances of the Group is an amount of RM49,884,000 (30.6.2022: RM1,000) which is pledged to licensed banks for credit facilities.

16. CAPITAL AND RESERVES

Share capital

	Group and Company			
	Amount 31.12.2023 RM'000	**Number of shares 31.12.2023 '000**	**Amount 30.6.2022 RM'000**	**Number of shares 30.6.2022 '000**
Issued and fully paid:				
Ordinary shares				
At 1 July	**1,017,319**	**3,156,254**	785,437	2,724,685
Issuance of new shares pursuant to:				
– ESOS	**84**	**77**	1,076	971
– Private placement	**–**	**–**	44,868	64,577
– Warrant conversion	**–**	**–**	185,938	366,021
At 31 December/30 June	**1,017,403**	**3,156,331**	1,017,319	3,156,254

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per ordinary share at meetings of the Company. The ordinary shares have no par value.

Warrant reserve

On 1 August 2016, the warrant reserve arose from the following:

i) a renounceable rights issue of 465,146,809 new ordinary shares together with 465,146,809 free new detachable warrants;

ii) a special issue of 130,000,000 new ordinary shares together with 65,000,000 free new detachable warrants; and

iii) acquisition of certain subsidiaries through issuance of 362,500,000 new ordinary shares together with 181,250,000 free new detachable warrants.

The salient features of the Warrants are as follows:

i) Each Warrant entitles the registered holder ("Warrant holders") to subscribe for new ordinary shares in the Company at the exercise price of RM0.50, which may be exercised at any time from the date of issuance to the close of business on the market day immediately preceding the date which is the fifth anniversary from the date of the issuance of Warrants which falls on 30 July 2021 ("Exercise Period").

ii) Any Warrants not exercised during the Exercise Period will thereafter lapse and cease to be valid.

iii) Warrant holders must exercise the Warrants in accordance with the procedures set out in the Deed Poll and shares allocated and issued upon exercise shall rank pari passu in all respects with the then existing shares of the Company, and shall be entitled for any dividends, rights, allotments and/or other distributions after the issue and allotment thereof.

NOTES TO THE FINANCIAL STATEMENTS

16. CAPITAL AND RESERVES (CONTINUED)

Warrant reserve (continued)

The salient features of the Warrants are as follows: (continued)

iv) The Warrant holders are not entitled to any voting rights or to participate in any distribution and/or offer of further securities in the Company until and unless such Warrant holders exercise their warrants for new shares in the Company.

v) The Deed Poll and accordingly the Warrants, are governed by and shall be construed in accordance with the laws of Malaysia.

The Warrants have lapsed on 30 July 2021 and removed from the Main Market of Bursa Malaysia Securities Berhad on 2 August 2021.

Share option reserve

The share option reserve comprises the cumulative value of employee services received for the issue of share options. When the option is exercised, the amount from the share option reserve is transferred to share capital. When the share option expires, the amount from the share option reserve is transferred to retained earnings.

At an extraordinary general meeting held on 1 April 2021, the shareholders of the Company approved and established a new ESOS By-laws of up to 5% of the total number of issued shares of the Company at any point in time over the duration of the new ESOS to eligible Directors and employees of the Company and its subsidiaries (excluding dormant subsidiaries) ("Eligible Persons").

The salient features of the new ESOS are, inter alia, as follows:

i) The allocation to any individual Eligible Person, who either individually or collectively, through persons connected with them, hold 20% or more of the total number of ordinary shares of the Company (excluding treasury shares), must not exceed 10% of the total number of new ESOS.

ii) Not more than 50% of the total ordinary shares in the Company available under the new ESOS could be allocated, in aggregate to the Eligible Persons.

iii) The new ESOS shall be in force for a period of five (5) years from the implementation date of 6 April 2021 and may be extended by the Board of Directors at its absolute discretion, without having to obtain approval from the shareholders of Company for a further period of up to 5 years, but not in aggregate exceeding 10 years from the implementation date or such longer period as may be allowed by the relevant authorities.

iv) Subject to compliance with the Listing Requirements, guidelines or directives issued by Bursa Malaysia Securities Berhad and/or any of the relevant authorities, the Company may at any time during the duration of the ESOS terminate the ESOS and shall immediately announce to Bursa Malaysia Securities Berhad the effective date, number of ESOS and reasons for the termination.

16. CAPITAL AND RESERVES (CONTINUED)

Share option reserve (continued)

The options offered to take up unissued ordinary shares and the exercise price is as follows:

Date of offer	Exercise price	Number of options over ordinary shares At 1.7.2022	Granted	Exercised	Forfeited/ Lapsed	At 31.12.2023
12 April 2021	RM0.755	12,335,350	–	(76,500)	(1,290,600)	**10,968,250**
19 May 2021	RM0.635	10,000,000	–	–	–	**10,000,000**
1 March 2022	RM1.032	39,290,300	–	–	(9,498,310)	**29,791,990**
1 March 2023	RM0.580	–	8,260,000	–	(288,000)	**7,972,000**
		61,625,650	8,260,000	(76,500)	(11,076,910)	**58,732,240**

The number of options exercisable as at 31 December 2023 was 54,821,904 units (30.6.2022: 27,332,095 units) and have an exercise price in the range of RM0.580 to RM1.032 (30.6.2022: RM0.635 to RM1.032) and a weighted average contractual life of 5 years (30.6.2022: 5 years).

During the financial period, options to subscribe for 8,260,000 new ordinary shares have been granted to Eligible Persons pursuant to the ESOS.

The fair values of the share options granted were estimated using the Binomial Option pricing model, taking into account the terms and conditions upon which the options were granted. The fair values of the share options measured at grant date and the assumptions used are as follows:

Date of offer	1 March 2023	1 March 2022	19 May 2021	12 April 2021
Fair value of share options at the grant date	**RM0.253**	RM0.508	RM0.365	RM0.352
Weighted average ordinary share price	**RM0.605**	RM1.120	RM0.704	RM0.839
Exercise price of share option	**RM0.580**	RM1.032	RM0.635	RM0.755
Expected volatility	**59.15%**	50.36%	39.85%	39.85%
Expected life	**5 years**	5 years	5 years	5 years
Risk free rate	**3.90%**	3.90%	3.96%	3.96%
Expected dividend yield	**0.55%**	–	–	–

NOTES TO THE FINANCIAL STATEMENTS

16. CAPITAL AND RESERVES (CONTINUED)

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the Group's presentation currency.

Fair value reserve

In the previous financial year, the fair value reserve comprised the cumulative net change in the fair value of equity instruments designated at fair value through other comprehensive income until the assets were derecognised.

17. NON-CONTROLLING SHAREHOLDERS' INTERESTS

This consists of the non-controlling shareholders' proportion of share capital and reserves in subsidiaries.

18. LOANS AND BORROWINGS

		Group		Company	
	Note	31.12.2023 RM'000	30.6.2022 RM'000	31.12.2023 RM'000	30.6.2022 RM'000
Non-current					
Term loans	18.1	**14,015**	20,182	**–**	–
Secured bonds	18.2	**–**	212,602	**–**	–
		14,015	232,784	**–**	–
Current					
Term loans	18.1	**4,831**	58,890	**–**	–
Secured bonds	18.2	**227,575**	–	**–**	–
Revolving credits	18.3	**50,000**	23,000	**50,000**	23,000
Bank overdrafts	18.4	**982**	4,685	**–**	–
		283,388	86,575	**50,000**	23,000
		297,403	319,359	**50,000**	23,000

18. LOANS AND BORROWINGS (CONTINUED)

18.1 The Group's term loans at the end of the reporting period bore floating interest rates ranging from 2.75% to 5.60% (30.6.2022: 4.60% to 6.15%) per annum and are secured by:

(i) a first party legal charge over certain freehold land, buildings and vessel as disclosed in Note 3 to the financial statements;

(ii) a corporate guarantee of the Company; and

(iii) pledges over deposits with licensed banks through an execution of Memorandum of Deposit as disclosed in Note 15 to the financial statements.

18.2 The Group established its secured bonds through its indirect subsidiary, Ping Petroleum UK PLC with a nominal value of USD50.0 million with an effective interest rate of 12% (30.6.2022: 12%) per annum and is secured by:

(i) a pledge over an Escrow Account; and

(ii) a pledge over an interest retention account.

18.3 The revolving credits at the end of the reporting period bore floating interest rates of 5.95% (30.6.2022: 4.75% to 5.00%) per annum and are secured by:

(i) first party legal charge over Memorandum of Deposit; and

(ii) Letter of Set-Off over Islamic Term Deposit-i.

18.4 The bank overdrafts at the end of the reporting period bore floating interest rates of 5.10% (30.6.2022: 4.10% to 7.65%) per annum and are secured by:

(i) pledges of deposits with licensed banks as disclosed in Note 15 to the financial statements;

(ii) a standing instruction against sinking funds account; and

(iii) a corporate guarantee of the Company.

NOTES TO THE FINANCIAL STATEMENTS

18. LOANS AND BORROWINGS (CONTINUED)

18.5 Reconciliation of movements of liabilities to cash flows arising from financing activities

Group	At 1.7.2022 RM'000	Other adjustment RM'000	Proceeds from drawdown RM'000	Repayment of borrowing principal RM'000	Foreign currency translation RM'000	At 31.12.2023 RM'000
Term loans	79,072	–	–	(63,862)	3,636	**18,846**
Secured bonds	212,602	5,997	–	–	8,976	**227,575**
Revolving credits	23,000	–	27,000	–	–	**50,000**
	314,674	5,997	27,000	(63,862)	12,612	**296,421**

Group	At 1.7.2021 RM'000	Acquisition of subsidiaries (Note 31) RM'000	Proceeds from drawdown RM'000	Repayment of borrowing principal RM'000	Foreign currency translation RM'000	At 30.6.2022 RM'000
Term loans	52,800	145,346	14,618	(133,773)	81	**79,072**
Secured bonds	–	–	206,411	–	6,191	**212,602**
Revolving credits	23,000	–	–	–	–	**23,000**
Other bank facilities	7,642	–	–	(7,642)	–	**–**
	83,442	145,346	221,029	(141,415)	6,272	**314,674**

Company	At 1.7.2021/ 2022 RM'000	Proceeds from drawdown RM'000	At 31.12.2023 RM'000
Revolving credits	23,000	27,000	**50,000**

19. LONG-TERM OBLIGATIONS AND PROVISIONS

	Note	Group 31.12.2023 RM'000	Group 30.6.2022 RM'000
Long-term obligations and provisions	(a)	**2,830**	7,320
Provision for employee benefits	(b)	**1,671**	–
		4,501	7,320

(a) Long-term obligations and provisions

	Group 31.12.2023 RM'000	Group 30.6.2022 RM'000
At 1 July	**7,320**	18,115
Movement in long-term obligations and provisions	**(4,799)**	(11,899)
Foreign currency translation	**309**	1,104
At 31 December/30 June	**2,830**	7,320
Analysed:		
Long-term obligations	**–**	4,605
Provisions	**2,830**	2,715
	2,830	7,320

Provisions are held for a potential fine in relation to a drilling rig gas release incident in June 2018. During the financial period, tariff payables in relation to the Cook P2 Water Injection well was fully settled.

NOTES TO THE FINANCIAL STATEMENTS

19. LONG-TERM OBLIGATIONS AND PROVISIONS (CONTINUED)

(b) Provision for employee benefits

During the financial period, a subsidiary of the Group implemented a Employees' Share Appreciation Rights ("SAR" or "Program") commencing from 1 August 2022 ("Commencement Date") which will grant eligible employees and director rights to hold SAR shares in Silterra Malaysia Sdn. Bhd. ("Subsidiary").

The program shall be in force for a period of five (5) years from the Commencement Date.

The salient features of the SAR based on its by-laws are as follows:

(i) The maximum unit of SAR available under the Program is 240,267,436 units of SAR at any point in time when a grant is made throughout the duration of the Program. The Program shall be in force for a period of five (5) years commencing from 1 August 2022.

(ii) The eligibility criteria include amongst others:- employees who are employed by the Subsidiary for a period not less than twelve (12) calendar months consecutively and directors that have not served a notice to resign or received a notice of removal. However, the Subsidiary Board may determine any other eligibility criteria and/or waive any of the conditions of eligibility for purposes of selecting an eligible person at any time and from time to time, in the Subsidiary Board's discretion.

(iii) The aggregate unit of SAR to be granted to an eligible person shall be determined at the sole and absolute discretion of the Subsidiary Board after taking into consideration, amongst other factors, the performance during appraisal period, and such other factors that the Subsidiary Board may deem relevant in its discretion.

(iv) The grant price for each unit of the SAR shall be determined by the Subsidiary Board based on calculated fair market value at the grant date.

(v) The SAR granted shall vest on the grantee on the anniversary of grant date over four years period. On each anniversary, 25% of the granted SAR Unit shall vest.

(vi) The vested SAR is exercisable in whole during the lifetime by the grantee within the SAR period. The vested SAR can be exercised at any time so long as the employees remains in service in the Subsidiary and so long as the director has not served a notice to resign or received a notice of removal.

(vii) Upon exercise:

a) If it is feasible for the Subsidiary to issue new shares and that the Subsidiary has obtained the relevant approval from the relevant governmental authority for the Subsidiary to issue new shares, the Subsidiary shall issue in physical or electronic form of the share certificate for the relevant number of the SAR shares. The SAR shares are new irredeemable convertible preference share(s) of the Subsidiary which are to be issued pursuant to the By-Laws.

b) If it is not feasible, Subsidiary shall deliver a non-transferable certificate Subsidiary to exchange each SAR unit stated in the Entitlement Certificate shares ("EC SAR").

19. LONG-TERM OBLIGATIONS AND PROVISIONS (CONTINUED)

(b) Provision for employee benefits (continued)

The salient features of the SAR based on its by-laws are as follows: (continued)

(viii) If the Subsidiary has obtained the relevant approval for the Subsidiary to issue new shares and to list and quote its shares on a recognised stock exchange, each EC SAR shall be exchanged into one (1) SAR share.

(ix) The Subsidiary shall offer one time cash buy–back for all Vested SAR unexercised, the EC holder who has exercised their Vested SAR, and the holder of SAR share(s) (provided the holder (a) continues his/her employment with the Subsidiary and has not served a notice to resign or received a notice of termination; or (b) continues his/her director appointment of the Subsidiary and has not served a notice to resign or received a notice of removal) on a date which shall be determined by the Subsidiary Board upon an announcement made to the Grantee. The consideration will be based on:

a) calculated fair market value on the announcement date for those holding EC SAR or SAR shares

b) The difference between calculated fair market value and grant price for those who have not exercised the vested SAR.

(x) The granted SAR Unit, the vested SAR, the EC holder, the EC SAR holder and the SAR share holder shall not carry any right to attend or vote at any general meeting of the Subsidiary. The EC holder, the EC SAR holder and the SAR share holder shall not be entitled to any dividend, right, allotment or any other forms of distribution that may be declared, made or paid, or offer of further securities in the Subsidiary.

The number of options granted during the financial period 48,628,000 units.

Initially, the fair value of services received in return for the SAR granted is based on the fair value of the instruments at the grant date. The fair value of the liability is re–measured at each reporting date until settlement, measured using the fair market value of the Subsidiary per share less the grant price. The fair market value of the Subsidiary, as defined by its By-Laws, is measured by way of discounted cash flow of approved business plan and market comparison against semiconductor industry and in particular listed entities with business similar to the Subsidiary.

The fair value as at reporting date is RM0.018 per SAR unit.

NOTES TO THE FINANCIAL STATEMENTS

20. LEASE LIABILITIES

	Group	
	31.12.2023 RM'000	30.6.2022 RM'000
At 1 July	**753**	731
Acquisition of subsidiaries (Note 31)	**–**	454
Additions	**4,273**	173
Interest expense	**327**	741
Repayment of principal and interest	**(2,400)**	(1,346)
Lease modification	**85**	–
Foreign currency translation	**(2)**	–
At 31 December/30 June	**3,036**	753
Analysed:		
Non-current liabilities	**1,430**	74
Current liabilities	**1,606**	679
	3,036	753

21. PROVISION FOR DECOMMISSIONING COSTS

	Group	
	31.12.2023 RM'000	**30.6.2022 RM'000**
Non-current		
Provision for decommissioning costs	**485,524**	422,667

The movements in the provision for decommissioning costs of the Group are as follows:

	Group	
	31.12.2023 RM'000	**30.6.2022 RM'000**
At 1 July	**422,667**	438,813
Unwinding of discount	**22,704**	14,529
Foreign currency translation	**40,153**	(30,675)
At 31 December/30 June	**485,524**	422,667

The Group makes full provision for the future costs of decommissioning its oil production facilities and pipelines with respect to the Anasuria Cluster on a discounted basis.

The provision represents the present value of decommissioning costs which are expected to be incurred up to year 2035 assuming no further development of the Anasuria Cluster. The liability is discounted at a rate of 3.40% (30.6.2022: 3.40%) and includes an inflationary factor of 2.00% (30.6.2022: 2.00%). The unwinding of the discount is classified as finance costs.

These provisions have been created based on internal and third–party estimates. Assumptions based on the current economic environment have been made which management believe are a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to consider any material changes to the assumptions. However, actual decommissioning costs will ultimately depend upon future market prices for the necessary decommissioning works required which will reflect market conditions at the relevant time. Furthermore, the timing of decommissioning liabilities is likely to depend on the dates when the fields cease to be economically viable. This in turn depends on future oil prices which are inherently uncertain.

The present value of decommissioning costs has been revalued at the financial period end rate.

NOTES TO THE FINANCIAL STATEMENTS

22. TRADE AND OTHER PAYABLES

	Note	Group		Company	
		31.12.2023 RM'000	**30.6.2022 RM'000**	**31.12.2023 RM'000**	**30.6.2022 RM'000**
Trade					
Trade payables		**102,904**	99,700	**–**	–
Non-trade					
Other payables	22.1	**49,552**	26,745	**541**	790
Accrued expenses		**65,633**	146,369	**2,916**	3,499
Interest payables					
– Borrowings		**13,829**	13,357	**–**	81
		129,014	186,471	**3,457**	4,370
		231,918	286,171	**3,457**	4,370

22.1 Included in other payables of the Group is an amount of RM4,402,000 (30.6.2022: RM12,745,000) due to related parties, of which are unsecured and interest-free.

Certain amount due to related parties bore interest at 4% (30.6.2022: 4%) with no fixed repayment terms.

23. REVENUE

	Group		Company	
	1.7.2022 to 31.12.2023 RM'000	**1.7.2021 to 30.6.2022 RM'000**	**1.7.2022 to 31.12.2023 RM'000**	**1.7.2021 to 30.6.2022 RM'000**
Sale of semiconductor wafers	**999,171**	857,668	**–**	–
Sale of crude oil and gas	**532,941**	351,444	**–**	–
Rendering of services	**276,768**	193,600	**–**	–
Sale of customised equipment	**76,770**	35,990	**–**	–
Subscriptions	**20,212**	12,903	**–**	–
Rental of equipment	**7,069**	5,780	**–**	–
Gross dividend income from:				
– subsidiaries	**–**	–	**24,842**	19,050
	1,912,931	1,457,385	**24,842**	19,050

(a) The information on the disaggregation of revenue is disclosed in Note 33 to the financial statements.

23. REVENUE (CONTINUED)

(b) The transaction price allocated to the remaining performance obligations under the contract for services rendered over time that are unsatisfied or partially unsatisfied as at the end of the reporting period are summarised below (other than contracts for original periods of one period or less):

	Group			
	2024 RM'000	2025 RM'000	2026 RM'000	Total RM'000
Sale of customised equipment	1,024	1,726	–	2,750
Rendering of services*	74,752	12,801	24	87,577
Rental of equipment	6,856	2,828	–	9,684
	82,632	17,355	24	100,011

* The services to be rendered from National Single Window contract and its related services are excluded from the above transaction price allocation.

24. NET (GAIN)/LOSS ON IMPAIRMENT OF FINANCIAL INSTRUMENTS AND CONTRACT ASSETS

	Group		Company	
	1.7.2022 to 31.12.2023 RM'000	1.7.2021 to 30.6.2022 RM'000	1.7.2022 to 31.12.2023 RM'000	1.7.2021 to 30.6.2022 RM'000
Impairment losses/(reversal) during the period/year:				
– trade receivables	**2,126**	(2,286)	**–**	–
– other receivables	**(7,528)**	11,377	**–**	(187)
– contract assets	**(48)**	415	**–**	–
– amount due from subsidiaries	**–**	–	**426**	864
– amount due from related parties	**(2,377)**	–	**–**	–
	(7,827)	9,506	**426**	677

NOTES TO THE FINANCIAL STATEMENTS

25. OTHER OPERATING INCOME

Included in other operating income are the following:

	Group		Company	
	1.7.2022 to 31.12.2023 RM'000	1.7.2021 to 30.6.2022 RM'000	1.7.2022 to 31.12.2023 RM'000	1.7.2021 to 30.6.2022 RM'000
Bad debts recovered	**24**	21	**–**	–
Gain on disposal of property, plant and equipment	**821**	1	**–**	–
Gain on disposal of an associate	**80**	–	**–**	–
Gain on foreign exchange:				
– realised	**1,821**	189	**6**	–
– unrealised	**20,229**	8,845	**–**	–
Management fee	**–**	–	**22,760**	17,655
Lease income	**1,418**	1	**–**	–
Bargain purchase gain from business combination	**–**	264,508	**–**	–
Dividend income from an associate	**29**	–	**–**	–

26. FINANCE COSTS/(INCOME)

	Group		Company	
	1.7.2022 to 31.12.2023 RM'000	1.7.2021 to 30.6.2022 RM'000	1.7.2022 to 31.12.2023 RM'000	1.7.2021 to 30.6.2022 RM'000
Finance charges on:				
Interest expense of financial liabilities that are not at fair value through profit or loss	**53,649**	34,832	**2,530**	1,096
Unwinding of discount on provision for decommissioning costs	**22,704**	14,529	**–**	–
Interest expense on lease liabilities	**327**	741	**–**	–
Others	**–**	115	**–**	–
	76,680	50,217	**2,530**	1,096
Finance income on:				
Investment in deposits placed with licensed banks	**(34,003)**	(6,699)	**(3,986)**	(3,139)
Advances to subsidiaries	**–**	–	**(21,674)**	(11,965)
Others	**(588)**	(157)	**–**	–
	(34,591)	(6,856)	**(25,660)**	(15,104)

27. (LOSS)/PROFIT BEFORE TAX

	Group		Company	
	1.7.2022 to 31.12.2023 RM'000	**1.7.2021 to 30.6.2022 RM'000**	**1.7.2022 to 31.12.2023 RM'000**	**1.7.2021 to 30.6.2022 RM'000**
(Loss)/Profit before tax is arrived at after charging/(crediting):				
Amortisation of intangible assets	**49,820**	29,147	**231**	5
Auditors' remuneration:				
– audit fees				
– Crowe Malaysia PLT	**741**	548	**330**	220
– foreign affiliate of Crowe Malaysia PLT	**823**	573	**–**	–
– local affiliate of Crowe Malaysia PLT	**–**	13	**–**	–
– Other auditors	**287**	350	**–**	–
– non-audit fees				
– Crowe Malaysia PLT	**116**	15	**51**	15
– foreign affiliate of Crowe Malaysia PLT	**173**	–	**–**	–
Depreciation:				
– property, plant and equipment	**192,574**	89,455	**186**	90
– right-of-use assets	**3,832**	2,689	**–**	–
Directors' remuneration	**9,059**	6,737	**7,813**	5,673
Expenses relating to short-term leases	**424**	1,216	**782**	418
Impairment loss:				
– investment in an associate	**–**	96	**–**	–
– property, plant and equipment	**25,751**	–	**–**	–
Intangible assets written off	**200**	328	**–**	–
Inventories written down	**1,146**	1,323	**–**	–
Loss on disposal of property, plant and equipment	**2**	–	**2**	–
Loss on derecognition of a subsidiary	**–**	117	**–**	–
Loss on foreign exchange:				
– realised	**5,614**	3,361	**185**	8
– unrealised	**22,449**	34,293	**108**	–
Personnel expenses:				
– contributions to Employees Provident Fund	**33,580**	20,845	**2,073**	1,542
– wages, salaries and others	**321,964**	201,571	**19,826**	14,140
– share options expenses	**12,306**	9,679	**10,090**	7,824
Property, plant and equipment written off	**46**	4	**–**	–

NOTES TO THE FINANCIAL STATEMENTS

28. TAX EXPENSE/(CREDIT)

	Group		Company	
	1.7.2022 to 31.12.2023 RM'000	**1.7.2021 to 30.6.2022 RM'000**	**1.7.2022 to 31.12.2023 RM'000**	**1.7.2021 to 30.6.2022 RM'000**
Recognised in profit or loss				
Current tax expense				
– Current period/year	**89,123**	45,379	**5,927**	4,020
– Under provision in prior year/period	**277**	1,659	**368**	1,224
Total current tax expense	**89,400**	47,038	**6,295**	5,244
Deferred tax expense (Note 10)				
– Current period/year	**278,396**	(141,884)	**–**	–
– Over provision in prior year/period	**(20,818)**	(76)	**–**	–
Total deferred tax expense/(credit)	**257,578**	(141,960)	**–**	–
Total tax expense/(credit)	**346,978**	(94,922)	**6,295**	5,244
Reconciliation of tax expense				
Net (loss)/profit after tax	**(190,785)**	707,274	**3,261**	6,879
Total tax expense/(credit)	**346,978**	(94,922)	**6,295**	5,244
Zakat	**1,051**	638	**–**	–
Net profit excluding tax and Zakat	**157,244**	612,990	**9,556**	12,123
Income tax using Malaysian tax rate of 24% (30.6.2022: 24%)	**37,739**	147,118	**2,293**	2,910
Income not subject to tax	**(1,712)**	(64,658)	**(5,975)**	(4,580)
Expenses not deductible for tax purposes	**51,864**	16,070	**9,658**	5,734
Effect of exchange rate fluctuations	**7,962**	–	**–**	–
Effect of unrecognised deferred tax assets	**80,674**	4,714	**–**	–
Utilisation of deferred tax previously not recognised	**(17)**	(214,869)	**(49)**	(44)
Effects of differential in tax rates of subsidiaries	**191,009**	15,120	**–**	–
	367,519	(96,505)	**5,927**	4,020
Under provision of tax expense in prior year/period	**277**	1,659	**368**	1,224
Over provision of deferred tax expense in prior year/period	**(20,818)**	(76)	**–**	–
Total tax expense/(credit)	**346,978**	(94,922)	**6,295**	5,244

The UK government has introduced an Energy Profit Levy ("EPL"), applying to ring fence profits with effect from 26 May 2022. The EPL was set at 25% for profits arising from 26 May 2022 to 31 December 2022 and 35% for profits arising from 1 January 2023 to 31 March 2028. During the current financial period, the Group recognised deferred tax expense amounting to RM143.20 million based on the taxable temporary difference expected to be reversed during the window for which for EPL regime applies up to 31 March 2028. These temporary differences arose from the expected future amortisation of intangible assets and depreciation of oil and gas assets up to 31 March 2028.

29. (LOSS)/EARNINGS PER ORDINARY SHARE

Basic (loss)/earnings per ordinary share

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

	Group	
	1.7.2022 to 31.12.2023	**1.7.2021 to 30.6.2022**
(Loss)/Profit for the period/year attributable to owners of the Company (RM'000)	**(119,947)**	549,587
Weighted average number of ordinary shares (in '000):		
At 1 July	**3,156,254**	2,724,685
Effect of new ordinary shares issued	**77**	382,185
At 31 December/30 June	**3,156,331**	3,106,870
Basic (loss)/earnings per ordinary share (sen)	**(3.80)**	17.68

Diluted (loss)/earnings per ordinary share

	Group	
	1.7.2022 to 31.12.2023	**1.7.2021 to 30.6.2022**
(Loss)/Profit for the period/year attributable to owners of the Company for diluted (loss)/earnings per ordinary share computation (RM'000)	**(119,947)**	549,587
Weighted average number of ordinary shares for basic (loss)/earnings per ordinary share (in '000)	**3,156,331**	3,106,870
Shares deemed to be issued for no consideration:		
– exercise of share options*	**–**	3,119
Weighted average number of ordinary shares for diluted (loss)/earnings per ordinary share computation	**3,156,331**	3,109,989
Diluted (loss)/earnings per ordinary share (sen)	**(3.80)**	17.67

* *The potential conversion of ESOS are anti–dilutive as their exercise prices are higher than the average market price of the Company's ordinary shares during the current financial period. Accordingly, the exercise of ESOS has been ignored in the calculation of dilutive (loss)/earnings per share.*

NOTES TO THE FINANCIAL STATEMENTS

30. DIVIDENDS

Dividends recognised by the Company:

	Sen per share	Total amount RM'000	Date of payment
In respect of the financial year ended 30.6.2022			
Interim dividend ordinary	0.6	18,934	20 April 2022

31. INCORPORATION/ACQUISITION OF SUBSIDIARIES

(i) During the current financial period, details of the incorporations of subsidiaries are as follows:

a) On 24 July 2023, the Company incorporated DNeX Mena Sdn. Bhd. consisting of 1 ordinary share for a total consideration of RM1; and

b) On 7 November 2023, DNeX Mena Sdn. Bhd., a wholly owned subsidiary of the Company had incorporated DNeX (Beijing) Technology Co. Ltd. with registered capital of Chinese Yuan ("CNY") 20,000,000.

(ii) In the previous financial year, the Company had announced that Khazanah Nasional Berhad ("Khazanah"), informed the Company and its strategic partner ("Consortium") that it had accepted the bid by the Consortium led by the Company for the proposed sale of the entire issued share capital of Silterra Malaysia Sdn. Bhd. ("Silterra") by Khazanah, subject to the signing of a definitive agreement ("Silterra Acquisition").

On 31 March 2021, the Company and Beijing Integrated Circuit Advanced Manufacturing and High–End Equipment Equity Investment Fund Center (Limited Partnership) ("CGP Fund") had together entered into a conditional share sale and purchase agreement ("SSPA") with Khazanah for the acquisition by the Company and CGP Fund (as purchasers) of the entire issued share capital of Silterra as at the completion date of the SSPA, representing the entire equity interest in Silterra for a purchase consideration of RM273,000,000 to be satisfied entirely through cash ("Purchase Consideration").

In this regard, the Purchase Consideration attributable to the Company's 60% equity interest in Silterra amounted to RM163,800,000.

On 26 July 2021, the Company announced that all conditions precedent pursuant to the SSPA have been fulfilled, and that the payment for the Purchase Consideration have been settled in full. Pursuant thereto, the Silterra Acquisition was deemed completed.

31. ACQUISITION/INCORPORATION OF SUBSIDIARIES (CONTINUED)

(ii) The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed of Silterra and its subsidiaries ("Silterra Group") at the acquisition date:

(a) Fair value of consideration transferred

	Group
	30.6.2022 RM'000
Cash and cash equivalents	163,800

(b) Identified assets acquired and liabilities assumed

	Note	Group
		30.6.2022 RM'000
Property, plant and equipment	3	940,385
Right-of-use assets	4	58,284
Inventories		121,890
Trade and other receivables		78,981
Cash and cash equivalents		70,135
Deferred tax liabilities	10	(181,219)
Loans and borrowings	18	(145,346)
Lease liabilities	20	(454)
Trade and other payables		(228,810)
		713,846

(c) Net cash outflow arising from acquisition of Silterra Group

	Group
	30.6.2022 RM'000
Purchase consideration	163,800
Less: Deposit paid in the previous financial period	(16,380)
Less: Cash and cash equivalents acquired	(70,135)
	77,285

NOTES TO THE FINANCIAL STATEMENTS

31. ACQUISITION/INCORPORATION OF SUBSIDIARIES (CONTINUED)

(ii) The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed of Silterra and its subsidiaries ("Silterra Group") at the acquisition date: (continued)

(d) Bargain purchase gain from business combination

	Group 30.6.2022 RM'000
Fair value of consideration transferred	163,800
Non-controlling interests, based on their proportionate interests	285,538
Less: Fair value of identifiable net assets acquired	(713,846)
Bargain purchase gain from business combination	(264,508)

(e) Impact of acquisition on the Group's results

The acquired subsidiaries have contributed the following results to the Group:

	Group 1.7.2021 to 30.6.2022 RM'000
Revenue	857,668

If the acquisition had taken place at the beginning of the last financial year, the Group's revenue would have increased by RM64,678,000.

32. DISPOSAL OF AN ASSOCIATE/DERECOGNITION OF A SUBSIDIARY

During the financial period, the Group disposed of its entire equity interest in 1Trade (Thailand) Co. Ltd.. In the previous financial year, the Group derecognised its equity interest in DNeX GIS Sdn. Bhd.

The financial effects arising from derecognition/disposal were not presented as the financial effects were not material to the Group.

33. OPERATING SEGMENTS

The Group has four reportable segments, as described below, which represent the Group's strategic business units. The strategic business units offer different products and services and are managed separately because they require different technical expertise and marketing strategies. For each of the strategic business unit, the Executive Chairman reviews internal management report at least on a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

(a) Corporate

The Company is an investment holding company. The segment is in provision of corporate services to the entities within the Group.

(b) Information technology

Supply, delivery, installation, testing, commissioning and maintenance of IT hardware, development, management and provision of business to government (B2G) e–commerce and computerised transaction in trade facilitation services, project fulfilment, assets maintenance and contact centres, research and development, design, manufacturing and trading of radio–frequency technology, providing consultancy services in relation to strategy and business improvements and infrastructure works for telecommunication industry.

(c) Energy

Providing upstream oil and gas exploration, production, sale of oil and gas related equipment and services, provision of engineering, technical support and involvement in power plant and energy related business.

(d) Technology

Manufacturing of semiconductor wafers and supplies multinational fabless and integrated device manufacturer companies, sales of semiconductor related tools and provision semiconductor – related training and consulting services.

Segment assets

The total of segment assets is measured based on all assets (including goodwill) of a segment, as included in the internal management reports that are reviewed by the Executive Chairman. Segment total assets is used to measure the return of assets of each segment.

Segment liabilities

The total of segment liabilities is measured based on all liabilities of a segment, as included in the internal management reports that are reviewed by the Executive Chairman.

Segment capital expenditure

Segment capital expenditure is the total cost incurred during the financial period to acquire property, plant and equipment, right-of-use assets and intangible assets other than goodwill.

NOTES TO THE FINANCIAL STATEMENTS

33. OPERATING SEGMENTS (CONTINUED)

Business segment 1.7.2022 to 31.12.2023	Information Technology RM'000	Energy RM'000	Technology RM'000	Corporate RM'000	Eliminations RM'000	Consolidated RM'000
Business segments						
Revenue from external customers	291,273	622,481	999,177	–	–	1,912,931
Inter-segment revenue	44,095	–	–	24,842	(68,937)	–
Total revenue	335,368	622,481	999,177	24,842	(68,937)	1,912,931
Represented by:						
Revenue recognised at a point in time						
– Sale of semiconductor wafers	–	–	999,171	–	–	999,171
– Sale of crude oil and gas	–	532,941	–	–	–	532,941
– Sale of customised equipment	–	67,622	–	–	–	67,622
– Rendering of services	133,750	5,823	–	–	(6,637)	132,936
– Dividend income	–	–	–	24,842	(24,842)	–
Revenue recognised over time						
– Sale of customised equipment	63	9,085	–	–	–	9,148
– Rendering of services	143,672	154	6	–	–	143,832
– Rental of equipment	37,671	6,856	–	–	(37,458)	7,069
– Subscriptions	20,212	–	–	–	–	20,212
	335,368	622,481	999,177	24,842	(68,937)	1,912,931
By geographical market:						
Asia	335,368	89,501	737,777	24,842	(68,937)	1,118,551
Europe	–	532,941	157,123	–	–	690,064
North America	–	39	104,277	–	–	104,316
	335,368	622,481	999,177	24,842	(68,937)	1,912,931

33. OPERATING SEGMENTS (CONTINUED)

Business segment 1.7.2022 to 31.12.2023	Information Technology RM'000	Energy RM'000	Technology RM'000	Corporate RM'000	Eliminations RM'000	Consolidated RM'000
Segment result						
Profit/(Loss) from operations	22,052	262,751	(47,384)	(13,574)	(24,512)	199,333
Finance costs	(7,820)	(70,549)	(12,304)	(2,530)	16,523	(76,680)
Finance income	1,357	13,591	10,522	25,660	(16,539)	34,591
Profit/(Loss) before tax	15,589	205,793	(49,166)	9,556	(24,528)	157,244
Zakat						(1,051)
Tax expense						(346,978)
Net loss after tax						(190,785)
Attributable to:						
Owners of the Company						(119,947)
non-controlling interests						(70,838)
Loss for the period						(190,785)
Segment assets	263,918	2,404,358	1,852,204	121,409	–	4,641,889
Segment liabilities	59,905	1,486,949	868,276	53,457	–	2,468,587
Capital expenditure	21,089	223,905	562,385	1,801	–	809,180
Depreciation and amortisation	18,473	114,015	113,321	417	–	246,226
Impairment loss:						
– property, plant and equipment	25,751	–	–	–	–	25,751
– trade, other receivables and contract assets	(9,606)	52	1,727	426	(426)	(7,827)
Intangible assets written off	200	–	–	–	–	200
Inventories written down	–	–	1,146	–	–	1,146
Property, plant and equipment written off	46	–	–	–	–	46
Gain on disposal of an associate	(80)	–	–	–	–	(80)
Net (gain)/loss on disposal of property, plant and equipment	(1)	(820)	–	2	–	(819)

NOTES TO THE FINANCIAL STATEMENTS

33. OPERATING SEGMENTS (CONTINUED)

Business segment 1.7.2022 to 30.6.2022	Information Technology RM'000	Energy RM'000	Technology RM'000	Corporate RM'000	Eliminations RM'000	Consolidated RM'000
Business segments						
Revenue from external customers	199,832	399,885	857,668	–	–	1,457,385
Inter-segment revenue	28,046	–	–	19,050	(47,096)	–
Total revenue	227,878	399,885	857,668	19,050	(47,096)	1,457,385
Represented by:						
Revenue recognised at a point in time						
– Sale of semiconductor wafers	–	–	857,668	–	–	857,668
– Sale of crude oil and gas	–	351,444	–	–	–	351,444
– Sale of customised equipment	–	32,479	–	–	–	32,479
– Rendering of services	85,161	2,641	–	–	(4,652)	83,150
– Dividend income	–	–	–	19,050	(19,050)	–
Revenue recognised over time						
– Sale of customised equipment	7	3,504	–	–	–	3,511
– Rendering of services	106,613	4,037	–	–	(200)	110,450
– Rental of equipment	23,194	5,780	–	–	(23,194)	5,780
– Subscriptions	12,903	–	–	–	–	12,903
	227,878	399,885	857,668	19,050	(47,096)	1,457,385
By geographical market:						
Asia	227,878	48,441	732,495	19,050	(47,096)	980,768
Europe	–	351,444	90,150	–	–	441,594
North America	–	–	35,023	–	–	35,023
	227,878	399,885	857,668	19,050	(47,096)	1,457,385

33. OPERATING SEGMENTS (CONTINUED)

Business segment 1.7.2022 to 30.6.2022	Information Technology RM'000	Energy RM'000	Technology RM'000	Corporate RM'000	Eliminations RM'000	Consolidated RM'000
Segment result						
Profit/(Loss) from operations	35,753	149,451	490,981	(784)	(19,050)	656,351
Finance costs	(8,828)	(67,075)	(9,196)	(1,096)	35,978	(50,217)
Finance income	343	491	2,883	15,104	(11,965)	6,856
Profit before tax	27,268	82,867	484,668	13,224	4,963	612,990
Zakat						(638)
Tax credit						94,922
Net profit after tax						707,274
Attributable to:						
Owners of the Company						549,587
Non-controlling interests						157,687
Profit for the year						707,274
Segment assets	269,818	2,184,558	2,033,592	137,662	–	4,625,630
Segment liabilities	87,377	1,272,491	909,374	27,370	–	2,296,612
Capital expenditure	40,751	158,049	71,288	338	–	270,426
Depreciation and amortisation	9,573	59,983	51,640	95	–	121,291
Impairment loss:						
– investment in an associate	96	–	–	–	–	96
– trade, other receivables and contract assets	13,136	(2,372)	(1,071)	(187)	–	9,506
Intangible assets written off	–	328	–	–	–	328
Loss on derecognition of a subsidiary	117	–	–	–	–	117
Gain on disposal of property, plant and equipment	–	(1)	–	–	–	(1)
Bargain purchase gain from business combination	–	–	(264,508)	–	–	(264,508)

NOTES TO THE FINANCIAL STATEMENTS

33. OPERATING SEGMENTS (CONTINUED)

Geographical segment

Group	Non-current assets	
	31.12.2023 RM'000	**30.6.2022 RM'000**
Asia	**1,714,799**	1,530,538
Europe	**2,057,145**	1,867,300
	3,771,944	3,397,838

Major customers

The following are major customers with revenue equal to or more than 10% of the Group's revenue:

	Revenue		Segment
	1.7.2022 to 31.12.2023 RM'000	**1.7.2021 to 30.6.2022 RM'000**	
Customer A	**443,579**	292,869	Energy

34. FINANCIAL INSTRUMENTS

34.1 Categories of financial instruments

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

	31.12.2023	
	Carrying amount RM'000	**AC RM'000**
Financial assets		
Group		
Trade and other receivables (excluding prepayments)	**273,404**	**273,404**
Cash and cash equivalents	**669,954**	**669,954**
	943,358	**943,358**
Company		
Trade and other receivables (excluding prepayments)	**2,324**	**2,324**
Amount due from subsidiaries	**603,636**	**603,636**
Cash and cash equivalents	**115,624**	**115,624**
	721,584	**721,584**
Financial liabilities		
Group		
Trade and other payables	**231,918**	**231,918**
Loans and borrowings	**297,403**	**297,403**
Long-term obligations and provisions	**4,501**	**4,501**
	533,822	**533,822**
Company		
Trade and other payables	**3,457**	**3,457**
Amount due to subsidiaries	**3,635**	**3,635**
Loans and borrowings	**50,000**	**50,000**
	57,092	**57,092**

NOTES TO THE FINANCIAL STATEMENTS

34. FINANCIAL INSTRUMENTS (CONTINUED)

34.1 Categories of financial instruments (continued)

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

	30.6.2022	
	Carrying amount RM'000	**AC RM'000**
Financial assets		
Group		
Trade and other receivables (excluding prepayments)	237,774	237,774
Cash and cash equivalents	1,015,196	1,015,196
	1,252,970	1,252,970
Company		
Trade and other receivables (excluding prepayments)	1,820	1,820
Amount due from subsidiaries	543,890	543,890
Cash and cash equivalents	135,386	135,386
	681,096	681,096
Financial liabilities		
Group		
Trade and other payables	286,171	286,171
Loans and borrowings	319,359	319,359
Long-term obligations and provisions	7,320	7,320
	612,850	612,850
Company		
Trade and other payables	4,370	4,370
Amount due to subsidiaries	2,202	2,202
Loans and borrowings	23,000	23,000
	29,572	29,572

34. FINANCIAL INSTRUMENTS (CONTINUED)

34.2 Net gains and losses from financial instruments

	Group		Company	
	1.7.2022 to 31.12.2023 RM'000	**1.7.2021 to 30.6.2022 RM'000**	**1.7.2022 to 31.12.2023 RM'000**	**1.7.2021 to 30.6.2022 RM'000**
Net gain/(losses) on: Financial assets measured at amortised cost	**42,418**	(2,650)	**25,234**	14,427
Financial liabilities measured at amortised cost	**(76,353)**	(49,476)	**(2,530)**	(1,096)

34.3 Financial risk management

The Group has exposure to the following risks from its financial instruments:

- Credit risk
- Liquidity risk
- Market risk

34.4 Credit risk

Credit risk is the risk of a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from the individual characteristics of each customer. The Company's exposure to credit risk arises principally from loans and advances to subsidiaries and financial guarantees given to banks for credit facilities granted to subsidiaries. There are no significant changes as compared to prior periods.

Receivables and contract assets

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Normally financial guarantees given by banks, shareholders or directors of customers are obtained, and credit evaluations are performed on customers requiring credit over a certain amount.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

34. FINANCIAL INSTRUMENTS (CONTINUED)

34.4 Credit risk (continued)

Receivables and contract assets (continued)

Exposure to credit risk, credit quality and collateral

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

Concentration of credit risk

The exposure of credit risk for receivables and contract assets (excluding prepayments) as at the end of the reporting period by geographical region was:

	Group	
	31.12.2023 RM'000	**30.6.2022 RM'000**
Asia	**217,089**	269,374
Europe	**65,408**	8,744
North America	**39**	3,434
	282,536	281,552

Recognition and measurement of impairment losses

In managing credit risk of trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. Generally, the trade receivables will be paid within 180 days. A significant portion of trade receivables are regular customers that have been transacting with the Group.

The Group adopts the simplified approach and uses an allowance matrix to measure expected credit losses ("ECLs") of trade receivables and contract assets. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics.

34. FINANCIAL INSTRUMENTS (CONTINUED)

34.4 Credit risk (continued)

Receivables and contract assets (continued)

Recognition and measurement of impairment losses (continued)

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to 180 days past due. Consistent with the debt recovery process, invoices which are past due 180 days will be considered as credit impaired.

Loss rates are based on actual credit loss experience over the past two years. The Group also considers differences between (a) economic conditions during the period over which the historic data has been collected, (b) current conditions and (c) the Group's view of economic conditions over the expected lives of the receivables. Nevertheless, the Group believes that these factors are immaterial for the purpose of impairment calculation for the period.

The Group and the Company apply the 3-stage general approach to measuring expected credit losses for its other receivables and non-trade amount owing by related parties.

Under this approach, loss allowance is measured on either 12–month expected credit losses or lifetime expected credit losses, by considering the likelihood that the receivable would not be able to repay during the contractual period (probability of default, PD), the percentage of contractual cash flows that will not be collected if default happens (loss given default, LGD) and the outstanding amount that is exposed to default risk (exposure at default, EAD).

In deriving the PD and LGD, the Group and the Company consider the receivable's past payment status and its financial condition as at the reporting date. The PD is adjusted to reflect current and forward–looking information on macroeconomic factors affecting the ability of the receivable to settle its debts. Nevertheless, the Group believes that these factors are immaterial for the purpose of impairment calculation for the period.

NOTES TO THE FINANCIAL STATEMENTS

34. FINANCIAL INSTRUMENTS (CONTINUED)

34.4 Credit risk (continued)

Receivables and contract assets (continued)

Recognition and measurement of impairment losses (continued)

The following table provides information about the exposure to credit risk and the ECLs for receivables and contract assets (excluding prepayments) which are grouped together as they are expected to have similar risk nature.

	Group		
	Gross carrying amount RM'000	Loss allowances RM'000	Net balances RM'000
31.12.2023			
1 – 30 days	**260,772**	**(39)**	**260,733**
31 – 60 days	**3,596**	**(19)**	**3,577**
61 – 90 days	**13,895**	**(23)**	**13,872**
More than 90 days	**17,226**	**(12,872)**	**4,354**
	295,489	**(12,953)**	**282,536**
Credit impaired			
Individually impaired	**57,499**	**(57,499)**	**–**
	352,988	**(70,452)**	**282,536**
Trade and other receivables	**328,922**	**(55,518)**	**273,404**
Contract assets	**24,066**	**(14,934)**	**9,132**
	352,988	**(70,452)**	**282,536**
30.6.2022			
1 – 30 days	236,438	(272)	236,166
31 – 60 days	13,250	(106)	13,144
61 – 90 days	13,380	(255)	13,125
More than 90 days	19,654	(537)	19,117
	282,722	(1,170)	281,552
Credit impaired			
Individually impaired	89,630	(89,630)	–
	372,352	(90,800)	281,552
Trade and other receivables	313,592	(75,818)	237,774
Contract assets	58,760	(14,982)	43,778
	372,352	(90,800)	281,552

34. FINANCIAL INSTRUMENTS (CONTINUED)

34.4 Credit risk (continued)

Receivables and contract assets (continued)

Recognition and measurement of impairment losses (continued)

The movements in the allowance for impairment in respect of receivables and contract assets (excluding prepayments) during the financial period/year are shown below.

	Receivables		Contract assets		
	Lifetime ECL RM'000	Credit impaired RM'000	Lifetime ECL RM'000	Credit impaired RM'000	Total RM'000
Group					
Balance at 1 July 2021	575	39,486	56	16,394	56,511
Acquisition of subsidiaries	1,293	23,141	–	–	24,434
Net remeasurement of loss allowance	(761)	9,852	3	412	9,506
Reclassification	–	1,883	–	(1,883)	–
Foreign currency translation	4	345	–	–	349
Balance at 30 June 2022/ 1 July 2022	**1,111**	**74,707**	**59**	**14,923**	**90,800**
Net remeasurement of loss allowance	**11,833**	**(19,612)**	**(50)**	**2**	**(7,827)**
Written off	**–**	**(12,806)**	**–**	**–**	**(12,806)**
Foreign currency translation	**–**	**285**	**–**	**–**	**285**
Balance at 31 December 2023	**12,944**	**42,574**	**9**	**14,925**	**70,452**

	Receivables	
	Credit impaired RM'000	Total RM'000
Company		
Balance at 1 July 2021	478	478
Net remeasurement of loss allowance	(187)	(187)
Balance at 30 June 2022/31 December 2023	**291**	**291**

NOTES TO THE FINANCIAL STATEMENTS

34. FINANCIAL INSTRUMENTS (CONTINUED)

34.4 Credit risk (continued)

Cash and cash equivalents

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

These banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by government agencies. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

Inter-company balances

Risk management objectives, policies and processes for managing the risk

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

Exposure to credit risk, credit quality and collateral

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

Recognition and measurement of impairment losses

The Company applies the 3-stage general approach to measure expected credit losses for all inter-company balances.

The Company measures the expected credit losses on individual basis, which is aligned with its credit risk management practices on the inter-company balances.

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

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

34. FINANCIAL INSTRUMENTS (CONTINUED)

34.4 Credit risk (continued)

Inter-company balances (continued)

Recognition and measurement of impairment losses (continued)

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

	Company		
	Gross carrying amount RM'000	Loss allowances RM'000	Net balances RM'000
31.12.2023			
Low credit risk	**569,156**	**–**	**569,156**
Significant increase in credit risk	**57,090**	**(22,610)**	**34,480**
Credit impaired	**6,172**	**(6,172)**	**–**
	632,418	**(28,782)**	**603,636**
30.6.2022			
Low credit risk	528,248	(1)	528,247
Significant increase in credit risk	30,821	(15,178)	15,643
Credit impaired	13,177	(13,177)	–
	572,246	(28,356)	543,890

The movement in the allowance for impairment in respect of subsidiaries' loans and advances during the period/year are as follows:

	Company		
	Lifetime ECL RM'000	Credit impaired RM'000	Total RM'000
Balance at 1 July 2021	15,179	12,313	27,492
Net remeasurement of loss allowance	–	864	864
Balance at 30 June 2022/1 July 2022	15,179	13,177	28,356
Net remeasurement of loss allowance	7,431	(7,005)	426
Balance at 31 December 2023	**22,610**	**6,172**	**28,782**

NOTES TO THE FINANCIAL STATEMENTS

34. FINANCIAL INSTRUMENTS (CONTINUED)

34.4 Credit risk (continued)

Financial guarantee contracts

The Company provides unsecured financial guarantee contracts to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors the ability of the subsidiaries to service their loans on an individual basis.

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

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

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

All of the financial guarantee contracts are considered to be performing, have low risks of default and historically there were no instances where these financial guarantee contracts were called upon by the parties of which the financial guarantee contracts were issued to. Accordingly, no loss allowances were identified based on 12–month expected credit losses.

34.5 Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet their financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

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

34. FINANCIAL INSTRUMENTS (CONTINUED)

34.5 Liquidity risk (continued)

Maturity analysis

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

	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under 1 year RM'000	2 - 5 years RM'000	> 5 years RM'000
Group						
31.12.2023						
Non-derivative financial liabilities						
Trade and other payables	**231,918**	**–**	**231,918**	**231,918**	**–**	**–**
Long-term obligations and provisions	**4,501**	**–**	**4,501**	**4,501**	**–**	**–**
Loans and borrowings	**297,403**	**2.75 – 12.00**	**299,344**	**284,218**	**14,730**	**396**
Lease liabilities	**3,036**	**2.93 – 12.00**	**3,268**	**1,775**	**1,493**	**–**
	536,858		**539,031**	**522,412**	**16,223**	**396**
30.6.2022						
Non-derivative financial liabilities						
Trade and other payables	286,171	–	286,171	286,171	–	–
Long-term obligations and provisions	7,320	–	7,320	7,320	–	–
Loans and borrowings	319,359	2.75 – 12.00	374,743	114,792	255,848	4,103
Lease liabilities	753	2.93 – 19.53	782	705	77	–
	613,603		669,016	408,988	255,925	4,103
Company						
31.12.2023						
Non-derivative financial liabilities						
Trade and other payables	**3,457**	**–**	**3,457**	**3,457**	**–**	**–**
Amount due to subsidiaries	**3,635**	**–**	**3,635**	**3,635**	**–**	**–**
Loans and borrowings	**50,000**	**5.95**	**50,000**	**50,000**	**–**	**–**
	57,092		**57,092**	**57,092**	**–**	**–**
30.6.2022						
Non-derivative financial liabilities						
Trade and other payables	4,370	–	4,370	4,370	–	–
Amount due to subsidiaries	2,202	–	2,202	2,202	–	–
Loans and borrowings	23,000	4.75 – 5.00	23,000	23,000	–	–
	29,572		29,572	29,572	–	–

NOTES TO THE FINANCIAL STATEMENTS

34. FINANCIAL INSTRUMENTS (CONTINUED)

34.6 Market risk

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

34.6.1 Foreign currency risk

The foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

The foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level and short-term imbalances are addressed by buying or selling foreign currencies at spot rates. The currencies giving rise to this risk are primarily United States Dollar ("USD"), Euro, British Pound Sterling ("GBP"), Indonesian Rupiah ("IDR"), Singapore Dollar ("SGD") and Japanese Yen ("JPY").

Risk management objectives, policies and processes for managing the risk

The Group does not have a fixed policy to hedge its sales and purchases via forward contracts. However, the exposure to foreign currency risk is monitored from time to time by management.

34. FINANCIAL INSTRUMENTS (CONTINUED)

34.6 Market risk (continued)

34.6.1 Foreign currency risk (continued)

Exposure to foreign currency risk

The Group's and the Company's exposure to foreign currency risk, based on carrying amounts as at the end of the reporting period are as follows:

	Denominated in						
Group	**USD RM'000**	**Euro RM'000**	**GBP RM'000**	**SGD RM'000**	**IDR RM'000**	**JPY RM'000**	**Total RM'000**
31.12.2023							
Balances recognised in the statements of financial position							
Trade and other receivables	**1,489**	**–**	**19,672**	**–**	**–**	**–**	**21,161**
Cash and cash equivalents	**35,320**	**501**	**241,082**	**–**	**4**	**–**	**276,907**
Trade and other payables	**(4,185)**	**(2,707)**	**(64,954)**	**(154)**	**–**	**(1,788)**	**(73,788)**
Loans and borrowings	**–**	**–**	**(7,403)**	**–**	**–**	**–**	**(7,403)**
Long-term obligations and provisions	**–**	**–**	**(2,830)**	**–**	**–**	**–**	**(2,830)**
Net exposure	**32,624**	**(2,206)**	**185,567**	**(154)**	**4**	**(1,788)**	**214,047**
30.6.2022							
Balances recognised in the statements of financial position							
Trade and other receivables	394	–	35,454	380	–	–	36,228
Cash and cash equivalents	756	–	187,181	–	2	–	187,939
Trade and other payables	(1,006)	(811)	(15,578)	(73)	–	(1,954)	(19,422)
Loans and borrowings	–	–	(10,631)	–	–	–	(10,631)
Long-term obligations and provisions	–	–	(7,320)	–	–	–	(7,320)
Net exposure	144	(811)	189,106	307	2	(1,954)	186,794

NOTES TO THE FINANCIAL STATEMENTS

34. FINANCIAL INSTRUMENTS (CONTINUED)

34.6 Market risk (continued)

34.6.1 Foreign currency risk (continued)

Exposure to foreign currency risk (continued)

	Denominated in USD	
	31.12.2023 RM'000	30.6.2022 RM'000
Company		
Balances recognised in the statement of financial position		
Cash and cash equivalents	**29,915**	3
Net exposure	**29,915**	3

Currency risk sensitivity analysis

A 10% (30.6.2022: 10%) strengthening of Ringgit Malaysia against the following currencies at the end of the reporting period would have decreased post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, remained constant.

	Group Profit or loss		Company Profit or loss	
	1.7.2022 to 31.12.2023 RM'000	1.7.2021 to 30.6.2022 RM'000	1.7.2022 to 31.12.2023 RM'000	1.7.2021 to 30.6.2022 RM'000
USD	**(2,479)**	(11)	**(2,274)**	–
Euro	**168**	62	**–**	–
GBP	**(14,103)**	(14,372)	**–**	–
SGD	**12**	(23)	**–**	–
IDR	**–**	–	**–**	–
JPY	**136**	149	**–**	–

A 10% (30.6.2022: 10%) weakening of Ringgit Malaysia against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

There is no impact on the Group's and the Company's equity.

34. FINANCIAL INSTRUMENTS (CONTINUED)

34.6 Market risk (continued)

34.6.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from loan and borrowings with variable rates. The Group's policy is to obtain the most favourable interest rates available and by maintaining a balanced portfolio mix of fixed and floating rate borrowings.

The Group's fixed deposits with licensed banks and fixed rate loans and borrowings are carried at amortised cost. Therefore, they are not subject to interest rate risk as defined in MFRS 7 since neither carrying amounts nor the future cash flows will fluctuate because of a change in market interest rates.

The Group's exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of the reporting period is disclosed in Note 18 to the financial statements.

Interest rate risk sensitivity analysis

The following table demonstrates the sensitivity of the Group and of the Company when a change of 100 basis points ("bp") in interest rates at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables remained constant:

	Group Profit or loss		Company Profit or loss	
	100 bp increase	**100 bp decrease**	**100 bp increase**	**100 bp decrease**
1.7.2022 to 31.12.2023				
Floating rate instruments	**(531)**	**531**	**(380)**	**380**
1.7.2021 to 30.6.2022				
Floating rate instruments	(811)	811	(175)	175

34.6.3 Other price risk

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

Risk management objectives, policies and processes for managing the risk

Management of the Group monitors the quoted equity investments on a portfolio basis. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Board of Directors.

Equity price risk sensitivity analysis

The Group does not have investments in quoted equity securities at the end of the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

34. FINANCIAL INSTRUMENTS (CONTINUED)

34.7 Fair value information

The carrying amounts of cash and cash equivalents, short-term receivables and payables and short-term borrowings reasonably approximate their fair values due to the relatively short-term nature of these financial instruments.

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

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	RM'000	RM'000
Group										
31.12.2023										
Financial liabilities										
Loans and borrowings	**–**	**–**	**–**	**–**	**–**	**(297,403)**	**–**	**(297,403)**	**(297,403)**	**(297,403)**
30.6.2022										
Financial liabilities										
Loans and borrowings	–	–	–	–	–	(319,359)	–	(319,359)	(319,359)	(319,359)

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	RM'000	RM'000
Company										
31.12.2023										
Financial liabilities										
Loans and borrowings	**–**	**–**	**–**	**–**	**–**	**(50,000)**	**–**	**(50,000)**	**(50,000)**	**(50,000)**
30.6.2022										
Financial liabilities										
Loans and borrowings	–	–	–	–	–	(23,000)	–	(23,000)	(23,000)	(23,000)

34. FINANCIAL INSTRUMENTS (CONTINUED)

34.7 Fair value information (continued)

Level 2 fair value

Fair value of financial instruments not carried at fair value

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

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial period (30.6.2022: no transfer in either directions).

35. CAPITAL MANAGEMENT

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and are determined to maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

The Group manages its capital based on debt-to-equity ratio. The debt-to-equity ratio of the Group at the end of the reporting period is not presented as its cash and cash equivalents exceeded the total loans and borrowings.

There was no change in the Group's approach to capital management during the financial period/year.

36. COMMITMENTS

	Group	
	1.7.2022 to 31.12.2023 RM'000	**1.7.2021 to 30.6.2022 RM'000**
Capital commitments:		
Property, plant and equipment and intangible assets		
Authorised and contracted for	**12,550**	257,416

NOTES TO THE FINANCIAL STATEMENTS

37. RELATED PARTIES

Significant related party transactions

The significant related party transactions of the Group and of the Company are as follows:

	Group		Company	
	1.7.2022 to 31.12.2023 RM'000	**1.7.2021 to 30.6.2022 RM'000**	**1.7.2022 to 31.12.2023 RM'000**	**1.7.2021 to 30.6.2022 RM'000**
Subsidiary companies				
Dividend income	–	–	**24,842**	19,050
Management fee income	–	–	**22,760**	17,655
Purchase of other products and services	–	–	**(5)**	(624)
Purchase of IT products and services	–	–	**(1,123)**	–
Rental expenses paid/payable	–	–	**(758)**	(388)
Other related parties*				
Purchase of IT products and services	–	(217)	**–**	–
Sales of other products and services	**58**	–	**–**	–

** The related parties and the Group are subject to common significant influence.*

The terms and conditions for the above transactions are based on negotiated basis. Significant related party balances of the Group and of the Company are disclosed in Notes 13, 14 and 22 to the financial statements respectively.

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

In addition to their salaries, the Group also voluntarily provided additional Employees Provident Fund (EPF) contributions over the statutory requirement for a significant number of employees.

37. RELATED PARTIES (CONTINUED)

Significant related party transactions (continued)

There are no transactions with key management personnel of the Group and of the Company, other than key management personnel compensation as disclosed below:

	Group		Company	
	1.7.2022 to 31.12.2023 RM'000	**1.7.2021 to 30.6.2022 RM'000**	**1.7.2022 to 31.12.2023 RM'000**	**1.7.2021 to 30.6.2022 RM'000**
Key management personnel compensation				
Non-executive Directors				
– Fees	**3,261**	1,267	**2,108**	1,055
– Remuneration	**540**	217	**504**	217
Total short-term employee benefits	**3,801**	1,484	**2,612**	1,272
Executive Directors				
– Fees	**91**	111	**34**	–
– Remuneration	**3,757**	4,050	**3,757**	3,487
– Short-term employee benefits				
– EPF	**249**	411	**249**	318
– Others	**1,161**	681	**1,161**	596
Total short-term employee benefits	**5,258**	5,253	**5,201**	4,401
Other key management personnel				
– Remuneration	**10,815**	3,698	**4,909**	2,110
– Short-term employee benefits				
– EPF	**1,539**	475	**611**	253
– Others	**3,623**	715	**1,674**	496
Total short-term employee benefits	**15,977**	4,888	**7,194**	2,859
	25,036	11,625	**15,007**	8,532

NOTES TO THE FINANCIAL STATEMENTS

38. SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD

Significant events during the financial period are as follows:-

(a) Nuraslina binti Zainal Abidin ("Plaintiff") vs Dagang Net Technologies Sdn. Bhd. ("Dagang Net"), Dagang NeXchange Berhad ("the Company" or "DNeX") and Genaxis Group Sdn. Bhd. ("Genaxis") (Dagang Net, the Company and Genaxis shall collectively be referred to as "Defendants"):

The Company and its wholly–owned subsidiary, Dagang Net had on 11 October 2021 received a sealed copy of the Originating Summons dated 6 October 2021 ("Legal Suit") from the Plaintiff and an affidavit in support of the Plaintiff dated 27 September 2021.

In the Legal Suit, the Plaintiff is seeking amongst others, the following reliefs:

1. A declaration that Dagang Net and DNeX have conducted the affairs of Genaxis in a manner oppressive, prejudicial and in complete disregard to the interest of the Plaintiff as member of Genaxis;
2. A declaration that the Plaintiff is relieved of and is not liable to any profit guarantee given by the Plaintiff in the Shareholders Agreement in Genaxis; and
3. An Order that Dagang Net purchase all the Plaintiff's shares in Genaxis at a fair value to be determined by the Court or an independent valuer appointed by the Court.

During the case management on 24 March 2022, the Learned Judicial Commissioner recused from hearing this matter. In light of the recusal, the hearing of scheduled on 28 March 2022 before the Learned Judicial Commissioner was therefore vacated. On 13 April 2022, the Plaintiff has filled its affidavit. In that regard, DNeX have replied and filled the affidavit in respect on 27 April 2022.

During the Case Management on 28 April 2022, the Court had given the following direction:

(i) Parties are to file further submissions on or before 20 May 2022; and

(ii) Hearing of the originating summons and the Plaintiff's application for cross examination of DNeX deponents had been scheduled on 15 June 2022.

At the hearing on 15 June 2022, the Judicial Commissioner dismissed the Plaintiff's application to cross examine the deponents of the Defendants' affidavits with cost of RM5,000. At the same hearing, the Plaintiff's solicitors informed the Court that the Plaintiff wished to file a further affidavit in view of new matters which had transpired in respect of Genaxis. The Learned Judicial Commissioner directed as follows:

(i) The Plaintiff is to file its further affidavit by 22 June 2022;

(ii) The Defendants' affidavit in reply is to be filed by 27 June 2022;

(iii) Parties may file supplementary written submissions by 15 August 2022; and

(iv) The Legal Suit will be called up for hearing on 22 August 2022.

The parties had exchanged various affidavits in accordance with the directions given by the Court.

At the hearing on 22 August 2022, the Judicial Commissioner has dismissed the Plaintiff's Legal Suit with no order as to cost.

On 21 September 2022, the Company has received a copy of unsealed notice of appeal dated 19 September 2022 from the Plaintiff in respect of the appeal filed by the Plaintiff against the decision made by the Judicial Commissioner which had dismissed the Plaintiff's petition for minority oppression.

The appeal is presently fixed for case management on 10 July 2024.

38. SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD (CONTINUED)

Significant events during the financial period are as follows:- (continued)

(b) Dagang NeXchange Berhad ("the Company"), Dagang Net Technologies Sdn. Bhd. ("Dagang Net"), DNeX Telco Services Sdn. Bhd. ("DTS"), PT Dagang Samudera Hutama ("PT DSH") and PT DNeX Telco Indonesia ("PT DTI") (the Company, Dagang Net, DTS, PT DSH and PT DTI shall collectively be referred to as "the Group" or "the Plaintiffs") vs Mohd Ismail Khan bin Wazir Khan, the former Chief Executive Officer of DTS ("the Defendant"):

The Group had on 11 November 2022 filed a legal action against the Defendant in the Kuala Lumpur High Court.

The Group is seeking for the following reliefs against the Defendant:

1. A declaration that the Defendant had breached his fiduciary duty, trust, duty of care, skill and diligence, duty of fidelity and duty of trust and confidence towards the Plaintiffs, in regards to the acquisition of a remotely operated vehicle ("ROV");
2. A declaration that USD1,335,000 and/or all secret profits and/or other benefits obtained by the Defendant through the ROV acquisition are held on constructive trust for the Plaintiffs;
3. An account of profits obtained by the Defendant for the sum of USD1,335,000 and/or all secret profits and/or other benefits procured through the ROV acquisition;
4. Special damages in the sum of USD1,250,000 and IDR23,764,196,250 to be paid by the Defendant to the Plaintiffs;
5. Aggravated damages against the Defendant to be assessed by the Court;
6. Exemplary damages against the Defendant to be assessed by the Court;
7. Pre-judgement interest on the sums adjudged by the Court at the rate of 5% per annum from the date of the statement of claim until the date of the judgement;
8. Post-judgement interest on the sums adjudged by the Court at the rate of 5% per annum from the date of the judgement until its full realisation;
9. Costs on an indemnity basis; and
10. Any further and/or other relief than the Court deems fit and proper.

The trial continued for 4 days and was completed on 31 January 2024.

The parties are currently in the midst of preparing post-trial submissions. The oral submissions for this matter have been fixed on 13 May 2024.

NOTES TO THE FINANCIAL STATEMENTS

38. SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD (CONTINUED)

Significant events during and subsequent to the financial year are as follows:- (continued)

(c) Material litigation between Dagang NeXchange Berhad, DNeX Semiconductor Sdn. Bhd., Mimastronics Technologies Company Limited and Tethystronics Technologies Company Limited:

i. Arbitration proceeding against Mimastronics Technologies Company Limited ("MIMAS")

DNeX Semiconductor Sdn. Bhd. ("DNeX Semi"), a wholly-owned subsidiary of the Company, had on 17 November 2022 issued and served a Notice of Arbitration to commence arbitration proceedings against MIMAS under rules 5.3 and 22.4 of the Asian International Arbitration Centre Arbitration Rules, 2021. MIMAS is wholly owned by Tethystronics Technologies Company Limited ("TTCL"), a special purpose vehicle ultimately owned by Beijing Integrated Circuit Advanced Manufacturing and High-End Equipment Equity Investment Fund Center (Limited Partnership) ("CGP"), which also held 40% equity interest in Silterra Malaysia Sdn. Bhd. ("Silterra"). Silterra is a 60% owned subsidiary of DNeX Semi which in turn is a subsidiary of the Company.

DNeX and CGP had respectively acquired, through DNeX Semi and TTCL, 60% and 40% of the shareholding of Silterra from Khazanah Nasional Berhad ("Khazanah") pursuant to a Share Sale and Purchase Agreement dated 31 March 2021 between DNeX, CGP and Khazanah ("SilTerra SSPA").

DNeX Semi and TTCL aimed to continue with the operations of Silterra. This necessitated compliance with the conditions imposed on the manufacturing licence ("the Licence") issued to Silterra pursuant to the Industrial Co-ordination Act 1975. Amongst other things, it was a condition that at least 55% of the shareholding of Silterra was to be owned by a Malaysian entity. A breach of this condition would trigger a possible revocation of the Licence.

In order to fulfil commitments made by DNeX Semi and TTCL under the SilTerra SSPA, it was necessary for DNeX Semi to raise a sum of RM120 million in Silterra for the purposes specified in Schedule 4(I) of the SilTerra SSPA.

Various discussions were held between the parties to deliberate on the option of financial instruments to be used for purpose of raising the aforementioned funds. Of the options discussed, the parties had sought to opt for the possible issuance of Irredeemable Convertible Preference Shares ("ICPS") in DNeX Semi amounting to RM100 million to be issued to and subscribed by MIMAS ("Proposed Investment"). The Proposed Investment forms the subscription exercise that was the subject of the Subscription Agreement dated 21 January 2022 entered between DNeX Semi, MIMAS and DNeX ("SSA") by which MIMAS would become a 33.33% shareholder of DNeX Semi in return for a payment of RM100 million. The rights of the DNeX Semi and MIMAS as shareholders was to be regulated by the Shareholders Agreement dated 21 January 2022 entered between DNeX Semi, MIMAS and DNeX ("SHA").

The execution of the SSA and SHA was done in accordance with a protocol which stipulates that wet-ink versions of the signing pages were only required for the purposes of stamping. Nonetheless upon executing the two agreements, DNeX reached out to MIMAS to delay the stamping as DNeX will need to seek greater clarity on the matter from the relevant authorities in fear that it might potentially breach any regulatory conditions duly imposed by the Government of Malaysia.

38. SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD (CONTINUED)

Significant events during and subsequent to the financial year are as follows:- (continued)

(c) Material litigation between Dagang NeXchange Berhad, DNeX Semiconductor Sdn. Bhd., Mimastronics Technologies Company Limited and Tethystronics Technologies Company Limited: (continued)

i. Arbitration proceeding against Mimastronics Technologies Company Limited ("MIMAS") (continued)

Accordingly, DNeX and CGP had sought clarification with the Ministry of Investment, Trade and Industry ("MITI") in relation to the possible breach of any regulatory conditions pursuant to the Proposed Investment.

Vide MITI's letter dated 28 February 2022, DNeX and CGP learned that the prior approval of MITI was required in relation to the Proposed Investment. Despite the clarification letter from MITI, MIMAS purported to stamp the SSA and SHA, utilising scanned copies of the signing pages of the said agreements on which DNeX and DNeX Semi signed. This was despite the understanding of the parties that only wet ink copies would be stamped. At all material times, the original wet ink copies of the SSA and SHA are kept in trust by DNeX's solicitors and have not been released to CGP, MIMAS or its solicitors.

MIMAS took, and still takes, the position that such approval was not required and maintains that the SSA and the SHA are valid and enforceable. It is, further, MIMAS's position that these agreements should not be understood as being conditional upon such approval.

DNeX and DNeX Semi, however, consider such approval as necessary, more so in light of the terms and conditions of the SSA and the SHA which provide for MIMAS becoming a shareholder upon the issuance of the ICPS and not their conversion. If so, this puts the Licence, and thus the operations of Silterra, at risk. This is also after taking into account the MITI's letter dated 28 February 2022 which stipulates that the prior approval of MITI was required in relation to the Proposed Investment.

It is the position of DNeX and DNeX Semi that the SSA and the SHA are void by reason of Section 21, Contracts Act 1950 as the parties were under a mistake as to a matter of fact essential to the said agreements.

In view of the foregoing, DNeX and DNeX Semi demand that the dispute be referred to arbitration pursuant to the Arbitration Agreements in accordance with the Asian International Arbitration Centre Arbitration Rules, 2021.

DNeX and DNeX Semi will seek the necessary relief to have the SSA and SHA declared null and void.

NOTES TO THE FINANCIAL STATEMENTS

38. SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD (CONTINUED)

Significant events during and subsequent to the financial year are as follows:- (continued)

(c) Material litigation between Dagang NeXchange Berhad, DNeX Semiconductor Sdn. Bhd., Mimastronics Technologies Company Limited and Tethystronics Technologies Company Limited: (continued)

ii. Commencement of Originating Summons by TTCL against DNeX Semi and Silterra in relation to a shareholders' agreement dated 8 July 2021 entered between TTCL and DNeX Semi

The Company's subsidiaries namely, DNeX Semi and Silterra (collectively referred to as "the Group" or "the Defendants") were on 15 December 2022 served with an Originating Summons together with notice of Application (ex–parte) for injunctive relief against the Defendants. The cause papers were served at the registered office of the Defendants on 12 December 2022. As a result of inadvertent clerical error, the cause papers were not brought to the attention of the management of the Defendants. The notice of application sought among others, injunctive relief and remedies against the Defendants.

The notice of application was heard before the High Court on 14 December 2022. As a result of explanation given by the Defendants' counsel, the court granted an interim injunction pending hearing of the Plaintiff and Defendants on 22 February 2023.

A Consent Order ("Consent Order") was recorded on 9 January 2023 in the High Court of Kuala Lumpur in relation to the Originating Summons No. WA–24NCC(ARB)–55–12/2022 ("OS") on mutual agreement between TTCL, DNeX Semi and Silterra. Among others, the Consent Order provides that:-

1) The Ad Interim Order dated 14 December 2022 ("Interim Injunction") was discharged;
2) The Board of Silterra shall not deliberate on matters in respect of the proceeding of the OS and impending arbitrations;
3) The Board of Silterra is entitled to convene subsequent meetings in respect of other matters related to Silterra, and that Silterra shall remain a nominal party in the OS proceedings;
4) TTCL and DNeX Semi shall ensure that their respective nominee directors of Silterra abide by the terms of the Consent Order and that such directors shall continue to act in the best interest of Silterra;
5) The composition of the Board of Silterra shall remain as at the composition prior to 21 November 2022; and
6) The Consent Order shall be effective and enforceable until the disposal of the OS. The Consent Order shall be discharged upon the disposal of the OS.

The Consent Order will not have any material financial impact other than legal cost to be incurred and no material operational impact is expected arising from the Consent Order. In contrary, the Consent Order will allow the Board of Silterra to operate their business as usual with a functional Board.

38. SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD (CONTINUED)

Significant events during and subsequent to the financial year are as follows:- (continued)

(c) Material litigation between Dagang NeXchange Berhad, DNeX Semiconductor Sdn. Bhd., Mimastronics Technologies Company Limited and Tethystronics Technologies Company Limited: (continued)

iii. Commencement of Arbitration by TTCL against DNeX Semi and Silterra

The Company had on 14 December 2022 received a Notice of Arbitration from TTCL ("the Claimant") to commence arbitration proceedings against the Company's subsidiaries namely, DNeX Semi ("1st Respondent") and Silterra ("2nd Respondent") (collectively referred to as "the Group" or "the Respondents") under the Asian International Arbitration Centre Arbitration Rules, 2021 ("AIAC Rules").

(a) Background

TTCL had entered into the Shareholders' Agreement dated 8 July 2021 ("SHA") with DNeX Semi. Silterra become party to the SHA pursuant to the Joinder Agreement TTCL ("JA"), the Company and Silterra dated 18 February 2022.

Disputes and differences have raised between TTCL, DNeX Semi and Silterra (collectively, "the Parties") in relation to or arising out of the SHA ("the Disputes"). Disputes between TTCL, DNeX Semi and Silterra arise from the SHA, read with the JA and a further agreement as contained in a letter dated 8 July 2021 between DNeX Semi and the Company on the one part and TTCL, Beijing Integrated Circuit Advanced Manufacturing and High–End Equipment Equity Investment Fund Center (Limited Partnership) and Mimastronics Technologies Company Limited, on the other part ("Collateral Agreement"). The Collateral Agreement was entered into in connection with the SHA. In connection with the SHA, the Collateral Agreement was entered into for the purposes of, amongst other things, regulating the composition of Silterra's Board.

In respect of the appointment of Directors of Silterra, it was agreed under Clause 4 of the SHA, read with the JA and the Collateral Agreement, that:

1. Unless otherwise unanimously agreed upon by TTCL, and DNeX Semi in writing, Silterra's Board shall consist of not more than 5 Directors.

2. The composition of Silterra's Board shall be mutually agreed upon TTCL and DNeX Semi in writing.

3. Silterra's Board shall at all times comprise of 2 persons appointed by DNeX Semi and 3 persons appointed by TTCL, DNeX Semi and TTCL have the right to remove from Silterra's Board the person that they have respectively appointed as Director.

However, the Company have been advised that the SHA is not binding in the Respondents for legal reasons that shall be made clear in the formal reply to be filled under the AIAC Rules.

Further, the Respondents have been advised that they have legal authority and basis to appoint additional directors. The 1st Respondent has passed the necessary Members' Written Resolutions to appoint additional directors in accordance with the prevailing terms of the Constitution ("Appointment MWR").

NOTES TO THE FINANCIAL STATEMENTS

38. SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD (CONTINUED)

Significant events during the financial period are as follows:- (continued)

(c) Material litigation between Dagang NeXchange Berhad, DNeX Semiconductor Sdn. Bhd., Mimastronics Technologies Company Limited and Tethystronics Technologies Company Limited (continued)

iii. Commencement of Arbitration by TTCL against DNeX Semi and Silterra (continued)

(b) Relief and Remedy sought by TTCL

Thus, TTCL demands that the Disputes be referred to arbitration pursuant to the AIAC Rules.

1. An order that DNeX Semi and Silterra (or any of them) take the necessary steps to comply with their obligations under the SHA.
2. A declaration that Appointment MWR is illegal, invalid, null, void and/or unenforceable ("Disputed Appointments").
3. A declaration that the Disputed Appointments are illegal, invalid, null, void and/or unenforceable.
4. An order that DNeX Semi and Silterra (or any of them) restore the composition of the board of directors of Silterra to the composition prior to the Appointment MWR, and that Silterra take steps to remove the Impugned Directors from Silterra's register of its directors, managers and secretaries.
5. A declaration that the Directors' Written Resolution ("DWR") on 21 November 2022 to rescind an earlier validly passed resolution of Silterra's Board dated 17 November 2022 and any DWR passed with the votes of Impugned Directors are illegal, invalid, null, void and/or unenforceable.
6. An order that DNeX Semi and Silterra (or any of them) take steps to rescind the Recission DWR and any other DWR passed with the votes of the Impugned Directors.
7. An injunction against DNeX Semi and Silterra (or any of them), their servants and/or agents restraining them from acting upon or giving effect to Appointment MWR or any resolution for the appointment of Impugned Directors.
8. An injunction against DNeX Semi and Silterra (or any of them), their servants and/or agents restraining them from acting upon or giving effect to the Rescission DWR.
9. An injunction against DNeX Semi and Silterra (or any of them), their servants and/or agents restraining them from acting upon or giving effect to any DWR passed with the votes of the Impugned Directors or to take steps to propose or pass any DWR that is dependent on the votes of the Impugned Directors.
10. An injunction against DNeX Semi and Silterra (or any of them), their servants and/or agents restraining them from representing to anyone or holding out the Impugned Directors as the Directors of Silterra, or permitting the Impugned Directors as the Directors of Silterra, or permitting the Impugned Directors or any of them to hold themselves out as the Directors of Silterra.
11. An order for DNeX Semi to indemnify TTCL for all loss and damage suffered, the amount of which is to be assessed.
12. Damages to be assessed.
13. Interest.
14. Costs.
15. Such further orders deemed appropriate by the Tribunal.

38. SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD (CONTINUED)

Significant events during the financial period are as follows:- (continued)

(c) Material litigation between Dagang NeXchange Berhad, DNeX Semiconductor Sdn. Bhd., Mimastronics Technologies Company Limited and Tethystronics Technologies Company Limited (continued)

iii. Commencement of Arbitration by TTCL against DNeX Semi and SilTerra (continued)

The Company does not expect any material financial impact by reason of the relief and remedy sought by TTCL arising from the arbitration other than legal cost to be incurred. No material operational impact is expected arising from the arbitration.

None of the Directors and/or major shareholders of the Company and/or persons connected with them have any interests, direct or indirect, in the aforesaid arbitration proceedings.

The Group and the Company do not expect any material financial impact by reason of the commencement of the said arbitration proceedings other than legal cost to be incurred. Silterra remains a 60% owned subsidiary of DNeX Semi which in turn is a subsidiary of the Company. No material operational impact is expected arising from the arbitration.

39. COMPARATIVE FIGURES

The Company had changed its financial period end from 30 June to 31 December. Consequently, the comparative figures for the statements of profit or loss and other comprehensive income, statements of changes in equity, statements of cash flows and their related notes are not comparable to that for the current 18–month period ended 31 December 2023.

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT, 2016

In the opinion of the Directors, the financial statements set out on pages 187 to 305 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2023 and of their financial performance and cash flows for the financial period from 1 July 2022 to 31 December 2023.

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

Tan Sri Dato' Sri Syed Haji Zainal Abidin bin Syed Mohamed Tahir

Tun Noor Shahya bt Tun Abdul Razak

Kuala Lumpur,

Date: 30 April 2024

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT, 2016

I, **Azhar bin Othman**, being the Officer primarily responsible for the financial management of Dagang NeXchange Berhad, do solemnly and sincerely declare that the financial statements set out on pages 187 to 305 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed in Kuala Lumpur on 30 April 2024.

Azhar bin Othman
(MIA Membership No. 39092)

Before me:
Shaiful Hilmi Bin Halim
License No.: W804
Commissioner of Oaths
Kuala Lumpur

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF DAGANG NEXCHANGE BERHAD
(Incorporated in Malaysia)
Registration No. 197001000738 (10039-P)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Dagang NeXchange Berhad, which comprise the statements of financial position as at 31 December 2023 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial period from 1 July 2022 to 31 December 2023, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 187 to 305.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023, and of their financial performance and their cash flows for the financial period from 1 July 2022 to 31 December 2023 in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

We have determined the matters described below to be the key audit matters to be communicated in our report.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF DAGANG NEXCHANGE BERHAD (CONTINUED)
(Incorporated in Malaysia)
Registration No. 197001000738 (10039-P)

Key Audit Matters (continued)

Impairment of property, plant and equipment, right-of-use assets and intangible assets
Refer to Notes 3, 4 and 6 to the financial statements

Key Audit Matter ("KAM 1")	How our audit addressed the key audit matter
As of 31 December 2023, the Group's property, plant and equipment, right-of-use assets and intangible assets were approximately RM2,231.26 million, RM58.09 million and RM1,162.32 million net of impairment losses respectively. These assets mainly relate to the building and facility system and equipment of semiconductor wafers, a floating production, storage and offloading vessel ("FPSO"), leasehold land and production fields of the Anasuria Cluster. This is an area of focus given the inherent subjectivity in impairment testing.	Our procedures in relation to the impairment indication test included, amongst others: *Technology segment - Silterra Malaysia Sdn. Bhd.* • Reviewing the reinstatement cost model prepared by management and assisted by an external expert for indications of impairment; • Evaluating the competence and capabilities of the external expert and reviewing the terms of engagement of the expert appointed by the Group to determine whether there were any matters that might have affected their objectivity or limited their scope of their work; and • Assessing the methodology adopted by management and its appointed expert for calculating the fair values and validating the key assumptions used. *Energy segment - Ping Petroleum UK PLC* • Reviewing the reserve model prepared by the management and assisted by an external expert for indications of impairment; • Evaluating the competence and capabilities of the external expert and reviewing the terms of engagement of the expert appointed by the Group to determine whether there were any matters that might have affected their objectivity or limited their scope of their work; • Assessing the reasonableness of management's key assumptions made, including oil prices, production volumes and discount rate; and • Performing sensitivity analysis by changing the key assumptions used and assessing the impact on the recoverable amount of the cash-generating unit ("CGU").

Recoverability of trade receivables
Refer to Note 13 to the financial statements

Key Audit Matter ("KAM 2")	How our audit addressed the key audit matter
As of 31 December 2023, the Group's trade receivables was approximately RM239.10 million net of impairment losses. Trade receivables are a major component of the financial position of the Group's total assets. We focused on this area due to judgements are required to assess the allowance for impairment losses.	Our procedures included, amongst others: • Reviewing the ageing analysis of trade receivables and testing the reliability thereof; • Reviewing subsequent cash collections for major trade receivables and overdue amounts; • Testing the adequacy of the Group's allowance for impairment losses on trade receivables by assessing management's policy; and • Reviewing the adequacy of the disclosures in the notes to the financial statements.

Key Audit Matters (continued)

<table>
<tr><td colspan="2">Slow-moving and obsolete inventories
Refer to Note 11 to the financial statements</td></tr>
<tr><th>Key Audit Matter ("KAM 3")</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>As of 31 December 2023, the Group's inventories was approximately RM125.22 million.

The review and assessment of inventories write-downs due to excess quantities, obsolescence and decline in net realisable value below cost involved judgements and estimation uncertainty in forming expectations about future sales and demand. Possible changes in these estimates could result in revisions to the valuation of inventories.</td><td>Our procedures included, amongst others:
• Obtaining an understanding of the process on allowance for slow-moving and obsolete inventories and the design and control effectiveness over slow-moving inventories;
• Reviewing the ageing analysis of inventories and testing the reliability thereof;
• Reviewing the net realisable value of major inventories; and
• Evaluating whether the inventories have been written down to their net realisable value for inventory items with net realisable value lower than their cost.</td></tr>
<tr><td colspan="2">Key audit matters in relation to significant subsidiaries
Refer to Notes 3, 4, 6, 10, 11, 13 and 23 to the financial statements</td></tr>
<tr><th>Key Audit Matter ("KAM 4")</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>Silterra Malaysia Sdn. Bhd. and its subsidiaries ("Silterra") and Ping Petroleum Limited and its subsidiaries ("Ping") are 60% owned and 90% owned indirect subsidiaries of the Group respectively. Silterra and Ping are significant subsidiaries due to their significant contributions to the Group's financial position and performance for the financial period from 1 July 2022 to 31 December 2023 ("FPE 31 December 2023").

We found that, in the context of our audit of the consolidated financial statements of the Group, the key audit matters relating to Silterra and Ping included:
- Impairment of property, plant and equipment, right-of-use assets and intangible assets (KAM 1);
- Recoverability of trade receivables (KAM 2);
- Slow-moving and obsolete inventories (KAM 3);
- Revenue recognition; and
- Valuation of deferred tax assets.

Other than the key audit matters addressed in our previous sections, other key audit matters relating to Silterra and Ping are summarised below.

i. Revenue recognition
For FPE 31 December 2023, Silterra and Ping contributed approximately RM999.17 million and RM532.94 million to the Group respectively.

Revenue is one of the largest accounts in the financial statements and an important driver of the Group's operating results. Significant management judgement and estimates are required in determining the revenue recognition when (or as) the Group satisfy a performance obligation.</td><td>We have communicated with Silterra's and Ping's component auditors and discussed their identified audit risks and audit approaches, results of their work and key audit matters identified; and have reviewed their working papers.

The procedures performed by the component auditors on the respective key audit matters other than the key audit matters addressed in our previous sections, are summarised below.

Silterra and Ping
• Discussing with management the walkthrough process and implementation of controls through inquiring, observation and inspection of relevant documents;
• Reviewing the major contracts and identifying their distinct performance obligations;
• Performing test of operating effectiveness over the revenue recognition;
• Reviewing significant credit notes issued after period end;
• Reviewing manual journal entries to revenue accounts; and
• Performing revenue cut-off test.</td></tr>
</table>

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF DAGANG NEXCHANGE BERHAD (CONTINUED)
(Incorporated in Malaysia)
Registration No. 197001000738 (10039-P)

Key Audit Matters (continued)

Key audit matters in relation to significant subsidiaries (continued)
Refer to Notes 3, 4, 6, 10, 11, 13 and 23 to the financial statements

Key Audit Matter ("KAM 4")	How our audit addressed the key audit matter
ii. Valuation of deferred tax assets As of 31 December 2023, the Group recognised deferred tax assets of approximately RM50.27 million, which mainly comprise unabsorbed capital allowances and other deductible temporary differences. The Group recognised deferred tax assets to the extent that it is probable that taxable profits will be available in the future to recover these deferred tax assets. The recognition of deferred tax assets is a complex process which involves management projection of future taxable profits. This is an area of focus given the significant estimates involved in the projection of future taxable profits.	*Silterra* • Obtaining an understanding of the relevant processes and internal controls over the estimation of the recoverability of deferred tax assets; • Evaluating key assumptions in the projection of future taxable profits, in particular, the revenue growth and gross profit margin by comparing them to historical data, as well as current and future observable market or economic conditions; • Considering management's assumptions on timing of utilisation of deductible temporary differences; and • Reviewing the adequacy of the disclosures in the notes to the financial statements. In addition to the procedures performed by the component auditors, our procedures included: • Re-evaluating the key assumptions used in the projection to ensure reliability by comparing them to external sources of information; and • Re-performing the audit procedures to ensure accuracy of management's projection.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF DAGANG NEXCHANGE BERHAD (CONTINUED)
(Incorporated in Malaysia)
Registration No. 197001000738 (10039-P)

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, is disclosed in Note 7 to the financial statements.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Crowe Malaysia PLT
201906000005 (LLP0018817–LCA) & AF 1018
Chartered Accountants

Chong Wei-Chnoong
03525/08/2024 J
Chartered Accountant

Kuala Lumpur
30 April 2024

ANALYSIS OF SHAREHOLDINGS

AS AT 1 APRIL 2024

Total Number of Issued Shares	:	3,156,331,324
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote per share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	No. of Shares	%
Less than 100	782	10,565	0.00
100 to 1,000	6,924	4,999,387	0.16
1,001 to 10,000	18,638	101,190,839	3.21
10,001 to 100,000	14,002	494,440,856	15.66
100,001 to less than 5% of issued shares	2,874	2,196,689,677	69.60
5% and above of issued shares	1	359,000,000	11.37
TOTAL	**43,221**	**3,156,331,324**	**100.00**

DIRECTORS' SHAREHOLDINGS

		Direct Interest		Indirect Interest	
No.	Name	No. of Shares	%	No. of Shares	%
1.	Tan Sri Dato' Sri Haji Syed Zainal Abidin bin Syed Mohamed Tahir	–	–	–	–
2.	Tan Sri Acryl Sani bin Haji Abdullah Sani	375,000	0.01	–	–
3.	Datuk Johar bin Che Mat	319,550	0.01	–	–
4.	Dato' Robert Fisher	–	–	–	–
5.	Dr. Chen, Wei-Ming	–	–	–	–
6.	Tun Noor Shahya bt Tun Abdul Razak	–	–	–	–
7.	Chandramohan Subramaniam	–	–	–	–
8.	Zalina binti Shaher	–	–	–	–
9.	Muhammad Saifullah bin Mohd Isa	–	–	–	–
10.	Mohd Isa bin Ismail	50,000	0.00	455,000,000 (1)	14.42

Notes:

(1) Deemed interest by virtue of his shareholdings in Annedjma Capital Sdn Bhd and Arcadia Acres Sdn Bhd pursuant to Section 8 of the Act.

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

		Direct Interest		Indirect Interest	
No.	Name	No. of Shares	%	No. of Shares	%
1.	Mohd Isa bin Ismail	50,000	0.00	455,000,000 (1)	14.42
2.	Annedjma Capital Sdn Bhd	96,000,000	3.04	359,000,000 (2)	11.37
3.	Arcadia Acres Sdn Bhd	359,000,000	11.37	–	–

Notes:

(1) Deemed interest by virtue of his shareholdings in Annedjma Capital Sdn Bhd and Arcadia Acres Sdn Bhd pursuant to Section 8 of the Act.

(2) Deemed interest by virtue of their shareholdings in Arcadia Acres Sdn Bhd pursuant to Section 8 of the Act.

ANALYSIS OF SHAREHOLDINGS
AS AT 1 APRIL 2024

THIRTY (30) LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1.	Arcadia Acres Sdn Bhd	359,000,000	11.37
2.	Foxconn Singapore Pte Ltd	120,000,000	3.80
3.	Maybank Nominees (Tempatan) Sdn Bhd pledged securities account for Annedjma Capital Sdn Bhd	86,000,000	2.72
4.	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for Allianz Life Insurance Malaysia Berhad (MEF)	83,983,300	2.66
5.	CGS International Nominees Malaysia (Tempatan) Sdn Bhd pledged securities account for Teh Beng Khim	56,667,300	1.80
6.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	50,819,760	1.61
7.	RHB Nominees (Tempatan) Sdn Bhd pledged securities account for Ooi Keng Thye	38,000,000	1.20
8.	HSBC Nominees (Asing) Sdn Bhd JPMCB NA for Vanguard Total International Stock Index Fund	35,900,700	1.14
9.	HSBC Nominees (Asing) Sdn Bhd JPMCB NA for Vanguard Emerging Markets Stock Index Fund	35,342,600	1.12
10.	UOB Kay Hian Nominees (Tempatan) Sdn Bhd for Hong Ju Ling	33,829,959	1.07
11.	RHB Nominees (Tempatan) Sdn Bhd pledged securities account for Cheng Chew Giap	30,742,000	0.97
12.	HSBC Nominees (Asing) Sdn Bhd Societe Generale Paris	28,952,200	0.92
13.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (Islamic)	23,976,890	0.76
14.	Paul A Baltensperger	21,364,693	0.68
15.	Lembaga Tabung Angkatan Tentera	20,288,606	0.64
16.	Citigroup Nominees (Tempatan) Sdn Bhd Urusharta Jamaah Sdn Bhd	19,900,000	0.63
17.	HSBC Nominees (Asing) Sdn Bhd JPMCB NA for Vanguard Fiduciary Trust Company Institutional Total International Stock Market Index Trust II	19,660,100	0.62
18.	Ooi Keng Thye	14,283,800	0.45
19.	CGS International Nominees Malaysia (Tempatan) Sdn Bhd CGS International Futures Malaysia Sdn Bhd (MY)	14,000,000	0.44
20.	Alliancegroup Nominees (Tempatan) Sdn Bhd pledged securities account for Chin Chin Seong	12,677,200	0.40

No.	Name	No. of Shares	%
21.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (AM INV)	12,661,000	0.40
22.	Amsec Nominees (Tempatan) Sdn Bhd Ambank (M) Berhad	12,000,000	0.38
23.	HSBC Nominees (Asing) Sdn Bhd Morgan Stanley & Co. International Plc (Firm A/C)	11,908,364	0.38
24.	Muhammad Anis Ur Rehman	11,200,000	0.35
25.	UOB Kay Hian Nominees (Asing) Sdn Bhd Exempt an for UOB Kay Hian Pte Ltd (A/C clients)	11,093,500	0.35
26.	Lai Ming Chun @ Lai Poh Lin	10,800,000	0.34
27.	Public Nominees (Tempatan) Sdn Bhd pledged securities account for Khor Khai Yee (E-BMM)	10,800,000	0.34
28.	Cartaban Nominees (Asing) Sdn Bhd The Bank of New York Mellon for Vanguard FTSE All-World EX-US Small-Cap Index Fund	10,514,200	0.33
29.	Maybank Nominees (Tempatan) Sdn Bhd Etiqa Life Insurance Berhad (Growth)	10,077,200	0.32
30.	Maybank Nominees (Tempatan) Sdn Bhd pledged securities account for Ooi Keng Thye	10,000,000	0.32

LIST OF PROPERTIES

Location	Description	Tenure	Area (sq. feet)	Existing use	Approximate age of building	Net book value as at 31 December 2023 (RM'000)	Date of valuation ("R")/ Date of acquisition ("A")
No. 24, Jalan Astaka LU8/L Bukit Jelutong, Seksyen U8, 40150 Shah Alam, Selangor	Shop lot	Freehold	5,184	Occupied	24 years	RM1,355	2016 (R)
No. 1, Jalan Riyal U3/37, iParc3@Shah Alam, 40150 Shah Alam, Selangor	Industry lot	Freehold	12,012	Occupied	10 years	RM4,094	2016 (R)
No. 3, Jalan Riyal U3/37, iParc3@Shah Alam, 40150 Shah Alam, Selangor	Industry lot	Freehold	7,920	Occupied	10 years	RM3,428	2016 (R)
Block 10A & 10B, Star Central Corporate Park @ Cyberjaya 63000 Cyberjaya Selangor	Corporate Office/ Retail Suites	Freehold	36,959	Occupied	6 years	RM21,813	2017 (A)
Unit 907, Block E, Level 9 Phileo Damansara 1, Off Jalan Damansara 46350 Petaling Jaya Selangor	Office Unit	Freehold	2,167	Vacant	17 years	RM763	2018 (R)
Lot 8 and lot 9, Jalan Hi-Tech 7, Taman Perindustrian Kulim Hi-Tech, 09090 Kulim, Kedah	Land, building and facilities systems	Leasehold	70.474 acres	Occupied	1 - 24 years	RM545,031	2021 (R)
						RM576,484	

GROUP CORPORATE DIRECTORY

TECHNOLOGY

DNeX Semiconductor Sdn Bhd
Dagang Net Tower
Block 10 (A & B)
Corporate Park, Star Central
Lingkaran Cyberpoint Timur
Cyber 12, 63000 Cyberjaya, Selangor
Tel : (03) 8230 6900
Fax : (03) 8230 6969
Email : communications@dnex.com.my
Website : www.dnex.com.my

SilTerra Malaysia Sdn Bhd
Lot 8, Industrial Zone Phase 2
Kulim Hi-Tech Park
09090 Kulim, Kedah
Tel : (04) 401 5111
Fax : (04) 401 5005
Email : communications@dnex.com.my
Website : www.silterra.com

SilTerra Capital Berhad
Lot 8, Industrial Zone Phase 2
Kulim Hi-Tech Park
09090 Kulim, Kedah
Tel : (04) 401 5111
Fax : (04) 401 5005
Email : communications@dnex.com.my
Website : www.silterra.com

SilTerra Sales & Marketing Sdn Bhd
Lot 8, Industrial Zone Phase 2
Kulim Hi-Tech Park
09090 Kulim, Kedah
Tel : (04) 401 5111
Fax : (04) 401 5005
Email : communications@dnex.com.my
Website : www.silterra.com

Silterra Sales & Marketing (L) Ltd
Taiwan Branch
20F-3, No 295
Sec 2, Kuang-Fu Road
Hsin-Chu City 300
Taiwan, ROC
Email : communications@dnex.com.my

Pembinaan Waferfab Sdn Bhd
Lot 8, Industrial Zone Phase 2
Kulim Hi-Tech Park
09090 Kulim, Kedah
Tel : (04) 401 5111
Fax : (04) 401 5005
Email : communications@dnex.com.my
Website : www.silterra.com

ENERGY

DNeX Energy Sdn Bhd
Dagang Net Tower
Block 10 (A & B)
Corporate Park, Star Central
Lingkaran Cyberpoint Timur
Cyber 12, 63000 Cyberjaya, Selangor
Tel : (03) 8230 6900
Fax : (03) 8230 6969
Email : communications@dnex.com.my
Website : www.dnex.com.my

DNeX Drilling Tech and Oilfield Services Sdn Bhd
No. 1 & 3, Jalan Riyal U3/37
iParc 3 @ Shah Alam
Seksyen U3, 40150 Shah Alam
Selangor
Tel : (03) 5870 0100
Fax : (03) 5870 0101/
5870 0102/5870 0103
Email : communications@dnex.com.my
Website : www.dnex.com.my

Forward Energy Generation Ltd.
Level 2, Lot 19
Lazenda Commercial Centre
Phase 3, 87000 Federal Territory of Labuan
Malaysia
Tel : (087) 421 644
Fax : (087) 421 646
Email : info@forwardenergy.com.my

OGPC Sdn Bhd (HQ)
No. 1 & 3, Jalan Riyal U3/37
iParc 3 @ Shah Alam
Seksyen U3, 40150 Shah Alam
Selangor
Tel : (03) 5870 0100
Fax : (03) 5870 0102
Email : communications@dnex.com.my
Website : www.ogpc.com.my

Workshop/Facilities (Terengganu)
Warehouse No. 3, Door 4 & 5
Kemaman Supply Base
24000 Kemaman, Terengganu
Malaysia
Tel : (+609) 863 2278
Fax : (+609) 859 8649
Email : info@ogpc.dnex.com.my

Branch Officer (Sarawak)
Lot 575, 1st Floor
Pelita Commercial Centre
98000 Miri, Sarawak
Malaysia
Tel : (+6085) 423 688
Fax : (+6085) 425 688
Email : info@ogpc.dnex.com.my

OGPC O & G Sdn Bhd
No. 1 & 3, Jalan Riyal U3/37
iParc 3 @ Shah Alam
Seksyen U3, 40150 Shah Alam
Selangor
Tel : (03) 5870 0100
Fax : (03) 5870 0102
Email : communications@dnex.com.my
Website : www.ogpc.com.my

Ping Petroleum Limited
H1, Hill of Rubislaw
Anderson Drive
Aberdeen AB15 6BL
United Kingdom
Tel : (+603) 4816 8238
Email : communications@dnex.com.my
Website : www.pingpetroleum.com

Ping Petroleum UK PLC
H1, Hill of Rubislaw
Anderson Drive
Aberdeen AB15 6BL
United Kingdom
Email : communications@dnex.com.my
Website : www.pingpetroleum.com

Ping Petroleum Sdn Bhd
Office Suite 18-02
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50450 Kuala Lumpur
Malaysia
Tel : (+603) 4816 8238
Email : communications@dnex.com.my
Website : www.pingpetroleum.com

GROUP CORPORATE DIRECTORY

INFORMATION TECHNOLOGY

Dagang Net Technologies Sdn Bhd
Dagang Net Tower
Block 10 (A & B) Corporate Park
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Cyber 12, 63000 Cyberjaya, Selangor
Tel : (03) 8230 6900
Fax : (03) 8230 6969
Email : info@dagangnet.com
Website : www.dagangnet.com

PENANG
No. 3-3, Lorong Setia Sentral 1
Pusat Perniagaan Setia Sentral
14000, Bukit Mertajam, Pulau Pinang

JOHOR
A-04-01, Pusat Perdagangan Ekoflora
Jalan Ekoflora 7/3, Taman Ekoflora
81100, Johor Bahru, Johor

LABUAN
Lot 64, O&G Section Lazenda Warehouse
Jalan Rancha-Rancha
87007, WP Labuan

SealNet Sdn Bhd
Dagang Net Tower
Block 10 (A & B) Corporate Park
Star Central, Lingkaran Cyberpoint Timur
Cyber 12, 63000 Cyberjaya, Selangor
Tel : (03) 8230 6900
Fax : (03) 8230 6969
Email : communications@dnex.com.my
Website : www.dnex.com.my

DNeX RFID Sdn Bhd
Dagang Net Tower
Block 10 (A & B) Corporate Park
Star Central, Lingkaran Cyberpoint Timur
Cyber 12, 63000 Cyberjaya, Selangor
Tel : (03) 8230 6900
Fax : (03) 8230 6969
Email : communications@dnex.com.my

DNeX Solutions Sdn Bhd
Dagang Net Tower
Block 10 (A & B) Corporate Park
Star Central, Lingkaran Cyberpoint Timur
Cyber 12, 63000 Cyberjaya, Selangor
Tel : (03) 8230 6900
Fax : (03) 8230 6969
Email : communications@dnex.com.my
Website : www.dnex.com.my

Genaxis Group Sdn Bhd
Dagang Net Tower
Block 10 (A & B) Corporate Park
Star Central, Lingkaran Cyberpoint Timur
Cyber 12, 63000 Cyberjaya, Selangor
Tel : (03) 8230 6900
Fax : (03) 8230 6969
Email : enquiry@genaxis.com.my

Innovation Associates Consulting Sdn Bhd
Dagang Net Tower
Block 10 (A & B) Corporate Park
Star Central, Lingkaran Cyberpoint Timur
Cyber 12, 63000 Cyberjaya, Selangor
Tel : (03) 8230 6900
Fax : (03) 8230 6969
Email : enquiries@theiac.com
Website : www.theiac.com

Global eCommerce Limited
Brumby Centre
Lot 42, Jalan Muhibbah
87000 Federal Territory of Labuan
Malaysia
Tel : (087) 593 828
Fax : (087) 417 242
Email : communications@dnex.com.my

Global Market eCommerce Sdn Bhd
Dagang Net Tower
Block 10 (A & B) Corporate Park
Star Central, Lingkaran Cyberpoint Timur
Cyber 12, 63000 Cyberjaya, Selangor
Tel : (03) 8230 6900
Fax : (03) 8230 6969
Email : communications@dnex.com.my

DNeX Capital Sdn Bhd
Dagang Net Tower
Block 10 (A & B) Corporate Park
Star Central, Lingkaran Cyberpoint Timur
Cyber 12, 63000 Cyberjaya, Selangor
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Fax : (03) 8230 6969
Email : communications@dnex.com.my
Website : www.dnex.com.my

Imizu Sdn Bhd
Dagang Net Tower
Block 10 (A & B) Corporate Park
Star Central, Lingkaran Cyberpoint Timur
Cyber 12, 63000 Cyberjaya, Selangor
Tel : (03) 8230 6900
Fax : (03) 8230 6969
Email : communications@dnex.com.my

DNeX MENA Sdn Bhd
Dagang Net Tower
Block 10 (A & B) Corporate Park
Star Central, Lingkaran Cyberpoint Timur
Cyber 12, 63000 Cyberjaya, Selangor
Tel : (03) 8230 6900
Fax : (03) 8230 6969
Email : communications@dnex.com.my
Website : www.dnex.com.my

DNeX (Beijing) Technology Co. Ltd.
Room 801, Building 3, Hengji Center Office
No. 18, Jianguomen Inner Street
Dongcheng District, 100005 Beijing, China
Tel : (86) 1370 1379 670
Email : communications@dnex.com.my
Website : www.dnex.com.my

DNeX Telco Services Sdn Bhd
Dagang Net Tower
Block 10 (A & B) Corporate Park
Star Central, Lingkaran Cyberpoint Timur
Cyber 12, 63000 Cyberjaya, Selangor
Tel : (03) 8230 6900
Fax : (03) 8230 6969
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Website : www.dnex.com.my

DNeX VMS Sdn Bhd
Dagang Net Tower
Block 10 (A & B) Corporate Park
Star Central, Lingkaran Cyberpoint Timur
Cyber 12, 63000 Cyberjaya, Selangor
Tel : (03) 8230 6900
Fax : (03) 8230 6969
Email : communications@dnex.com.my
Website : www.dnex.com.my

PT Dagang Net Indonesia
The East
Lt. 35, Unit 03
Jl. DR Ide Anak Agung Gde Agung
Kav E 3.2 No. 1
Jakarta Selatan
12950 Indonesia
Tel : (6221) 2952 7100
Email : info@dagangnet.com

PT Dagang Samudera Hutama
The East
Lt. 35, Unit 03
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Kav E 3.2 No. 1
Jakarta Selatan
12950 Indonesia
Tel : (6221) 2952 7100
Email : info@dagangnet.com

PT DNeX Telco Indonesia
The East Tower
Lt. 35, Unit 03
Jl. DR Ide Anak Agung Gde Agung
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Jakarta Selatan
12950 Indonesia
Tel : (6221) 2952 7100
Email : info@dagangnet.com

NOTICE OF 53RD ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fifty-Third Annual General Meeting ("**53rd AGM**") of Dagang NeXchange Berhad ("**DNeX**" or the "**Company**") will be conducted virtually from the broadcast venue at the Multipurpose Hall, Level 3A, Dagang Net Tower, Block 10 (A&B) Corporate Park, Star Central, Lingkaran Cyberpoint Timur, Cyber 12, 63000 Cyberjaya, Selangor, Malaysia on Wednesday, 19 June 2024 at 10.00 a.m. for the following purposes:

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial period ended 31 December 2023 together with the reports of the Directors and Auditors thereon. — **Please refer to Explanatory Note 1**
2. To re-elect the following Directors who retire pursuant to Clause 131 of the Company's Constitution and being eligible have offered themselves for re-election:
   (a) Datuk Johar bin Che Mat — **Ordinary Resolution 1**
   (b) Dato' Robert Fisher — **Ordinary Resolution 2**
3. To re-elect Tan Sri Acryl Sani bin Haji Abdullah Sani who retires pursuant to Clause 116 of the Company's Constitution and being eligible has offered himself for re-election. — **Ordinary Resolution 3**
4. To re-elect Muhammad Saifullah bin Mohd Isa who retires pursuant to Clause 116 of the Company's Constitution and being eligible has offered himself for re-election. — **Ordinary Resolution 4**
5. To re-elect Mohd Isa bin Ismail who retires pursuant to Clause 116 of the Company's Constitution and being eligible has offered himself for re-election. — **Ordinary Resolution 5**
6. To approve the payment of Directors' fees and benefits to the Directors of the Company and its subsidiaries up to an aggregate amount of RM4,000,000.00 for the period from 20 June 2024 until the next Annual General Meeting of the Company. — **Ordinary Resolution 6**
7. To re-appoint Crowe Malaysia PLT as auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to determine their remuneration. — **Ordinary Resolution 7**

AS SPECIAL BUSINESS

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

8. **AUTHORITY UNDER SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016 FOR THE DIRECTORS TO ALLOT SHARES OR GRANT RIGHTS** — **Ordinary Resolution 8**

   "THAT pursuant to Sections 75 and 76 of the Companies Act 2016, the Directors be and are hereby empowered to allot and issue shares in the Company, at any time, at such price, upon such terms and conditions, for such purpose and to such person or persons whomsoever as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the total issued shares/total number of voting shares of the Company (excluding treasury shares) at the time of issue.

   THAT pursuant to Section 85 of the Companies Act 2016, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares of the Company ranking equally to the existing issued Company's shares arising from any issuance of new Company's shares pursuant to Sections 75 and 76 of the Companies Act 2016.

   THAT the Directors be and are hereby also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad ("**Bursa Securities**") and THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

NOTICE OF 53RD ANNUAL GENERAL MEETING

9. **PROPOSED ALLOCATION OF EMPLOYEES' SHARE OPTION SCHEME ("ESOS") OPTIONS**

"THAT subject to the approvals of the relevant authorities for the ESOS, including the approval from Bursa Securities for the listing of and quotation for the Company's Shares to be issued arising from the exercise of the ESOS options, approval be and is hereby given to the Directors of the Company to authorise the ESOS Committee, at any time and from time to time throughout the duration of the ESOS, to offer and grant to the following persons, ESOS options to subscribe for the Company's Shares under the ESOS:-

(a) Tan Sri Acryl Sani bin Haji Abdullah Sani **Ordinary Resolution 9**
(b) Mohd Isa bin Ismail **Ordinary Resolution 10**

Provided always that:

(a) he must not participate in the deliberation and/or discussion of his own allocation;
(b) not more than 10% of the total number of new Company's Shares to be issued under the ESOS would be allocated to him who, either individually or collectively through persons connected to him, holds 20% or more of the total number of issued shares of the Company; and
(c) the allocation of ESOS Options to him shall be subject always to such terms and conditions and/or any adjustments which may be made in accordance with the provisions of the ESOS By-Laws, the Main Market Listing Requirements ("**MMLR**") of Bursa Securities, or any prevailing guidelines issued by Bursa Securities, as amended from time to time.

10. To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016 and the Company's Constitution.

BY ORDER OF THE BOARD

Chin Wai Yi (MAICSA 7069783) (SSM Practicing Certificate No. 202008004409)

Company Secretary

Kuala Lumpur
30 April 2023

EXPLANATORY NOTES ON ORDINARY AND SPECIAL BUSINESSES:

1. **Item 1 of the Agenda**
   Agenda item 1 is meant for discussion only as the provisions of Section 340 of the Companies Act 2016 do not require formal approval of shareholders for the Audited Financial Statements. Hence, this Agenda item is **not put forward for voting**.

2. **Items 2, 3, 4 and 5 of the Agenda**
   The Nomination and Remuneration Committee ("**NRC**") have considered the performance and contribution of each of the retiring Directors and have also assessed the independence of the Independent Non-Executive Directors seeking for re-election.

   Based on the results of the Board Evaluation conducted for the financial period ended 31 December 2023, the performance of each of the retiring Directors was found to be satisfactory. In addition, each of the retiring Directors had provided their annual declaration/confirmation on their fitness and propriety as well as independence, where applicable.

   Based on the recommendation of the NRC, the Board supports the re-election of the Directors based on the following justifications:

Datuk Johar bin Che Mat :	Datuk Johar bin Che Mat has approximately more than 30 years of experience in the banking industry, and the Board believes his extensive experience is hugely beneficial to the Company. He remains objective and independent in expressing his views and participating in the Board's deliberations and decision-making process. Datuk Johar bin Che Mat has exercised his due care and carried out his professional duties proficiently during his tenure as a Senior Independent Non-Executive Director of the Company.
Dato' Robert Fisher :	Dato' Robert Fisher has approximately more than 45 years of experience in the oil and gas industry and the Board believes his extensive experience is hugely beneficial to the Company. He remains objective and independent in expressing his views and participating in the Board's deliberations and decision-making process. Dato' Robert Fisher has exercised his due care and carried out his professional duties proficiently during his tenure as an Independent Non-Executive Director of the Company.
Tan Sri Acryl Sani bin Haji Abdullah Sani :	Tan Sri Acryl Sani bin Haji Abdullah Sani fulfils the requirements of independence set out in the MMLR of Bursa Securities. He remains objective and independent in expressing his views and participating in Board's deliberations and decision-making process. Tan Sri Acryl Sani bin Haji Abdullah Sani has exercised his due care and carried out his professional duties proficiently during his tenure as an Independent Non-Executive Director and Deputy Chairman of the Company.
Muhammad Saifullah bin Mohd Isa :	Muhammad Saifullah bin Mohd Isa has the overall responsibility for leading the planning of the Group's medium and long-term growth and strategy plan as well as overseeing the execution of the strategy. Muhammad Saifullah bin Mohd Isa has exercised his due care and carried out his professional duties proficiently during his tenure as an Executive Director of the Company.

NOTICE OF 53RD ANNUAL GENERAL MEETING

Mohd Isa bin Ismail :	Mohd Isa bin Ismail has been a valuable asset to the Board and with his diligent and proficient performance as a Non-Independent Non-Executive Director, he has greatly contributed to the Company's strategic direction. Mohd Isa bin Ismail has exercised his due care and carried out his professional duties proficiently during his tenure as a Non-Independent Non-Executive Director of the Company.

3. Item 6 of the Agenda

The Company had, during its Fifty-Second Annual General Meeting ("**52nd AGM**") held on 6 December 2022, obtained shareholders' approval in relation to the Directors' fees and benefits payable to the Non-Executive Directors of the Company and its subsidiaries for the period from 7 December 2022 until the 53rd AGM of the Company. The proposed Ordinary Resolution 6, if passed, will give authority to the Company and its subsidiaries to pay the Directors' fees and benefits to our Directors, on a monthly basis and after each month of completed service of our Directors. The benefits payable to the Directors comprise allowances and other emolument payable to the Chairman and members of the Board, Board of subsidiaries, Board Committees and such other committees as may be established by the Board. The payment of Directors' fees and benefits to the Directors of the Company and its subsidiaries are based on among others, the following rates maintained as per the 52nd AGM:

	The Company	
Description	**Chairman**	**Non-Executive Directors**
Monthly Directors' Fee		
(a) Board	RM18,000.00	RM12,000.00
(b) Audit Committee	RM6,000.00	RM3,000.00
(c) Other Committees	RM1,000.00	RM800.00
Meeting Allowances		
(a) Board	RM2,250.00	RM2,250.00
(b) Board Committees	RM1,500.00	RM1,500.00
Benefits	Medical and Hospitalisation	

	Company's Subsidiary	
Description	**Chairman**	**Non-Executive Directors**
Directors' Fee		
(a) Dagang Net Technologies Sdn. Bhd.	RM48,000.00 per annum	RM24,000.00 per annum
(b) SilTerra Malaysia Sdn. Bhd.	RM72,000.00 per annum	RM54,000.00 per annum
(c) Ping Petroleum Limited	USD30,000.00 per annum	USD20,000.00 per annum
(d) Innovation Associates Consulting Sdn. Bhd.	RM60,000.00 per annum	RM60,000.00 per annum

The rapid growth of the Company has resulted in greater responsibilities, risk and time taken by the Directors to contribute their expertise to the Company. The Board is of the view that the proposed payment of Directors' fees and benefits to the Directors commensurate with the level of responsibility and accountability of the Directors and the amount of time that they are expected to devote in discharging their roles.

In determining the estimated total amount of Directors' fees and benefits for the Directors, the Board has considered various factors including the number of scheduled and special meetings for the Board, Board Committees and Boards of the Company's subsidiaries and the number of Non-Executive Directors involved in these meetings based on the current number of Directors as well as inclusion of provisional sum as a contingency for future appointment of Directors on the Boards of the Company's subsidiaries and increase in the number of Board and Board Committees meetings.

The Board is of the view that it is just and equitable for the Directors to be paid the Directors' fees and benefits on a monthly basis and/or as and when they are incurred, particularly after the Directors have discharged their responsibilities and rendered their services to the Company and its subsidiaries throughout their tenure as Directors.

4. Item 8 of the Agenda

The Ordinary Resolution 8 proposed under item 8 of the Agenda is to seek the shareholders' approval of a new general mandate for the issuance of shares by the Company under Sections 75 and 76 of the Companies Act 2016. The mandate, if passed, will provide flexibility for the Company and empower the Directors to allot and issue new shares speedily in the Company up to an amount not exceeding in total ten per centum (10%) of the issued share capital of the Company for purpose of funding the working capital or strategic development of the Group. This would eliminate any delay arising from and cost involved in convening a general meeting to obtain approval of the shareholders for such issuance of shares. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next Annual General Meeting of the Company.

The waiver of pre-emptive rights pursuant to Section 85 of the Companies Act 2016 will allow the Directors of the Company to issue new shares of the Company which rank equally to existing issued shares of the Company, to any person without having to offer new shares to all the existing shareholders of the Company prior to issuance of new shares in the Company under the general mandate.

5. Item 9 of the Agenda

The ESOS was implemented on 6 April 2021 following the shareholders' approval obtained at the Extraordinary General Meeting of the Company held on 1 April 2021.

The proposed Ordinary Resolutions 9 and 10 if passed, will provide flexibility to the Directors to grant ESOS Options to the following Directors to subscribe for new Company's Shares, subject to the By-Laws of the ESOS:

(a) Tan Sri Acryl Sani bin Haji Abdullah Sani, the Independent Non-Executive Director and Deputy Chairman of the Company; and

(b) Mohd Isa bin Ismail, the Non-Independent Non-Executive Director of the Company.

NOTES:

1. The 53rd AGM of the Company will be conducted virtually from the broadcast venue at the Multipurpose Hall, Level 3A, Dagang Net Tower, Block 10 (A&B) Corporate Park, Star Central, Lingkaran Cyberpoint Timur, Cyber 12, 63000 Cyberjaya, Selangor, Malaysia. Please refer to the Administrative Guide for the procedures to register, participate and vote remotely through the remote participation and electronic voting facilities.
2. The Broadcast Venue mentioned above is strictly for the purpose of complying with Section 327 of the Companies Act 2016. **Shareholders and/or proxies are not allowed to be physically present at the Broadcast Venue as the venue is only meant to facilitate the conduct of the 53rd AGM.** Shareholders or proxies who turn up at the Broadcast Venue would be requested to leave the venue politely.
3. A member entitled to attend and vote at the meeting is entitled to appoint proxy/proxies to attend, participate, speak and vote in his/her stead. A proxy may but need not be a member of the Company.
4. In the case of a corporate member, the instrument appointing a proxy ("**Form of Proxy**") shall be either (a) under its Common Seal or (b) under the hand of a duly authorised officer or attorney and in the case of (b), be supported by a certified true copy of the resolution appointing such officer or certified true copy of the power of attorney.

NOTICE OF 53RD ANNUAL GENERAL MEETING

5. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless the member specifies the proportion of his/her shareholding to be represented by each proxy.

6. Where a member is an authorised nominee, as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds which is credited with ordinary shares of the Company. Where an authorised nominee appoints more than one (1) proxy, the appointment shall be invalid unless the authorised nominee specifies the proportion of its shareholding to be represented by each proxy.

7. Where a member is an exempt authorised nominee ("**EAN**") as defined under the Securities Industry (Central Depositories) Act 1991, which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account), there is no limit to the number of proxies which the EAN may appoint in respect of each omnibus account it holds. EAN is advised to list down the name of proxies and the particulars of their NRIC No. (both new and old) and attach it to the Form of Proxy.

8. The appointment of proxy may be made in a hard copy form or by electronic means, not less than forty-eight (48) hours before the time for holding the 53rd AGM or at any adjournment thereof, as follows:

   (a) In hard copy form
   The original instrument appointing a proxy ("**Form of Proxy**") must be deposited at KPMG Management & Risk Consulting Sdn. Bhd. at Concourse, KPMG Tower, No. 8, First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

   (b) By electronic means
   The Form of Proxy can also be lodged electronically via ConveneAGM Meeting Platform at https://conveneagm.my/dnexagm2024 or by email to support_conveneagm@kpmg.com.my. Please follow the procedures provided in the Administrative Guide for the 53rd AGM in order to deposit the Form of Proxy electronically.

9. The Form of Proxy, if submitted by a member, will not preclude that member from attending, participating and voting in person at the 53rd AGM should the member subsequently decide to do so.

10. For the purpose of determining whether a member is entitled to attend, participate and vote at the 53rd AGM, the Company shall be requesting the Record of Depositors as at 11 June 2024. Only depositors whose names appear in the Record of Depositors as at 11 June 2024 shall be entitled to attend, participate and vote at the 53rd AGM or appoint proxy/proxies on his/her behalf.

11. Pursuant to paragraph 8.29A(1) of the MMLR of Bursa Securities, voting at the 53rd AGM will be conducted by poll.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the 53rd AGM and/or any adjournment thereof, a member of the Company:

(i) consents to the collection, use and disclose of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the 53rd AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the 53rd AGM (including any adjournment thereof), and in order for the Company (or its agent) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes");

(ii) warrants that the member has obtained the prior consent of such proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies), and/or representative(s) for the Purposes; and

(iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses, and damages as a result of the member's breach of warranty.

ADMINISTRATIVE NOTES FOR THE 53RD ANNUAL GENERAL MEETING

DAGANG NeXCHANGE BERHAD
Registration No. 197001000738 (10039-P)

Meeting Date	:	**Wednesday, 19 June, 2024**
Time	:	**10.00 a.m.**
Meeting Platform	:	**ConveneAGM at https://conveneagm.my/dnexagm2024**
Mode of Communication	:	**Submit questions to the Company prior to the 53rd AGM via ConveneAGM at https://conveneagm.my/dnexagm2024 or email to support_conveneagm@kpmg.com.my not later than 10.00 a.m., Monday 17 June 2024** **Pose questions to the Company via real time submission of typed texts at ConveneAGM at https://conveneagm.my/dnexagm2024 during the live streaming**
Broadcast Venue	:	**Multipurpose Hall Level 3A, Dagang Net Tower Block 10 (A & B) Corporate Park, Star Central Lingkaran Cyberpoint Timur, Cyber 12 63000 Cyberjaya Selangor Darul Ehsan Malaysia**

MODE OF MEETING

The Company will be conducting its forthcoming Fifty-Third ("**53rd**") Annual General Meeting ("**AGM**") on a virtual basis through remote participation and electronic voting ("**RPEV**") facilities.

The Broadcast Venue mentioned above is strictly for the purpose of complying with Section 327 of the Companies Act 2016. **Shareholders and/or proxies are not allowed to be physically present at the Broadcast Venue as the venue is only meant to facilitate the conduct of the 53rd AGM.** Shareholders or proxies who turn up at the Broadcast Venue would be requested to leave the venue politely.

In line with the Practice 13.3 of the Malaysian Code on Corporate Governance, by conducting a virtual AGM, this would facilitate greater shareholder participation as it facilitates electronic voting and remote shareholders' participation. With the RPEV facilities, you may exercise your right as a member of the Company to participate (including the right to pose questions to the Board of Directors and/or Management of the Company) and vote at the 53rd AGM. Alternatively, you may also appoint the Chairman of the Meeting as your proxy to attend and vote on your behalf at the 53rd AGM.

ENTITLEMENT TO PARTICIPATE AND VOTE

In respect of deposited securities, only members whose names appear in the Record of Depositors on 11 June 2024 (General Meeting Record of Depositors) shall be eligible to participate the 53rd AGM or appoint proxy(ies) to participate and/or vote on his/her behalf.

ADMINISTRATIVE NOTES FOR THE 53RD ANNUAL GENERAL MEETING

FORM(S) OF PROXY

Shareholders who are unable to participate in our online AGM are encouraged to appoint the Chairman of the Meeting as your proxy and indicate the voting instructions in the proxy form. Please take note that you must complete the proxy form for the AGM should you wish to appoint proxy(ies).

The proxy form may be made in hard copy or by electronic means, not less than forty-eight (48) hours before the time appointed for holding the meeting, i.e. latest by 10:00 a.m., Monday, 17 June 2024 as follows:

(a) In hard copy form

The proxy form must be deposited at the office of our Administration and Polling Agent:
KPMG Management & Risk Consulting Sdn Bhd
Concourse, KPMG Tower
No. 8, First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan
Malaysia

(b) By electronic means

The proxy form can also be lodged electronically through ConveneAGM Meeting Platform at https://conveneagm.my/dnexagm2024 or email to support_conveneagm@kpmg.com.my.

You may follow the steps below to lodge electronic proxy via ConveneAGM Meeting Platform:-

- Go to https://conveneagm.my/dnexagm2024.
- Select "Register as Shareholder".
- Fill out the form with the required information and select "Submit Registration".
- A confirmation will be displayed after a successful registration.
- Check your email for the next step.
- Open the email from AGM@Convene (agmaccounts@conveneagm.com)
- Select "Verify Your Email".
- After the email verification, you will be redirected to create your own personalised password.
- Sign in to https://conveneagm.my/dnexagm2024.
- Select "Fill Out proxy form".

REVOCATION OF PROXY

If you have submitted your proxy form prior to the meeting and subsequently decide to participate at the meeting yourself, please write in to support_conveneagm@kpmg.com.my to revoke the appointment of your proxy(ies) at least forty-eight (48) hours before the 53rd AGM.

Alternatively, you may register for RPEV facilities or appoint another proxy. In such an event, your earlier appointment of proxy shall be revoked.

Please advise your proxy accordingly. Follow the steps listed in Procedures for RPEV facilities to register your attendance.

VOTING PROCEDURE

The voting procedure will be conducted by poll in accordance with Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Company has appointed KPMG Management & Risk Consulting Sdn. Bhd. ("**KPMG**") as Poll Administrator to conduct the poll by way of electronic voting ("**e-voting**") and Independent Scrutineer to verify and validate the poll results.

During the AGM, the Chairman of the meeting will invite the poll Administrator to brief on the e-voting housekeeping rules. The e-voting session will commence as soon as the Chairman call for the poll to be opened and until such time when the Chairman announces the closure of the poll.

For the purposes of the virtual AGM, e-voting will be carried out via personal smart phones, tablets, or personal computers/ laptops.

Upon the conclusion of the e-voting session, the Independent Scrutineer will verify the poll results followed by declaration by the chairman of the meeting whether the resolutions put to vote were successfully carried or not.

PROCEDURES FOR RPEV FACILITIES

All shareholders including (i) individual shareholders; (ii) corporate shareholders; (iii) authorised nominees; and (iv) exempt authorised nominees shall use the RPEV facilities to participate and vote remotely at the 53rd AGM.

All shareholders and proxyholders who wish to participate at the 53rd AGM are required to register online at ConveneAGM Meeting Platform (https://conveneagm.my/dnexagm2024).

Registration for remote access will open from Tuesday, 30 April 2024 until the day of the 53rd AGM on Wednesday, 19 June 2024.

Shareholders are encouraged to register at least forty-eight (48) hours before the commencement of the 53rd AGM to allow some time for the Company to verify the shareholder status and to avoid any delay in registration.

Kindly follow the steps below or provided in the AGM User Guide at https://cdn.azeusconvene.com/wp-content/uploads/brochures/Getting-Started-with-ConveneAGM.pdf on how to register online:-

Pre-Meeting Day – Registration for Shareholders and/or Corporate Representatives	• Go to https://conveneagm.my/dnexagm2024. • Select "Register as Shareholder". • Fill out the form with the required information and click to "Submit Registration". • A confirmation will be displayed after a successful registration. • Check your email for the next step. • Open the email from AGM@Convene (agmaccounts@conveneagm.com). • Select "Verify Your Email". • After the email verification, you will be redirected to create your own personalised password. • Upon system verification against the Record of Depositors and Register of Members as at 11 June 2024, you will receive email from AGM@Convene indicating that your registration is approved or rejected. ***Please note that the corporate shareholders who require their corporate representative to participate and vote at the AGM must deposit their certificate of appointment of corporate representative to KPMG not later than Monday, 17 June 2024 at 10:00 am.***
Pre-Meeting Day – Registration for Proxyholders	• As Proxy, you will receive an email from AGM@Convene (agmaccounts@conveneagm.com) once you are appointed by your shareholder. • Open the email from AGM@Convene (agmaccounts@conveneagm.com). • Select "Verify Your Email". • After the email verification, you will be redirected to create your own personalised password. ***Please note that in the event the shareholder who appointed you cannot be authenticated against the Record of Depositors and Register of Members as at 11 June 2024, your registration will not be valid.***
Meeting Day – Participation by Shareholders, Proxies and/or Corporate Representatives during AGM	• Login to https://conveneagm.my/dnexagm2024. • Click to start live webcast. • Proceed to ask question and/or vote when permissible.

ADMINISTRATIVE NOTES FOR THE 53RD ANNUAL GENERAL MEETING

NO VOUCHERS/DOOR GIFTS

There will be NO VOUCHER(S) OR ANY DOOR GIFT(S) for shareholders/proxies who participate in the AGM.

PRE-MEETING SUBMISSION OF QUESTIONS TO THE BOARD OF DIRECTORS

The shareholders may submit questions to the Company via ConveneAGM at https://conveneagm.my/dnexagm2024 or e-mail to support_conveneagm@kpmg.com.my not later than 10.00 a.m., Monday, 17 June 2024 prior to the AGM to transmit questions to Board of Directors. The Chairman and Board of Directors will endeavour their best to respond to the questions submitted by the shareholders which are related to the resolutions to be tabled at the AGM.

RECORDING OR PHOTOGRAPHY AT THE AGM

Strictly no recording or photography of the AGM proceedings is allowed.

ENQUIRY

Should you require any assistance on the RPEV facilities, kindly contact KPMG, details as follows:

(a) For matters relating to proxy processing and eligibility to participate at the 53rd AGM [During office hours on Mondays to Fridays (except on public holidays) from 8:30 a.m. to 5:30 p.m].

Email	:	support_conveneagm@kpmg.com.my
Telephone No.	:	603-7721 7329/7954/7780

(b) For ConveneAGM Technical Support (available 24/7)

Toll Free No	:	1 800 817 240
Email	:	support@conveneagm.com
Live Chat	:	Click on the chat icon at the bottom right side of https://conveneagm.my/dnexagm2024.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

FORM OF PROXY

DAGANG NeXCHANGE BERHAD
Registration No. 197001000738 (10039-P)

No. of Shares Held	
CDS Account No.	
Telephone No.	

*I/We ____
(Full name as per NRIC/Certificate of Incorporation in CAPITAL letters)

*Registration/Passport/NRIC No. ______________________ of ______________________
(Full Address)

____
(Full Address)

being a member/members of **Dagang NeXchange Berhad** ("**DNeX**" or the "**Company**") hereby appoint the person(s) below as my/our proxy(ies) to vote for me/us and on my/our behalf at the Fifty-Third Annual General Meeting ("**53rd AGM**") of the Company will be conducted virtually from the broadcast venue at the Multipurpose Hall, Level 3A, Dagang Net Tower, Block 10 (A&B) Corporate Park, Star Central, Lingkaran Cyberpoint Timur, Cyber 12, 63000 Cyberjaya, Selangor, Malaysia on Wednesday, 19 June 2024 at 10.00 a.m., or any adjournment thereof.

IMPORTANT NOTE:
Please (i) tick [✓] either **ONE** of the option (a) or (b) for the number of proxy which you wish to appoint, (ii) complete the details of your proxy/proxies and the proportion of your shareholding to be represented (if applicable), (iii) please tick [✓] option (c) if you would like to appoint the Chairman of the 53rd AGM as the proxy or failing the proxy to vote on your behalf and (iv) sign or execute this form.

Option	Name of proxy(ies)	NRIC/Registration No.	Email Address & Phone No.	Proportion of shareholding to be represented
(a)	**Appoint ONE proxy only** *(Please complete details of proxy below)*			
				100%
(b)	**Appoint MORE THAN ONE proxy** *(Please complete details of proxies below)*			
Proxy 1				%
Proxy 2				%
				100%
(c)	**The Chairman of the 53rd AGM as my/our proxy and/or failing the above proxy to vote for me/us on my/our behalf**			

*My/our *proxy/proxies shall vote as follows:

Please indicate with an "X" in the appropriate box provided to indicate how you wish your vote to be cast. If you do not indicate how you wish your proxy to vote on the Resolutions, the proxy shall vote at his/her discretion, or abstain from voting as the proxy thinks fit.

NO.	RESOLUTIONS	FOR		AGAINST	
		PROXY 1	PROXY 2	PROXY 1	PROXY 2
ORDINARY BUSINESS					
Ordinary Resolution 1	To re-elect Datuk Johar bin Che Mat				
Ordinary Resolution 2	To re-elect Dato' Robert Fisher				
Ordinary Resolution 3	To re-elect Tan Sri Acryl Sani bin Haji Abdullah Sani				
Ordinary Resolution 4	To re-elect Muhammad Saifullah bin Mohd Isa				
Ordinary Resolution 5	To re-elect Mohd Isa bin Ismail				
Ordinary Resolution 6	To approve the payment of Directors' fees and benefits to the Directors of the Company and its subsidiaries up to an aggregate amount of RM4,000,000.00 for the period from 20 June 2024 until the next Annual General Meeting of the Company.				
Ordinary Resolution 7	To re-appoint Crowe Malaysia PLT as auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to determine their remuneration.				
SPECIAL BUSINESS					
Ordinary Resolution 8	To authorise the Directors to allot and issue shares or grant rights pursuant to Sections 75 and 76 of the Companies Act 2016.				
Ordinary Resolution 9	To grant Employee' Share Option Scheme Options to Tan Sri Acryl Sani bin Haji Abdullah Sani.				
Ordinary Resolution 10	To grant Employee' Share Option Scheme Options to Mohd Isa bin Ismail.				

Dated this ______________ day of ______________ 2024.

____
Signature/common seal of shareholder

NOTES:

1. *The 53rd AGM of the Company will be conducted virtually from the broadcast venue at the Multipurpose Hall, Level 3A, Dagang Net Tower, Block 10 (A&B) Corporate Park, Star Central, Lingkaran Cyberpoint Timur, Cyber 12, 63000 Cyberjaya, Selangor, Malaysia. Please refer to the Administrative Guide for the procedures to register, participate and vote remotely through the remote participation and electronic voting facilities.*
2. *The Broadcast Venue mentioned above is strictly for the purpose of complying with Section 327 of the Companies Act 2016.* ***Shareholders and/or proxies are not allowed to be physically present at the Broadcast Venue as the venue is only meant to facilitate the conduct of the 53rd AGM.*** *Shareholders or proxies who turn up at the Broadcast Venue would be requested to leave the venue politely.*
3. *A member entitled to attend and vote at the meeting is entitled to appoint proxy/proxies to attend, participate, speak and vote in his/her stead. A proxy may but need not be a member of the Company.*
4. *In the case of a corporate member, the instrument appointing a proxy ("**Form of Proxy**") shall be either (a) under its Common Seal or (b) under the hand of a duly authorised officer or attorney and in the case of (b), be supported by a certified true copy of the resolution appointing such officer or certified true copy of the power of attorney.*
5. *Where a member appoints more than one (1) proxy, the appointment shall be invalid unless the member specifies the proportion of his/her shareholding to be represented by each proxy.*
6. *Where a member is an authorised nominee, as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds which is credited with ordinary shares of the Company. Where an authorised nominee appoints more than one (1) proxy, the appointment shall be invalid unless the authorised nominee specifies the proportion of its shareholding to be represented by each proxy.*
7. *Where a member is an exempt authorised nominee ("**EAN**") as defined under the Securities Industry (Central Depositories) Act 1991, which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account), there is no limit to the number of proxies which the EAN may appoint in respect of each omnibus account it holds. EAN is advised to list down the name of proxies and the particulars of their NRIC No. (both new and old) and attach it to the Form of Proxy.*
8. *The appointment of proxy may be made in a hard copy form or by electronic means, not less than forty-eight (48) hours before the time for holding the 53rd AGM or at any adjournment thereof, as follows:*

   (a) In hard copy form
   *The original instrument appointing a proxy ("**Form of Proxy**") must be deposited at KPMG Management & Risk Consulting Sdn. Bhd. at Concourse, KPMG Tower, No. 8, First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan, Malaysia.*

   (b) By electronic means
   The Form of Proxy can also be lodged electronically via ConveneAGM Meeting Platform at https://conveneagm.my/dnexagm2024 or by email to support_conveneagm@kpmg.com.my. Please follow the procedures provided in the Administrative Guide for the 53rd AGM in order to deposit the Form of Proxy electronically.
9. *The Form of Proxy, if submitted by a member, will not preclude that member from attending, participating and voting in person at the 53rd AGM should the member subsequently decide to do so.*

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AFFIX
STAMP

KPMG Management & Risk Consulting Sdn. Bhd.
Concourse, KPMG Tower
No. 8, First Avenue
Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan
Malaysia

Please fold here

10. *For the purpose of determining whether a member is entitled to attend, participate and vote at the 53rd AGM, the Company shall be requesting the Record of Depositors as at 11 June 2024. Only depositors whose names appear in the Record of Depositors as at 11 June 2024 shall be entitled to attend, participate and vote at the 53rd AGM or appoint proxy/proxies on his/her behalf.*
11. *Pursuant to paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, voting at the 53rd AGM will be conducted by poll.*

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the 53rd AGM and/or any adjournment thereof, a member of the Company:

(i) *consents to the collection, use and disclose of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the 53rd AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the 53rd AGM (including any adjournment thereof), and in order for the Company (or its agent) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes");*

(ii) *warrants that the member has obtained the prior consent of such proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies), and/or representative(s) for the Purposes; and*

(iii) *agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses, and damages as a result of the member's breach of warranty.*

DAGANG NeXCHANGE BERHAD 197001000738 (10039-P)
Dagang Net Tower,
Block 10 (A&B) Corporate Park, Star Central,
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