DESTINI

ANNUAL REPORT 2022

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About This Report

BASIS OF THIS REPORT

We are pleased to present Destini Berhad's 2022 Annual Report in which we have adopted the International <IR> Framework as issued by the IFRS Foundation in January 2021. This report illustrates our commitment to good governance and transparency and also includes discussions surrounding sustainability and outlook to give our shareholders and stakeholders insights into our short to long term plans.

This report provides insights on the Group, its subsidiaries, joint ventures and associates' activities and performance during the period of January 1, 2022 to December 31, 2022. It also includes any material events that occurred after this date and up to the date of this report's publication.

Enclosed in this report are the messages from Destini's Executive Chairman as well as Managing Director and Group Chief Executive Officer which has been approved by the Board of Directors on April 19, 2023. The information in this report addresses matters that are most material to our business and stakeholders.

REPORTING APPROACH

Integrated Report

This report aims to provide stakeholders with a comprehensive overview and assessment of Destini's financial and non-financial performance. Stakeholders will be able to better understand Destini's business and sustainability strategies, operational performance and our approach to governance.

Financial Report

This report consists of the Directors' Report, Audited Financial Statements and Independent Auditors Report. Stakeholders will be able to find detailed financial disclosures to our shareholders, investors and other interested parties.

Sustainability Report

This report discusses the Group's performance in Environmental, Social and Governance contexts. It describes our initiatives and its outcomes that are aimed at creating positive and sustainable impacts to our stakeholders.

Reporting Framework

→ Main Market Listing Requirements of Bursa Malaysia Securities Berhad
→ Corporate Governance Guide by Bursa Malaysia Securities Berhad
→ Companies Act 2016
→ Malaysian Code on Corporate Governance
→ International/Malaysian Financial Reporting Standards
→ International Integrated Reporting Framework
→ Global Reporting Initiative ("GRI") Standards

Assurance

→ Internal controls and management assurance
→ Compliance and internal audit reviews
→ External audit by UHY on financial statements, governance and sustainability report

This report contains forward-looking statements relating to future performance. These statements and forecasts are based on current assumptions and circumstances which could change. Various factors could cause actual results to differ materially from those expressed or implied by these forward-looking statements.

Our Business

Destini Berhad ("Destini" or "the Company") and its subsidiaries ("the Group") is an integrated engineering solutions provider with diverse interests in the aviation & defence, energy, mobility and marine industries. The Group has a wide presence in the Asian, Australian, Middle East and European regions.

AVIATION & DEFENCE

- Supply safety and survival-related equipment and provide maintenance, repair and overhaul ("MRO") services for the Armed Forces.
- Supplies defence related aircrafts and components for the Armed Forces.
- Aircraft cylinder testing and calibration services.
- Organise and conduct aircraft search, rescue and salvage missions with the Government.

ENERGY

- Engineering, Procurement, Construction, Installation and Commissioning of renewable energy systems.
- Provides tubular running services for upstream onshore and offshore drilling programmes.
- Well delivery services which includes a comprehensive tubular and drilling programme.
- Subsea well intervention, platform abandonment and field decommissioning services.
- Subsea pipeline inspection as well as maintenance and repair services.
- Supply of handling and drilling tools.

MOBILITY

- Manufacture and supply motor trolley, wagon and road rail vehicles for the rail sector.
- Assembly, fabrication, refurbishment and MRO of train sets and rail systems.

MARINE

- Manufacture and supply of lifeboats, fast rescue boats, outboard and inboard diesel engines, davit systems and hooks for commercial shipping and oil and gas industry.
- Manufacture proprietary Self-Propelled Hyperbaric Lifeboats used in deep sea diving operations.
- Provides MRO services relating to lifeboats, davit systems, load testing equipment, fire safety and other marine assets.

Destini's Presence

MALAYSIA SINGAPORE AUSTRALIA UNITED KINGDOM UAE CHINA

Destini's Corporate Diary

1991

MARCH

Satang Jaya Sdn Bhd ("Satang Jaya") commenced operations as an aviation tools and spare parts supplier.

1998

MAY

Satang Jaya was awarded the contract to provide MRO services for Royal Malaysian Airforce ("RMAF") safety and survival equipment under Ministry of Defence Malaysia's ("MinDef") RMAF Contractorisation Programme.

2005

MARCH

Satang Jaya entered Bursa Malaysia Securities Berhad ("Bursa Securities"), under the name Satang Jaya Holdings Berhad and subsequently changed its name to Satang Holdings Berhad ("Satang Holdings") in April 2007.

2008

MAY

Satang Holdings triggered the prescribed criteria pursuant to Practice Note 17 ("PN17") of the Main Market Listing Requirements ("Listing Requirements") of Bursa Securities.

2009

JULY

Satang Holdings shares were suspended from trading by Bursa Securities on July 13.

2011

SEPTEMBER

As part of its regularization plan, Satang Holdings changed its name to Destini Berhad to reflect a synergized and aligned business direction. The name change is also part of a turnaround plan for the Group to strengthen its financial muscles while exploring new business ventures.

2012

MARCH

Destini acquired a 50% stake in automotive supply and service company System Enhancement Resources & Technologies Sdn Bhd ("SERT").

AUGUST

The suspension of trading in Destini's shares was uplifted by Bursa Securities on August 13 after its regularization plan was approved.

DECEMBER

Destini acquired a 51% stake in Singapore-based Vanguard Composite Engineering Pte Ltd (currently known as Vanguarde Pte Ltd), a company that manufactures lifeboats, fast rescue boats, davit systems and host of other safety equipment for the marine and oil and gas industries.

2013

APRIL

- Destini acquired the Techno Fibre Group to wholly-owned Techno Fibre Australia Pte Ltd, Techno Fibre Middle East Marine Services FZE, Technofibre International Sdn Bhd and Techno Fibre (S) Pte Ltd. The Techno Fibre Group is in the business of lifeboat and davit maintenance.

- After completing its regularization plan and achieving profits for two consecutive quarters, Destini was uplifted from PN17 status.

AUGUST

The Group acquired its own building in Glenmarie Industrial Park, Shah Alam to house its corporate office and workshop facility.

Destini's Corporate Diary

2014

APRIL
Completed the purchase of oil and gas service provider Samudra Oil Services Sdn Bhd, now known as Destini Oil Services Sdn Bhd ("DOS") for RM80 million.

AUGUST
Destini acquired a 50% stake in Detrac Sdn Bhd ("Detrac") to become the research and development arm of the Group. Subsequently, the Group increased its shareholding in Detrac to 70% in November 2014.

2015

APRIL
Destini acquired Land Auto Technology Sdn Bhd, which is in the business of motor vehicle, motor accessories and spare part trading and distributorship.

JUNE
- Destini acquired an 80% stake in Safeair Technical Sdn Bhd ("SAT"), a company that provides Line Maintenance services for commercial airlines in local airports.
- Destini Aviation Sdn Bhd ("DASB") entered into a joint venture agreement with UK-based Avia Technique Limited to establish a new joint venture company called Destini Avia Technique Sdn Bhd ("DAT"). DAT was incorporated to carry on the provision of inspection, repair and overhaul services for commercial air craft components.

NOVEMBER
Destini acquired the remaining 49% stake it did not own in Vanguard, making the lifeboat maker a wholly-owned subsidiary of the Group.

DECEMBER
The Group acquired Destini Shipbuilding & Engineering Sdn Bhd ("DSBE") to enable it to fabricate six 44.25-meter New Generation Patrol Craft ("NGPC") worth RM381.30 million for the Malaysian Maritime Enforcement Agency ("MMEA").

2016

MARCH
Vanguard receives contract to supply eight Self- Propelled Hyberbaric Lifeboats to UK- based JFD.

APRIL
Destini Prima Sdn Bhd ("DPSB") entered into a Memorandum of Understanding with Advanced Military Maintenance, Repair and Overhaul Centre ("AMMROC") L.L.C. to form a strategic alliance for the provision of MRO on aircraft escape systems.

JUNE
SERT accepted its first rail related award from the Ministry of Transport for the design, manufacture, supply, delivery, testing and commissioning of new motor trolley and road rail vehicle for Keretapi Tanah Melayu Berhad ("KTMB") worth RM62 million.

SEPTEMBER
TF Corp Pte Ltd subscribed 60% shares in IMES Marine Safety Systems Limited, the company currently known as Destini Marine Safety Solutions Ltd. The company is principally in the business of inspection, testing, repair and maintenance of marine safety systems such as lifeboats and its components.

OCTOBER
Destini entered into a Joint Venture Agreement with TH Heavy Engineering Berhad ("THHE") to establish an unincorporated joint venture to procure the award for the supply, delivery, testing and commissioning of three 80-meter Offshore Patrol Vessels ("OPV") for the MMEA.

NOVEMBER
DSBE and THHE's wholly-owned subsidiary THHE Fabricators Sdn Bhd formed an incorporated joint venture company, Gigih Integrasi Sdn Bhd to undertake the fabrication of the three OPV's. Gigih Integrasi Sdn Bhd is now known as THHE Destini Sdn Bhd.

DECEMBER
The Group secured a three-year contract extension to provide MRO services and to supply safety and survival related equipment to the RMAF for RM98.20 million.

2017

JANUARY
THHE Destini Sdn Bhd, a 51:49 joint venture company between THHE and Destini secured a contract worth RM738.9 million for the supply, delivery, testing and commissioning of three OPV's for the MMEA.

FEBRUARY
Destini acquired 70% stake in safety and security equipment company, Halaman Optima Sdn Bhd, for RM5.5 million to enable the Group to supply six reconnaissance helicopters worth RM321.9 million to MinDef for the Royal Malaysian Army.

JUNE
DASB entered into a Joint Venture and Shareholders Agreement with Sapura Aero Sdn Bhd to incorporate a Joint Venture Company that is to be in the business of rotary wing and fixed aircraft sale, supply and provision of MRO in relation to aircraft and helicopters and the provision of programs such as wet leasing and dry leasing of aircraft.

NOVEMBER
- DOS and Federal International (2000) Ltd, a company listed on the Mainboard of the Singapore Exchange, formed a joint venture to collectively bid for oil and gas projects in the South Asian and South-East Asia Region.

- Destini Armada Pte Ltd acquired 70% stake in AMS Marine Pte. Ltd, a Singapore-based company that is in the business of design, fabrication and servicing of heat exchangers, fabrication, installation and erection of piping and steelworks and non- destructive testing to the marine and oil and gas industry.

2018

APRIL
- Destini Engineering Technologies Sdn Bhd ("DETSB") inked an MOU with Felcra Berhad to provide MRO services for industrial facilities and equipment for the agriculture and related industries within Malaysia and the ASEAN region.

- DOS was awarded a two-year umbrella contract by PETRONAS Carigali Sdn Bhd ("PCSB") for the provision of well abandonment integrated services.

- DPSB accepted an award from the MinDef for an additional RM138 million to an existing contract to provide MRO services and the supply of safety and survival equipment for the RMAF.

MAY
DOS was awarded a US$8 million (RM31.76 million) contract to be Pakistan-based Lyallpur Oil Tool Pvt Ltd's technical partner for tubular running services in Pakistan.

JULY
The Group received a conditional work order for the provision of well abandonment integrated services for Pulai B platform, off the coast of Terengganu. This came under the two-year umbrella contract by PCSB for the provision of well abandonment integrated services that Destini received in April.

AUGUST
DOS received an award from POSCO Daewoo Corporation for the provision of tubular running services in Myanmar for US$5.2 million (RM21.17 million).

DECEMBER
DOS was awarded the provision of tubular handling, conductor installation and slot recovery equipment and service for the Pan Malaysia Petroleum Arrangement Contractors ("PAC") Operators Drilling Program by PCSB.

Destini's Corporate Diary

2019

JANUARY

- DPSB received a letter of extension from the Ministry of Home Affairs, to provide MRO services, technical assistance and supply of spares related to safety and survival equipment, ground support and mechanical equipment, electronic equipment, airborne multisensory system and flight operations system the Royal Malaysia Police Air Wing for a period of three years until November 2021 for RM10 million.

- DOS received a letter of award for the provision of tubular running services for exploration and appraisal and infill drilling campaign at the lower part of Gulf of Thailand near the South China Sea for Carigali-PTTEPI Operating Company Sdn Bhd. The tenure of the contract is two years with one-year extension option.

MARCH

DOS was awarded the provision for tubular handling, conductor installation and slot recovery equipment and services for PAC Operators' Drilling Program for Sarawak Shell Berhad. The total value of the contract awarded depends on the work orders to be issued.

APRIL

- Destini Rail Sdn Bhd incorporated a wholly-owned subsidiary, DLP Rail Sdn Bhd as part of a plan to expand its future service offerings to include total engineering solutions and services, civil works, rolling stock, project and asset management and maintenance services for rail and track transportation projects in Malaysia.

- DAT entered into an aircraft safety equipment maintenance support agreement with Malindo Airways Sdn Bhd and Thai Lion Mentari Co Ltd, to supply, test, repair, and carry out overhaul activities on aircraft safety equipment. The agreement's tenure is three years with an option to extend for another two years.

MAY

Destini Rail Sdn Bhd entered into a Joint Venture and Shareholders Agreement with Lion Pacific Sdn Bhd, and SVPR Consulting Services Sdn Bhd in respect of DPL Rail Sdn Bhd to draw upon the skills, expertise, experience and capabilities of each other in undertaking the business of rail related projects in Malaysia and the region which among others, include engineering solutions and services, civil works, rolling stock, system and track works, asset management and maintenance services for rail projects.

JULY

DOS received a three-year contract from Petrofac (Malaysia-PM304) Limited for the provision of tubular handling equipment and running services.

OCTOBER

DOS was awarded PAN Malaysia Umbrella Contract for the Provision of Integrated Well Services for Intervention, Workover and Abandonment for PACs from PCSB. The contract runs on a call-out basis through the issuance of work orders and would expire in 2024 unless it is extended.

DECEMBER

DPSB secured RM50.18 million contract from MinDef for the extension of the existing contract to provide MRO services and the supply of the safety and survival equipment to the RMAF. The tenure of the contract was one year starting October 2019 to October 2020.

2020

APRIL

DOS received a letter of award for the provision of tubular equipment and services for JX Nippon Oil & Gas Exploration (Malaysia) Limited's drilling campaign. The tenure of the contract is four years with a one-year extension option.

JULY

- DETSB was awarded a contract from Wira Syukur (M) Sdn Bhd to provide mechanical and electrical systems for the commercial development of GrenePark Village in Semenyih for a sum of RM17.39 million.

- DPSB was awarded a contract from MinDef to supply non-propietary aircrafts parts for the RMAF. It allows DPSB and 29 other local companies identified by MinDef to participate in parcels of bidding should RMAF require any non-proprietary aircraft parts. The contract has a combined ceiling of RM121 million.

DECEMBER

DPSB received a letter of award from MinDef for the extension of the existing contract to provide MRO services and the supply of safety and survival equipment for the RMAF for RM30.37 million.

Destini's Corporate Diary

2021

FEBRUARY
Destini entered into a 70:30 joint venture and shareholders agreement with KTMB to enable to Group to expand its capabilities to provide heavy maintenance work on rail assets in Malaysia.

AUGUST
DOS secured an award from Repsol Oil and Gas Malaysia for the provision of Tubular Handling and Conductor Installation Equipment and Services.

OCTOBER
Destini inked a Memorandum of Understanding with Siemens Mobility Sdn Bhd for the latter to act as Destini's Technical Assistance Advisor in providing MRO services for electrical trainset components in Malaysia.

NOVEMBER
- Destini entered into a Heads of Agreement with Indonesia State-Owned PT Industry Kereta Api ("PT INKA") to identify and pursue opportunities in the railway system business sector and infrastructure projects in Indonesia, Malaysia and the region.
- Destini divested its 51% stake in THHE Desitini Sdn Bhd to THHE to concentrate on its other investments.

DECEMBER
Destini secured its maiden solar project from Indah Water Konsortium Sdn Bhd ("IWK") for the engineering, procurement, construction and commissioning of solar photovoltaic systems at IWK's sewerage treatment plants across Malaysia.

2022

JANUARY
- DPSB accepted a Letter of Award for the extension of an existing contract to provide MRO services and the supply of safety and survival equipment to RMAF for RM88 million.
- DPSB accepted a Letter of Award to provide MRO services and the supply of component and spare parts for safety and survival equipment to the Malaysian Army's Aviation Wing for RM0.99 million.

MARCH
DOS bagged a contract from EnQuest Petroleum Production Malaysia Ltd for the provision of tubular handling services off the coast of Terengganu.

MAY
M Rail Technics Sdn Bhd ("MRail") accepted a contract worth RM531.39 million from the Ministry of Transport Malaysia for Level 4 MRO on 35 units of Six Car Train Sets operated by KTMB for four and a half years.

JUNE
Destini hands over six multipurpose armed reconnaissance helicopters model MD530G to the Royal Malaysian Army after the completion of its Final Acceptance Test. These assets are manufactured by MD Helicopter Inc., a company based in the United States of America.

SEPTEMBER
- MRail accepted a contract worth approximately RM163.61 million from the Ministry of Transport Malaysia, for the provision of Level 4 MRO, services of 10 Electric Trains Sets operated by KTMB.
- Destini ESS Sdn Bhd, a 70% owned subsidiary of Destini Berhad signed an exclusive distribution agreement with Alpha ESS International Pte Ltd, a Singapore-based company to locally distribute energy storage systems for residential and commercial application, electric vehicle energy plus storage solution and new products developed and manufactured by Alpha ESS Group.

Subsidiary and Sub-subsidiaries

(As at 31 March 2023)

Destini Prima Sdn. Bhd. [199101013420 (223732-V)]
Distribution and supply of safety and survival related equipment for defence and commercial aviation and marine industries.

DB Communications Sdn. Bhd. [200101025896 (561654-M)]
(Formerly known as DB Infotech Sdn. Bhd.)
Providing supply, installation, testing, commissioning, training, repair and maintenance services of communication equipment, telecommunication system and related accessories and services.

DB Precision Sdn. Bhd. [201301028120 (1057950-U)]
Engaged in supplying calibration and cylinder services.

Halaman Optima Sdn. Bhd. [201101004714 (932855-V)]
Manufactures, imports and exports safety and security products and defense equipment.

Destini Aviation Sdn. Bhd. [199501038645 (367847-D)]
Investment holding.

Invation Aero Sdn. Bhd. [201701010172 (1224337-K)]
- Business of sale rotary wing and fixed wing aircraft.
- Supply and provision of maintenance, repair and overhaul services in relation to aircraft and helicopters.
- Provision of programs such as wet leasing and dry leasing of aircraft and helicopters.

Destini Oil Services Sdn. Bhd. [201001021567 (905337-M)]
Provision of tubular handling and inspection, piling hammer equipment and running services as well as repair and maintenance of assets related to the oil and gas industry, provides supply, lease and operate drilling rigs as well as other oil and gas related services.

Emirates Kejuruteraan Samudra Timur Berhad Petroleum Services L.L.C.
(Trade License No. CN-1415749)
- Provides oil and gas production facilities operation and maintenance services.
- Engaged in onshore and offshore oil, gas field and facilities services.

Destini Energy Sdn. Bhd. [200001020740 (523347-K)]
Business of energy generation, transmission, distribution, power trading based on thermal, hydro, biomass, nuclear and gas including manufacturing, trading, import, export, installation, and operation of solar systems for energy generation including solar photovoltaic, solar thermal, solar chimney and any other solar based devices used in households, industry and commercial establishments.

Destini Upstream Sdn. Bhd. [201701001170 (1215320-V)]
Business of provision of tubular running services (TRS), hammer piling and conductor installation, casing while drilling (CWD upto level 2). Drill bit and hole enlargement tools to the oil and gas industry mainly in the drilling activities (Upstream). Provide services activity such equipment & hardware machine shop, steel structure and special tool fabrication and supply, repairing and maintenance services of all kinds of wellheads, valves, components and offshore equipment, spart parts articles, gas pipes and pipelines and product related to the oil, gas and petroleum industry.

Hijau Baiduri Sdn. Bhd. [202101028241 (1428541-K)]
Investment holding and general trading.

Destini ESS Sdn. Bhd. [202201034051 (1479748-U)]
Supply, manufacture, install and operate of energy storage solution, renewable energy technology and electric vehicle charging technology.

Destini Alpha ESS Sdn. Bhd. [202201027716 (1473413X)]
Supply, manufacture, install and operate of energy storage solution, renewable energy technology and electric vehicle charging technology.

System Enhancement Resources & Technologies Sdn. Bhd. [200901001316 (844241-K)]
Supplying, servicing and upkeep of army vehicles, buses as well as supplying motor trolleys.

Destini Armada Sdn. Bhd. [199601006251 (378597-W)]
Investment holding.

Destini Shipbuilding and Engineering Sdn. Bhd. [201301037560 (1067389-K)]
Manufacturer of paramilitary boats and vessels and provides ship repair and marine-related engineering services.

Teknologi Mobiliti Sdn. Bhd [201401025741 (1101831-X)]
(Formerly known as Detrac Sdn. Bhd.)
Research and development of mechatronic systems including software customization, repair and maintenance of electronic systems, support and consultation on system development.

Destini Empire Properties Sdn. Bhd. [201801020429 (1282448-U)]
To acquire by purchase lease, exchange, hire or otherwise, lands and property of any tenure, buildings or any shares, interest or interests therein.

Destini Rail Sdn. Bhd. [201701039771 (1253943-P)]
Operation of mass transit and other urban transport.

Subsidiary and Sub-subsidiaries

(As at 31 March 2023)

DLP Rail Sdn. Bhd. [201901014081 (1323409-M)]
Rail construction, trackworks, systems and communications.

M Rail Technics Sdn. Bhd. [202101013065 (1413364-D)]
Maintenance, repair and overhaul of electric trains for domestic and regional markets.

Destini Engineering Technologies Sdn. Bhd. [200101000901 (536657-H)]
Engaged in maintenance, repair, and overhaul of aviation-related cylinders that include servicing, inspection and refilling of gas and general contractors, construction of telecommunication engineering and other related services.

Destini HRTC Sdn. Bhd. [201101039136 (967258-X)]
Provides training and education consultancy.

Destini Armada Pte. Ltd. (201228769N)
Manufacturing, repair, fabricate and supply of marine and safety/lifesaving equipment.

Vanguarde Pte. Ltd. (198700526G)
Manufacture and offer service and maintenance of lifeboats, fast rescue boats, davit systems and a host of other safety equipment for the marine and oil and gas industries.

Vanguard Safety Technologies Sdn. Bhd. [201301003772 (1033613-X)]
Engage in supplying marine related lifesaving equipment, parts and accessories.

Vanguarde Offshore Pte. Ltd. (200923004Z)
- Trading in hyperbaric lifeboats.
- General importers and exporters of marine equipment and accessories.

Vanguard (Nantong) F.R.P. Co. Ltd (3200775411024)
Manufacturing, maintaining and trading of fiber-reinforced plastic ("FRP") ships, FRP products and life-saving equipment.

Vanguarde Marine Engine Pte. Ltd. (201718529N)
- Provision of service activities for oil and gas extraction.
- Provides engineering design and consultancy services.

TF Corp Pte. Ltd. (201310889H)
Investment holding.

Destini Marine Safety Solutions Ltd (SC500305)
Provides inspection, testing, repair and maintenance of marine safety systems including lifeboats and rescue boats.

Armada Delmar Sdn. Bhd. [200001019664 (522271-P)]
Engaged in lifeboat and davit servicing business, trading in other safety equipment catered to the marine and oil and gas industries as well as servicing life raft and firefighting equipment.

Techno Fibre (S) Pte. Ltd. (199300541H)
- Repairing and service of fibre composite lifeboats and davits.
- Building and repairing ships, tankers and other ocean-going vessels.

Techno Fibre Middle East Marine Services FZE (06585)
Providing installation and maintenance of marine equipment.

T F Emirates Marine Services L.L.C. (TN-1794649)
Engaged in the business of onshore and offshore oil and gas field and facilities services, marine machines and equipment repairing and maintenance.

TF Corp Saudi Co. Ltd. (SAGIA License No - 12219360655725)
Provides maintenance, installation and repair of marine equipment and trading activities of marine safety products.

PT Destini Marina Perkasa (4020022031104317)
Provision of jetty/port operations related services to companies involved with mining activities.

Blackstone Dagangan Pte. Ltd. (202014057M)
Trading of coal.

Destini Ventures Sdn. Bhd. [201501013978 (1139310-V)]
General merchant and investment.

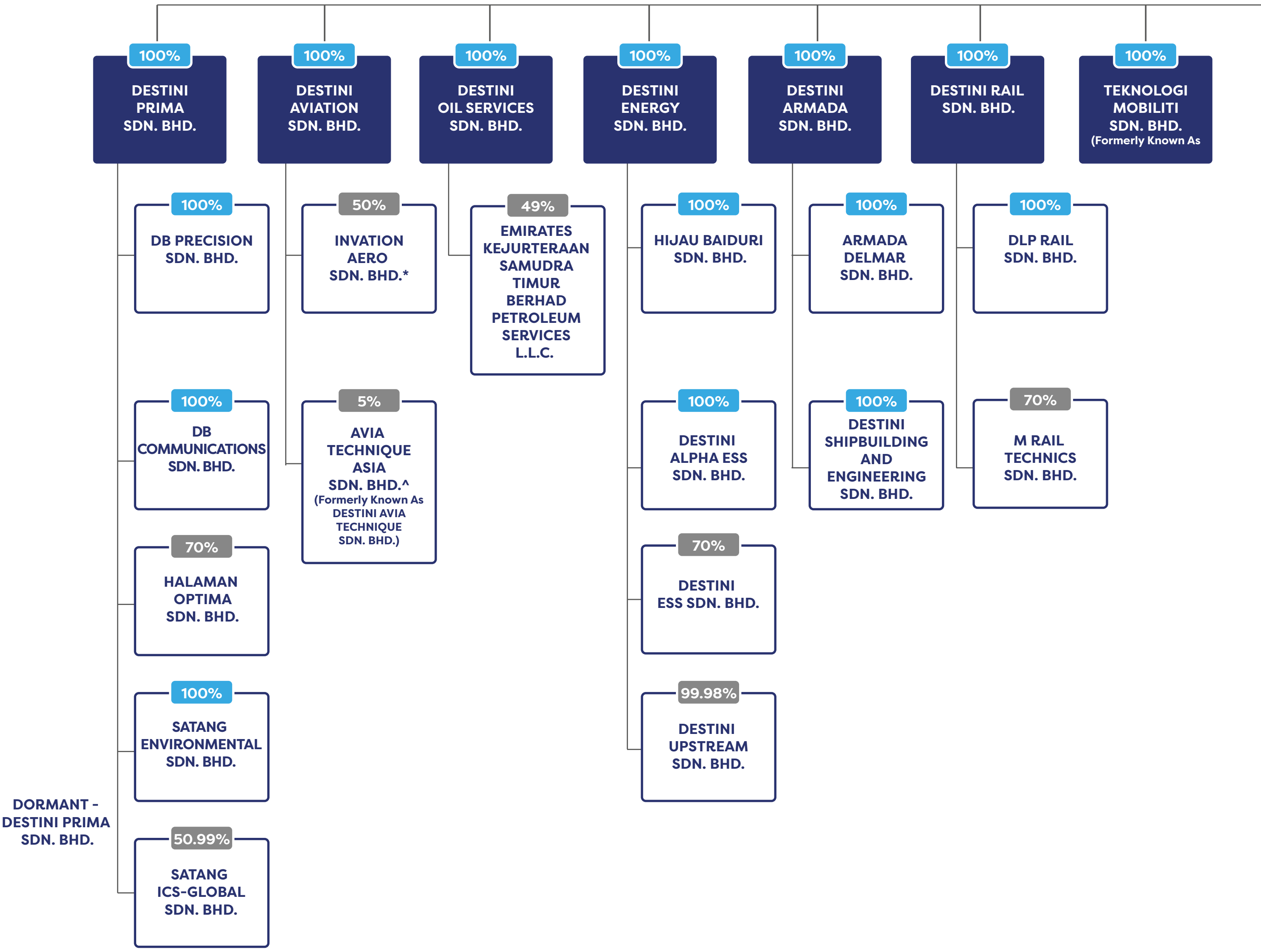
Destini First Sdn. Bhd. [199101007464 (217774-M)]
Dormant.

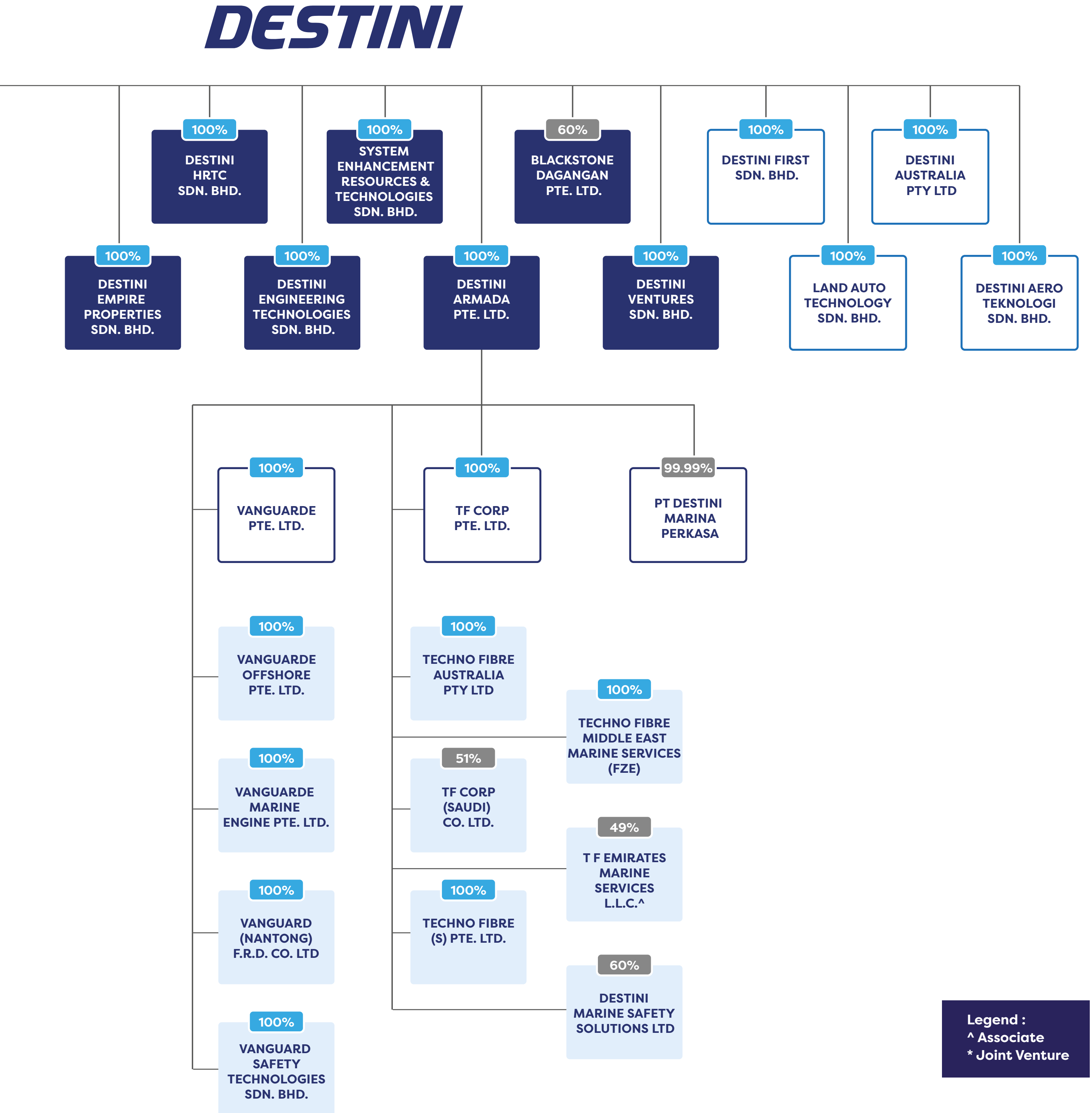
Land Auto Technology Sdn. Bhd. [201501014248 (1139580-K)]
Dormant.

Destini Aero Teknologi Sdn. Bhd. [201101039135 (967257-T)]
Dormant.

Destini Australia Pty Ltd (ACN 158 026 049)
Dormant.

Corporate Structure





DESTINI BERHAD CORPORATE STRUCTURE
AS AT 31 MARCH 2023

Corporate Information

Abdul Rahman Bin Mohamed Rejab
Executive Chairman
(Re-designated from Executive Director to Executive Chairman on 1 March 2023)

Syaiful Hafiz Bin Moamat Mastam
Non-Independent & Non-Executive Director

Professor Datin Dr Suzana Binti Sulaiman @ Mohd Suleiman
Non-Independent & Non-Executive Director
(Re-designated from Independent & Non-Executive Director to Non-Independent & Non-Executive Director on 21 June 2022)

Dato' Mohd Zahir Bin Zahur Hussain
Managing Director & Group Chief Executive Officer
(Re-designated from Independent & Non-Executive Director to Managing Director & Group Chief Executive Officer on 1 March 2023)

Dr Nurwahida Binti Mohd Yaakub
Independent & Non-Executive Director
(Appointed on 20 October 2022)

Audit Committee

Members

Professor Datin Dr Suzana Binti Sulaiman @ Mohd Suleiman
(Re-designated as Member of Audit Committee on 20 October 2022)

Dr Nurwahida Binti Mohd Yaakub
(Appointed on 20 October 2022)

Nomination and Remuneration Committee

Members

Professor Datin Dr Suzana Binti Sulaiman @ Mohd Suleiman

Dr Nurwahida Binti Mohd Yaakub
(Appointed on 20 October 2022)

Risk Management Committee

Members

Professor Datin Dr Suzana Binti Sulaiman @ Mohd Suleiman
(Re-designated as Member of Risk Management Committee on 20 October 2022)

Dato' Mohd Zahir Bin Zahur Hussain
(Re-designated as Member of Risk Management Committee on 1 March 2023)

Dr Nurwahida Binti Mohd Yaakub
(Appointed on 20 October 2022)

Company Secretaries

Tan Tong Lang
(MAICSA 7045482/ SSM PC No. 202208000250)

Thien Lee Mee
(LS0010621/ SSM PC No. 201908002254)

Auditors

Messrs. UHY
Firm Number: AF 1411
Chartered Accountants
Suite 11.05, Level 11
The Gardens South Tower
Mid Valley City, Lingkaran Syed Putra
59200, Kuala Lumpur
Wilayah Persekutuan
Tel : 03-2279 3088
Fax : 03-2279 3099

Principal Banker

AmBank Islamic Berhad
(199401009897 (295576-U)]

Affin Hwang Investment Bank Berhad
(197301000792 (14389-U)]

Registered Office

No. 10 Jalan Jurunilai U1/20
Hicom Glenmarie Industrial Park
40150 Shah Alam
Selangor Darul Ehsan
Tel : 03-5567 0333
Fax : 03-5569 1233

Corporate Office

No. 10 Jalan Jurunilai U1/20
Hicom Glenmarie Industrial Park
40150 Shah Alam
Selangor Darul Ehsan
Tel : 03-5567 0333
Fax : 03-5569 1233
Email : info@destinigroup.com
Website : www.destinigroup.com

Registrar

Insurban Corporate Services Sdn. Bhd.
(198101010136 (76260-W)]
149, Jalan Aminuddin Baki Taman Tun Dr Ismail
60000 Kuala Lumpur
Wilayah Persekutuan
Tel : 03-7729 5529
Fax : 03-7728 5948
Email : insurban@gmail.com

Investor Relations

Teh Aik Sin
No. 10, Jalan Jurunilai U1/20
Hicom Glenmarie Industrial Park
40150 Shah Alam
Selangor Darul Ehsan
Email : info@destinigroup.com
Tel : 03-5567 0333
Fax : 03-5569 1233

Destini Share Information

Company name : Destini Berhad

Stock name

DESTINI

Stock code

7212

Ticker code

- DSTN:MK (Bloomberg)
- DEST.KL (Reuters)

Financial year end

31 December

Board of Directors

ABDUL RAHMAN BIN MOHAMED REJAB

Executive Chairman

Nationality/ Gender/ Age	:	Malaysian/ Male/ 57
Date of Appointment	:	3 January 2011
Date of Redesignation	:	1 March 2023
Areas of Expertise	:	Finance, Property Development and Management

Qualifications

1. Bachelor of Science in Business Administration (Finance) from St. Louis University, Missouri, United States of America

Tenure as Director : 12 years 3 months

Encik Abdul Rahman Bin Mohamed Rejab was re-designated as Executive Chairman in March 2023. Prior to that, he held the position Executive Director with the Group's mobility portfolio under his purview since October 2012. He joined the Group as a Non-Executive Director in January 2011.

Encik Abdul Rahman holds a Bachelor of Science in Business Administration (Finance) from St. Louis University in the United States of America and has over 15 years of experience in the financial industry and asset management with his last attachment in AmBank (Malaysia) Berhad prior to joining Destini. He also has extensive experiences in the property industry through his years in property development and management.

He has attended all the Board Meetings held during the financial year ended 31 December 2022. He does not hold any directorships in any other public companies and listed issuers. He has no family relationship with any Director and/ or major shareholder of the Company and has no conflict of interest with the Company.

He has not been convicted for any offences within the past five years other than traffic offences, if any. There were no sanctions and/or penalties imposed on him by any relevant regulatory bodies, which were material and made public during the financial year ended 31 December 2022.

DATO' MOHD ZAHIR BIN ZAHUR HUSSAIN

Managing Director & Group Chief Executive Officer

Member of the Risk Management Committee

Nationality/ Gender/ Age	:	Malaysian/ Male/ 48
Date of Appointment	:	8 October 2020
Date of Redesignation	:	1 March 2023
Areas of Expertise	:	Finance

Qualifications

1. Bachelor of Commerce (Accounting) from University of New South Wales, Sydney, Australia
2. Oxford Global CEO Program from Said Business School, Oxford University, United Kingdom
3. Certified Financial Planner
4. Member of Malaysian Institute of Accountants
5. Fellow at Chartered Accountants Australia & New Zealand

Tenure as Director : 2 years 6 months

Dato' Mohd Zahir Bin Zahur Hussain was appointed to the Board of Destini Berhad as an Independent and Non-Executive Director in October 2020. On 1 March 2023, he was re-designated as the Managing Director and Group Chief Executive Officer of Destini Berhad.

He holds a Bachelor of Commerce (Accounting) from the University of New South Wales, Australia and is an Oxford Global CEO Program graduate from Saïd Business School. He has an established career as an auditor with various accounting firms including PricewaterhouseCoopers and Deloitte & Touche in both of its Malaysian and overseas offices.

He has extensive experiences in the fields of audit, accounts and finance and is currently a member of Chartered Accountants Australia and New Zealand as well as the Malaysian Institute of Accountants.

He has attended all the Board Meetings held during the financial year ended 31 December 2022. Presently, he also sits on the Board of Directors of Mycron Steel Berhad as an Independent and Non-Executive Director. He is a member of Mycron Steel Berhad's Audit & Governance Committee and Risk & Sustainability Committee.

He has no family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company.

He has not been convicted for any offences within the past five years other than traffic offences, if any. There were no sanctions and/or penalties imposed on him by any relevant regulatory bodies, which were material and made public during the financial year ended 31 December 2022.

Board of Directors

PROFESSOR DATIN DR SUZANA BINTI SULAIMAN @ MOHD SULEIMAN

Non-Independent & Non-Executive Director

Member of the Audit Committee

Member of the Nomination and Remuneration Committee

Member of the Risk Management Committee

Nationality/ Gender/ Age	:	Malaysian/ Female/ 58
Date of Appointment	:	8 January 2013
Areas of Expertise	:	Management Accounting

Qualifications

1. PhD in Management Accounting, University of Edinburgh, Scotland, United Kingdom
2. Master of Accounting (Distinction), Curtin University of Technology, Perth, Australia
3. Fellow Chartered Institute of Management Accountants (CIMA), United Kingdom (FCMA)
4. Chartered Global Management Accountants (CGMA)
5. Chartered Accountant (CA), Malaysian Institute of Accountants (MIA)

Tenure as Director : 10 years 3 months

Professor Datin Dr Suzana Binti Sulaiman @ Mohd Suleiman was appointed to the Board of Destini Berhad as an Independent and Non-Executive Director in January 2013. She was later re-designated as the Non-Independent & Non-Executive Director in June 2022.

Professor Datin Dr Suzana is a Senior Professor in Management Accounting at Universiti Teknologi MARA's ("UiTM") Faculty of Accounting. She has more than 15 years of administrative posts at UiTM and is currently the Deputy Vice Chancellor (Academic and International). Prior to that she was the Assistant Vice Chancellor at the Institute of Quality and Knowledge Advancement and Institute of Leadership & Quality Management, Deputy Dean (Academic), Postgraduate Coordinator and Head of Asian Management Accounting Research Centre at the Accounting Research Institute. Overall, she has 32 years of experience in the Education Field with UiTM and is actively involved with professional bodies locally and internationally. She is also a Malaysian Institute of Accountants Council Member.

She has attended all the Board Meetings held during the financial year ended 31 December 2022. She does not hold any directorships in other public companies and listed issuers. She has no family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company.

She has not been convicted for any offences within the past five years other than traffic offences, if any. There were no sanctions and/or penalties imposed on her by any relevant regulatory bodies, which were material and made public during the financial year ended 31 December 2022.

DR NURWAHIDA BINTI MOHD YAAKUB

Independent & Non-Executive Director

Member of the Audit Committee

Member of the Nomination and Remuneration Committee

Member of the Risk Management Committee

Nationality/ Gender/ Age	:	Malaysian/ Female/ 42
Date of Appointment	:	20 October 2022
Areas of Expertise	:	Accounting & Finance

Qualifications

1. Doctorate in Accountancy and Finance from Heriot-Watt University, Edinburgh, United Kingdom
2. Masters in Business Administration (Finance) from Universiti Teknologi MARA, Shah Alam, Malaysia
3. Degree in accounting and Finance (Hons.) from Liverpool John Moores University, United Kingdom

Tenure as Director : 6 month

Dr Nurwahida Binti Mohd Yaakub was appointed to the Board of Destini Berhad as an Independent and Non-Executive Director in October 2022. She holds a PhD in Accountancy and Finance from Heriot-Watt University, Edinburgh, United Kingdom and a Masters in Business Administration (Finance) from Universiti Teknologi MARA, Shah Alam, Malaysia.

Dr Nurwahida is an Assistant Professor of Finance at Edinburgh Business School, School of Social Sciences, at Heriot-Watt University Malaysia Campus. Prior to that she was a Postgraduate Teaching Assistant in the Edinburgh campus of the same university. Her professional career began in the financial services industry, before joining the public service in 2008, serving as a Diplomatic and Administration Officer at the Ministry of Energy, Water and Communication.

She has attended all the Board Meetings held after her appointment during the financial year ended 31 December 2022. She does not hold any directorships in other public companies and listed issuers. She has no family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company.

She has not been convicted for any offences within the past five years other than traffic offences, if any. There were no sanctions and/or penalties imposed on her by any relevant regulatory bodies, which were material and made public during the financial year ended 31 December 2022.

Board of Directors

DATO' ROZABIL @ ROZAMUJIB BIN ABDUL RAHMAN

Executive Chairman

(Resigned on 27 February 2023)

Nationality/ Gender/ Age	:	Malaysian/ Male/ 51
Date of Appointment	:	11 November 2020
Date of Resignation	:	27 February 2023
Areas of Expertise	:	Construction, Investment Trading

Qualifications

1. Master in Business Administration from University of Sunderland, England
2. Executive Diploma in Plantation Management from University of Malaya, Kuala Lumpur

Tenure as Director : 12 years 3 month

Dato' Rozabil @ Rozamujib Bin Abdul Rahman joined Destini as an Independent and Non-Executive Director in November 2010 and was re-designated as the Managing Director in January 2011. In January 2014, Dato' Rozabil was redesignated to Group Managing and was later re-designated to President & Group Chief Executive Officer in April 2018 prior to becoming the Executive Chairman in September 2021. On 27 February 2023, Dato' Rozabil resigned as Executive Chairman after a 12 year service to Destini Berhad.

Dato' Rozabil started his career as Managing Director and owner of Benar Prima Holdings Sdn Bhd, a holding company that has businesses in engineering, property development and investments. He has diversified interests ranging from construction and property development to trading and serves as director to several other private companies.

He has attended all the Board Meetings held during the financial year ended 31 December 2022. He does not hold any directorships in any other public companies and listed issuers. He has no family relationship with any Director and/ or major shareholder of the Company and has no conflict of interest with the Company.

He has not been convicted for any offences within the past five years other than traffic offences, if any. There were no sanctions and/or penalties imposed on him by any relevant regulatory bodies, which were material and made public during the financial year ended 31 December 2022.

SYAIFUL HAFIZ BIN MOAMAT MASTAM

Non-Independent & Non-Executive Director

(Resigned on 31 March 2023)

Nationality/ Gender/ Age	:	Malaysian/ Male/ 41
Date of Appointment	:	26 March 2021
Areas of Expertise	:	Accounting, Finance

Qualifications

1. B.A (Hons) Accounting and Finance, University of East London
2. Diploma in Accounting, Kolej Agama Sultan Zainal Abidin (Kusza), Malaysia
3. Diploma in Public Administration, Institut Tadbiran Awam Negara (INTAN), Malaysia
4. Executive Fellows Programme (EFP), Australia & New Zealand School of Government (ANZSOG)

Tenure as Director : 2 years

Encik Syaiful Hafiz Bin Moamat Mastam was appointed to the Board of Destini Berhad in March 2021. He holds a Bachelor of Arts in Accounting and Finance from the University of East London, United Kingdom and a post-graduate Diploma in Public Administration from the National Institute of Public Administration Malaysia.

His accounting career began in 2003 with various companies prior to joining the civil service in 2007 as an Administrative and Diplomatic Officer for the Prime Minister's Department. He is currently the Administrative & Diplomatic Officer for the Government Investment Companies Division at the Ministry of Finance.

He has attended all the Board Meetings held during the financial year ended 31 December 2022. He does not hold any directorships in other public companies and listed issuers. He has no family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company.

He has not been convicted for any offences within the past five years other than traffic offences, if any. There were no sanctions and/or penalties imposed on him by any relevant regulatory bodies, which were material and made public during the financial year ended 31 December 2022.

LEADERSHIP

NORZILAH BINTI MOHAMMED

Executive Director

(Resigned on 15 February 2023)

Nationality/ Gender/ Age	:	Malaysian/ Female/ 58
Date of Appointment	:	26 March 2021
Date of Resignation	:	15 February 2023
Areas of Expertise	:	Banking, Finance, Risk Management, Business Administration, and Corporate Management and Operations

Qualifications

1. Bachelor of Science in Business Administration, majoring in Accounting from California State University, Sacramento, United States of America
2. Qualified Risk Director from the Institute of Enterprise Risk Practitioners
3. Completed Womens Directors Onboarding Training Programme from the Malaysian Directors Academy (MINDA) and NAM Institute for the Empowerment of Women (NIEW)

Tenure as Director : 1 years 11 months

Puan Norzilah Binti Mohammed joined Destini Berhad as Group Deputy Chief Executive Officer in 2019 prior to her appointment on the Board as an Executive Director in March 2021.

Before joining Destini, Puan Norzilah had more than 30 years of experience in the banking and finance services industry where she last held the position of Chief Executive Officer at Export-Import Bank of Malaysia Berhad ("EXIM Bank"). Prior to that, she held several key positions at EXIM Bank as the Chief Operating Officer, Chief Risk Officer and Chief Credit Officer. Complimenting her corporate accomplishments, she was awarded the Anugerah Tokoh Srikandi for Finance by Gabungan Pelajar Melayu Semenanjung in 2018.

Puan Norzilah also holds several honorary positions which include her appointment as a Business Advisory Committee Member of the Malaysia China Business Council and the Head of Cluster for Banking and Finance at the Centre of Women Advancement and Leadership in University Kuala Lumpur. She also sits on the Board Member of University Malaysia Sarawak where she is also the Chairman of the Board Audit Committee.

She has attended all the Board Meetings held during her appointment for the financial year ended 31 December 2022. She does not hold any directorships in other public companies and listed issuers. She has no family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company.

She has not been convicted for any offences within the past five years other than traffic offences, if any. There were no sanctions and/or penalties imposed on her by any relevant regulatory bodies, which were material and made public during the financial year ended 31 December 2022.

Key Senior Management

ABDUL RAHMAN BIN REJAB
Executive Chairman
(His profile is set out in the Board of Directors Profile)

DATO' MOHD ZAHIR BIN ZAHUR HUSSAIN
Managing Director & Chief Executive Officer
(His profile is set out in the Board of Directors Profile)

ARIS KEFLI BIN MOHAMAD YUSOF
Group Chief Financial Officer

Nationality/ Gender/ Age : Malaysian/ Male/ 54
Date of Appointment : May 2017
Areas of Expertise :
1. Accounting

Qualifications
- A member of Malaysian Institute of Accountants, Malaysia
- Chartered Institute of Management Accountant, United Kingdom
- A member of Chartered Practicing Accountants, Australia
- Master in Business Administration, Leicester, United Kingdom
- Advanced Diploma in Accountancy, UiTM

Working Experience
- Head of Accounts and Finance, Destini Berhad (2012-2017)
- Chief Financial Officer, Imatex Berhad (2000-2012)
- Accountant, U-Wood Holding Berhad (1996-2000)
- Senior Accounts Executive, Propel Berhad (1993-1996)

He does not hold any directorships in other public companies and listed issuers. He has no family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company.

He has not been convicted for any offences within the past five years other than traffic offences, if any. There were no sanctions and/or penalties imposed on him by any relevant regulatory bodies, which were material and made public during the financial year ended 31 December 2022.

LEADERSHIP

Key Senior Management

THARIQ BIN ABDULLAH
General Counsel, Legal and Corporate Affairs

Nationality/ Gender/ Age : Malaysian/ Male/ 51
Date of Appointment : November 2022
Areas of Expertise :
1. Law and Corporate Secretarial

Qualifications
- Master in Laws from Queen Mary and Westfield College, University of London
- LLB (Hons) Degree from International Islamic University of Malaysia

Working Experience
- Freelance Consultant (2021-Nov 2022)
- Senior Vice President - Head of Asset Rehabilitation and Recovery, Export-Import Bank Malaysia Berhad ("EXIM Bank") (2020-2021)
- Senior Vice President - Head of Legal & Advisory, EXIM Bank (2018-2019)
- Senior Vice-President - Head of Corporate Services (Legal, Organisation Innovation and Improvement and Integrity), EXIM Bank (2015-2017)
- Senior Vice-President - Head of Corporate Services (Legal and Corporate Communication and Stakeholder), EXIM Bank (2010-2015)
- Vice-President - Head of Legal/Corporate Secretarial, EXIM Bank (2008-2009)
- Head Legal/ Acting Head Risk Management, KFC Holdings (Malaysia) Berhad/QSR Brands Berhad (2007-2008)
- Legal Manager, Pernec Corporation Berhad (2004-2007)
- Enforcement, Securities Commission (1999-2004)
- Lawyer, Shinmun Associates/Syed Ahmad & Co. (1996-1999)

He does not hold any directorships in other public companies and listed issuers. He has no family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company.

He has not been convicted for any offences within the past five years other than traffic offences, if any. There were no sanctions and/or penalties imposed on him by any relevant regulatory bodies, which were material and made public during the financial year ended 31 December 2022.

KHAIRUL RIZAL BIN OSMAN
Head of Internal Audit

Nationality/ Gender/ Age : Malaysian/ Male/ 51
Date of Appointment : 1 April 2022
Areas of Expertise :
1. Accounts and Finance
2. Financial Management
3. Investment Management

Qualifications
- Bachelor in Business Administration from University Teknologi MARA
- Diploma in Banking Studies from University Teknologi MARA
- Certified in Internal Auditing for Financial Institutions ("CIAFIN")
- Associate Qualification in Islamic Finance ("AQIF")

Working Experience
- Head of Internal Audit, Destini Berhad (2015 - 2018)
- Assistant Manager, Malaysian Industrial Development Finance (2007 - 2015)
- Head, Fraud & Authorisation Department, Cards Business, Affin Bank Berhad (2005 - 2007)
- Assistant Vice President, Group Internal Audit, Affin Bank Berhad (2000 - 2005)
- Senior Executive, Group Internal Audit, Bank Islam (M) Berhad (1997 - 2000)
- Credit Officer, Bank Islam (M) Berhad (1993 - 1996)

He does not hold any directorships in other public companies and listed issuers. He has no family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company.

He has not been convicted for any offences within the past five years other than traffic offences, if any. There were no sanctions and/or penalties imposed on him by any relevant regulatory bodies, which were material and made public during the financial year ended 31 December 2022.

LEADERSHIP

Aviation & Defence

DATUK MAJOR (R) KABOL BIN SURAT

Executive Director and CEO of Destini Prima Sdn Bhd

Nationality/ Gender/ Age : Malaysian/ Male/ 62
Date of Appointment : March 2013
Areas of Expertise :

1. Business Management
2. Aviation

Qualifications

- MBA- Charles Sturt University, Australia
- Adv Dip Business & Management, Swansea College, UK
- Diploma Strategic & Defense Studies, University Malaya
- Malaysian Armed Forces Staff College, Haigate, KL

Working Experience

- CEO, Destini Prima Sdn Bhd (2011-present)
- Executive Vice President and CEO, Satang Jaya Sdn Bhd (2008-2011)
- Senior Vice President, Group Business Development, Satang Holdings Berhad (2007)
- General Manager, Executive Chairman's Office, Satang Holdings Berhad (2006-2007)
- Senior Manager, Executive Chairman's Office, Satang Holdings Berhad (2005-2006)
- Royal Malaysian Air Force (1981-2005)

He does not hold any directorships in other public companies and listed issuers. He has no family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company.

He has not been convicted for any offences within the past five years other than traffic offences, if any. There were no sanctions and/or penalties imposed on him by any relevant regulatory bodies, which were material and made public during the financial year ended 31 December 2022.

Energy

FAIZAL AHMAD

Chief Operating Officer of Destini Oil Services Sdn Bhd and Destini Energy Sdn Bhd

Nationality/ Gender/ Age : Malaysian/ Male/ 47
Date of Appointment : November 2021
Areas of Expertise :

1. Operations
2. Contract Management

Qualifications

- Bsc in Civil Engineering (University of South Wales, UK f.k.a University of Glamorgan)

Working Experience

- Project Director III, Telekosang Hydro (2020-2021)
- Operation Manager Thailand, Scomi Oiltools (2017-2019)
- Country Manager Qatar, Scomi Oiltools (2012-2016)
- Operation Manager Turkmenistan, Scomi Oiltools (2007-2012)

He does not hold any directorships in other public companies and listed issuers. He has no family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company.

He has not been convicted for any offences within the past five years other than traffic offences, if any. There were no sanctions and/or penalties imposed on him by any relevant regulatory bodies, which were material and made public during the financial year ended 31 December 2022.

Key Senior Management

Mobility
Fahredza Muhamad
CEO of M Rail Technics Sdn Bhd

Nationality/ Gender/ Age : Malaysian/ Male/ 36
Date of Appointment : 1 March 2022
Areas of Expertise :
1. Mechanical Engineering

Qualifications
- Master (Research) in Advanced Mechanical Engineering, University of Sheffield
- Bachelor of Engineering in Mechanical Engineering, University of Sheffield

Working Experience
- Head of Business, System Enhancement Resources & Technologies Sdn Bhd (2019-2021)
- Chief Executive Officer, Detrac Sdn Bhd (2016-2019)
- Senior Manager, Group Chief Executive Officer Office, Destini Berhad (2015-2016)
- Lead Calibration Engineer of Cummins, UK (2011-2014)

He does not hold any directorships in other public companies and listed issuers. He has no family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company.

He has not been convicted for any offences within the past five years other than traffic offences, if any. There were no sanctions and/or penalties imposed on him by any relevant regulatory bodies, which were material and made public during the financial year ended 31 December 2022.

Marine
Saravanavikash Ragunathan
CEO of Destini Armada Pte Ltd

Nationality/ Gender/ Age : Indian/ Male/ 33
Date of Appointment : Feb 2022
Areas of Expertise :
1. Business Management
2. Operations Management
3. Corporate Finance

Qualifications
- Masters in Business, Bond University, Australia
- Bachelor of Engineering in Computer Science, College of Engineering, Guindy, India

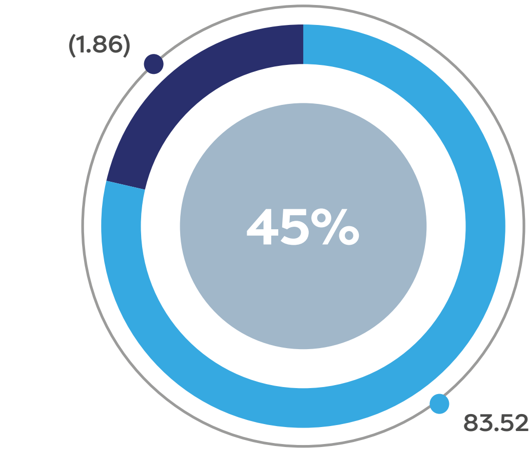
Working Experience
- General Manager, Techno Fibre Middle East Marine Services FZE, Dubai (2019-2022)
- Vice President, Corporate Finance, Destini Berhad (2017-2019)
- Manager, Strategic Planning and International Operations, Destini Berhad (2015-2017)
- Tata Consultancy Services Limited (2011-2012)

He does not hold any directorships in other public companies and listed issuers. He has no family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company.

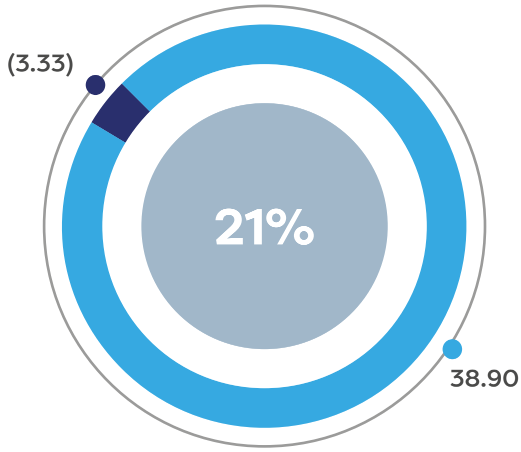
He has not been convicted for any offences within the past five years other than traffic offences, if any. There were no sanctions and/or penalties imposed on him by any relevant regulatory bodies, which were material and made public during the financial year ended 31 December 2022.

Performance Brief

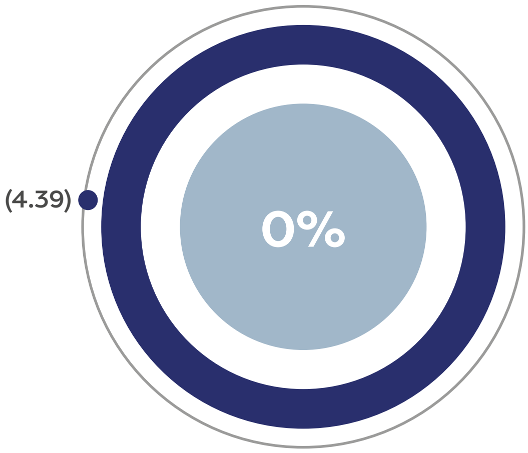
Aviation & Defence



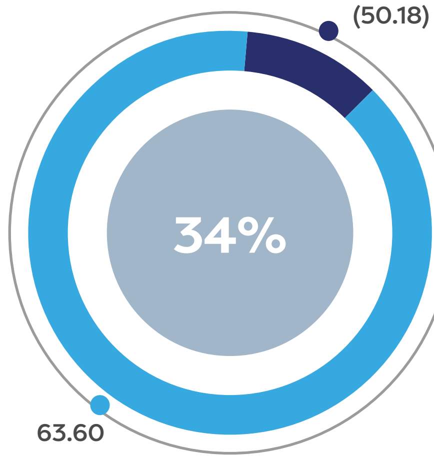
Energy



Mobility



Marine



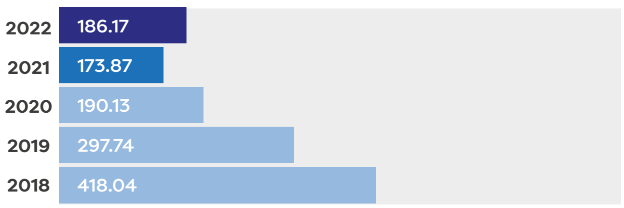
Revenue (RM'million)

PATNCI / (LATNCI) (RM'million)

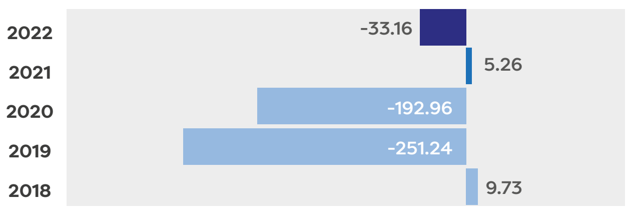
Percentage Revenue contribution to Group

PERFORMANCE

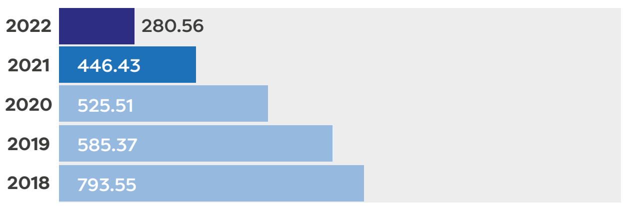
Revenue (RM'million)



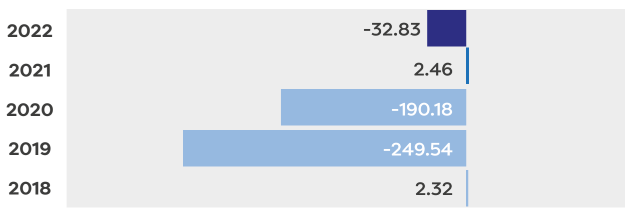
Profit/(Loss) Before Tax (RM'million)



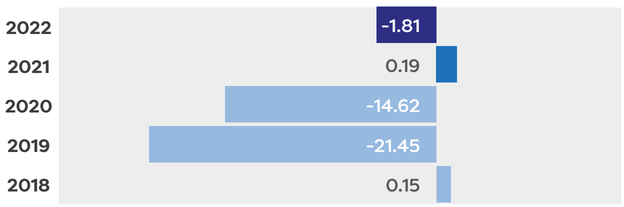
Total Assets (RM'million)



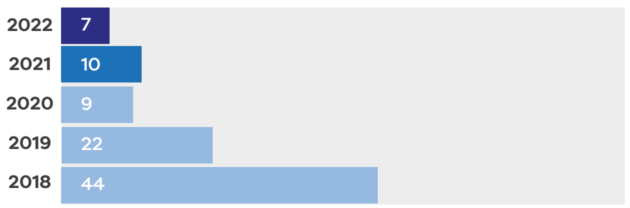
Profit/(Loss) After Tax (RM'million)



(Loss)/Earnings Per Share (sen)



Net Assets Per Share (sen)



Executive Chairman and Management Discussion and Analysis

Dear Valued Shareholders,

On behalf of the Board, we are pleased to present to you Destini Berhad ("Destini" or "the Company") and its subsidiaries ("the Group") Annual Report and Financial Statements for the financial year ended December 31, 2022 ("FY2022").

OVERVIEW

The year 2022 came with a sense of optimism as economic recoveries were thought to be well underway after COVID-19 lockdown measures were eased while greater global vaccination coverage was achieved. However, despite the optimism, global economic turbulence continued and dampened forward progression as many countries faced rising inflation from geopolitical tensions and vulnerabilities in the global supply chain.

The International Monetary Fund forecasted global inflation to slip to 6.6% in 2023 from 8.8% in 2022. This will also be in tandem with a moderation of global economic growth to 2.9% in 2023 from 3.2% in 2022. Closer to home, Malaysia's Gross Domestic Product ("GDP") is expected to dip 4% in 2023 from the softening of the economic landscape from its rise of 8.7% in 2022 compared to 3.1% in 2021. Foreseeing this, policymakers are expected to tighten monetary and fiscal policies to restore economic stability and reduce cost of living pressures.

During the year, the COVID-19 pandemic shifted into an endemic and led to the easing of lockdowns and travel restrictions which led the Group being able to resume its operations to full capacity by the end of 2022. Although many economies were returning back to normal, Destini's operational environment faced various challenges that arose from macroeconomic and geopolitical factors.

OPERATIONAL OVERVIEW

The year under review was shaped by the relaxing of COVID-19 pandemic restrictions and the revival of many economies. Albeit a slower pace on the revival of the industries Destini has a presence in, the Group was able to secure several contracts in 2022.

Below are the list of major contracts and agreements that the Group inked during the year in review:

- **Aviation**
  - Destini Prima Sdn Bhd ("DPSB") accepted a letter of award from the Ministry of Defence ("MINDEF") for the extension of an existing contract to provide maintenance, repair and overhaul ("MRO") services and the supply of safety and survival related equipment to the Royal Malaysian Air Force ("RMAF") for RM88 million.
  - MINDEF had also awarded DPSB a RM0.99 million contract to supply MRO services and the supply of component and spare parts for safety and survival equipment to the Malaysian Army's Aviation Wing.

PERFORMANCE

- **Mobility**
  - M Rail Technics Sdn Bhd ("MRail") accepted a four and a half year contract worth RM531.39 million from the Ministry of Transport ("MOT") for Level 4 MRO on 35 units of Six Car Train Sets operated by Keretapi Tanah Melayu Berhad ("KTMB").
  - Supplementing the above contract, MRail accepted another contract worth RM163.61 million from MOT for the provision of Level 4 MRO services on 10 Electric Train Sets operated by KTMB.

- **Energy**
  - Destini Oil Services Sdn Bhd ("DOS") accepted a contract from EnQuest Petroleum Production Malaysia Ltd for the provision of tubular handling services off the coast of Terengganu.
  - Destini incorporated a subsidiary with a 70% shareholding with Singapore-based company Alpha ESS International Pte Ltd called Destini ESS Sdn Bhd to locally distribute energy storage systems for residential and commercial application, electric vehicle energy plus storage solution and new product developed and manufactured by Alpha ESS Group.

Against a challenging operational landscape, the Group persevered throughout the year with multiple contract wins that enabled it to replenish its orderbook to RM904 million as at 31 December 2022 with the bulk of the sum attributed to Destini's aviation and defence as well as mobility divisions.

FINANCIAL PERFORMANCE

With the increase in orderbook value, Destini's revenue increased by 7% to RM186.17 million in FY2022 against RM173.87 million a year before. However, the Group slid into the red with a loss after tax and non-controlling interest ("LATNCI") of RM30.15 million from a profit after tax and non-controlling interest ("PATNCI") of RM3 million in FY2021.

Learning from the year before, Destini's financial strategy was to strengthen its balance sheet and manage its cash flow prudently while advocating a disciplined approach to capital allocation and managing liquidity. Despite these efforts, the Group's performance was subdued due to higher operational expenses totalling to RM3.04 million. Destini also made an impairment on receivables amounting to RM25.47 million in FY2022.

Executive Chairman and Management Discussion and Analysis

OPERATIONAL REVIEW

AVIATION & DEFENCE

- Destini's aviation and defence division recorded a rise in revenue of RM83.52 million in FY2022 from a revenue of RM81.34 million the year before. This division however slipped into a LATNCI of RM22.12 million from a PATNCI of RM5.52 million in FY2021.
- The rise in revenue is attributable to the remaining delivery of six MD530G helicopters to the Royal Malaysian Army ("RMA") that was moving towards the completion of the remaining contract obligations which were put to halt due to the pandemic since 2020.
- Losses were due to additional operational costs that derived from the delivery of the helicopters.
- Following the delivery of the helicopters, Destini plans on expanding its MRO services of military aircrafts to include the helicopters, thereby expanding its capabilities into servicing a wider range of aircrafts for the Armed Forces.
- Destini's commercial aviation business saw moderate growth as borders reopened and air traffic gained momentum.
- Destini made the decision to dispose of a 45% equity stake in 50:50 joint venture company Destini Avia Technique Sdn Bhd ("DAT") to Avia Technique Limited for RM2.98 million to realise its investment in the DAT.

Executive Chairman and Management Discussion and Analysis

OPERATIONAL REVIEW

- Destini's energy division which houses the Group's oil and gas as well as renewable energy ("RE") businesses saw a PATNCI of RM1.40 million in FY2022 from a PATNCI of RM4.70 million a year ago. This was on the back of higher revenue of RM38.91 million from RM29.75 million the year before.
- After years of underinvestment in the energy sector due to the pandemic, there has been a surge in recovery, driven by global demand and geopolitical developments which saw oil prices rose to highs of above US$100 per barrel. As such, capital spending by oil majors increased and is expected to remain steady in the medium to long-term.
- In line to answer the needs of energy transition, Destini has ventured into areas related to RE, which led the Group to pursue solar photovoltaic ("PV") systems during the fourth quarter of FY2021.
- This had later then paved the way for Destini to having a foothold in the industry with the acceptance of a Conditional Letter of Award from Indah Water Konsortium Sdn Bhd ("IWK") for the engineering, procurement, construction and commissioning of solar PV systems at IWK's sewerage plants across the country.
- Destini expects its award from IWK to bear fruit in the year 2023 with the commencement of the construction of the solar PV systems at multiple IWK sewerage plants.
- With the growing demand of decarbonisation, Destini is expecting more opportunities in the RE industry which also includes not only producing energy but also energy storage systems which can be done through Destini ESS Sdn Bhd.
- Destini ESS Sdn Bhd was established to locally distribute energy storage systems for residential and commercial use. This also includes electric vehicle energy storage solutions. With the increase in awareness and demand for electric vehicle usage, Destini is confident that it will be able to supply charging ports for these vehicles at residential and commercial locations.
- Aside from that, Destini is also constantly looking for opportunities to pursue in RE such as hydro power plants and LNG supply.

MOBILITY

- During the year in review, Destini's mobility division was able to secure two major contracts from MOT for Level 4 MRO on KTMB's train assets. Both contracts as mentioned before have a cumulative value of RM695 million.
- Being able to take on a Level 4 MRO exercise is a big leap of Destini as it is the highest level of MRO for trains and it strengthens Destini's capabilities in the industry. Level 4 MRO for train sets is an important exercise that is required to be done based on a train's operational time or by kilometer in service. Train sets are required to undergo Level 4 MRO to ensure its safety and reliability during service.
- Despite securing these contracts, Destini was not able to generate revenue from this division in FY2022 because the contract roll out is slated for 2023. Although no revenue was generated, this division still incurred administrative expenses which led to a LATNCI of RM1.65 million from a LATNCI of RM1.86 million in FY2022.
- After having a stronger position in the train MRO business, Destini has renewed optimism for its mobility segment and is looking forward to commence contract in hand while replenishing its order book within the industry in 2023.

Executive Chairman and Management Discussion and Analysis

OPERATIONAL REVIEW

MARINE

- Destini's marine division saw widened losses with a LATNCI of RM7.80 million from a LATNCI of RM3.19 million in FY2021. This was on the back of a dip in revenue to RM63.60 million in FY2022 from RM61.56 million the year before.
- After Destini's exit from the shipbuilding business, the Group's marine division was left with lifeboat manufacturing and commercial marine services. During the year in review, losses from this division was recognised due to low business volume due to the effects from the pandemic.
- Destini's lifeboat manufacturing facility is located in China, which had a slow economic recovery due of the country's zero COVID policy that limited the progress of many businesses and disrupted supply chains. Because of this, not many lifeboats and davit systems were able to be manufactured.
- During the year in review, Destini's marine division was able to expand its capabilities in heat exchange services in Dubai, therefore strengthening its scope of services in the Middle East where the marine market is seeing positive growth.

CLIMATE ACTION

Decarbonisation is not just a part of everyday conversation anymore and is increasingly becoming critical components of business strategy across all industries globally. Reducing the amount of carbon footprint is part of the broader sustainability agenda that is widely adopted by small to large organisations.

In September 2022, Bursa Malaysia enhanced its sustainability reporting framework under the Main Market Listing Requirements which includes prescribed sustainability matters and indicators deemed material for all listed issuers on climate change related disclosures which includes a transition towards a low-carbon economy.

In line with this the Group has taken various measures to ensure that its carbon footprint is reduced. One of its significant initiatives is to have installed solar PV panels on its corporate office roof to shift its energy consumption in a more sustainable manner.

After the commissioning of the panels, the building's reliance on solar power was 58% of the total power consumption for the building which translated to 104.40 MWh of solar energy. The remaining 42% of power was supplied by the grid. Since the commissioning of the panels, the Group's CO_2 emissions were reduced by 291 tonnes which is equivalent to saving 117.88 tonnes of standard coal and planting 15,883 trees.

Destini is committed to ensuring that its growth initiatives are equally matched with the efforts to mitigate its impact on the environment. The Group closely monitors climate risks that may impact its ability to create long-term sustainability.

As the demand for the transition for cleaner energy gathers pace, Destini will adapt to the current shift while it simultaneously looks for new business opportunities from the RE industry.

STRENGTH IN GOVERNANCE

The strength of an organisation is not measured by only its financial position but also its commitment to robust corporate governance. Many policies have been put in place to ensure that Destini and its Board members support the best practices of corporate governance.

Policies that have been tightened and put forward are as such:

- Directors' Fit and Proper Policy 2022
- Anti-Bribery and Anti-Corruption Policy 2020
- Terms of Reference of Risk Management Committee 2020
- Corporate Governance Report 2020
- Terms of Reference of Audit Committee 2022
- Terms of Reference of Nomination and Remuneration Committee 2020
- Whistle Blowing Policy 2022
- Code of Ethics and Conduct 2019
- Board Charter 2022
- Environmental, Social and Governance Policy 2019

These policies are an indicator of proactive steps the Group has taken to ensure strong internal controls for a sustainable and continuous business environment.

MOVING FORWARD

Destini foresees another challenging year ahead as geopolitical tensions continue and policy makers tighten fiscal measures as the risk of global inflation rises. Against this backdrop, the Group could see pressures on its operating environment.

To ensure that Destini's businesses remain sustainable, the Group will maintain its focus on strengthening its foundation and competitive strength to ensure it remains sustainable and to ensure that it is able to service its clients as promised.

Executive Chairman and Management Discussion and Analysis

Aside from replenishing its order book, the Group aims to retain its focus on project delivery and selective investments within its current portfolio to generate predictable, secured and recurring cash flows. The Group will also remain vigilant in finding new opportunities to strive forward by calibrating its capabilities and divest underperforming assets.

The gradual reshaping of Destini's businesses to capture new values will assist in the Group's strategies that have been put in place to ensure the Group turns to profit and to ensure its short term and long term plans are in place and achievable.

APPRECIATION

Destini would like to extend its sincere appreciation towards Dato' Rozabil @ Rozamujib Bin Abdul Rahman who retired from his position as Executive Chairman after 12 years serving the Group. Dato' Rozabil held a pivotal role in Destini's expansions into various industries and business continuity. On behalf of the Board and its employees, Destini wishes him the very best in his future endeavours.

Dato' Rozabil will be succeeded by En. Abdul Rahman Rejab as Destini's Executive Chairman, a re-designation from his position as Executive Director since October 2012.

The Group also saw the retirement of Executive Director Puan Norzilah Binti Muhammed, Encik Syaiful Hafiz Bin Moamat Mastam and Dato' Che Sulaiman Bin Shapie from Destini's Board of Directors, their contributions to the Group has been unparalleled.

Meanwhile, Destini would like to extend its deepest appreciation to its shareholders for their continued support and trust in the Group. We would also like to convey our appreciation to all our valued customers, business associates and various regulatory bodies for their continuous support and confidence in us.

Destini is not what it is without the efforts of its employees who have contributed loyally to the successes of the Group through the challenging operating environment and delivered operational and financial results for the Group. Their dedication and hard work have been commendable throughout the years.

Executive Chairman
Abdul Rahman Bin Mohamed Rejab

Managing Director and Group Chief Executive Officer
Dato' Mohd Zahir bin Zahur Hussain

Group Chief Financial Officer
Aris Kefli Bin Mohamad Yusof

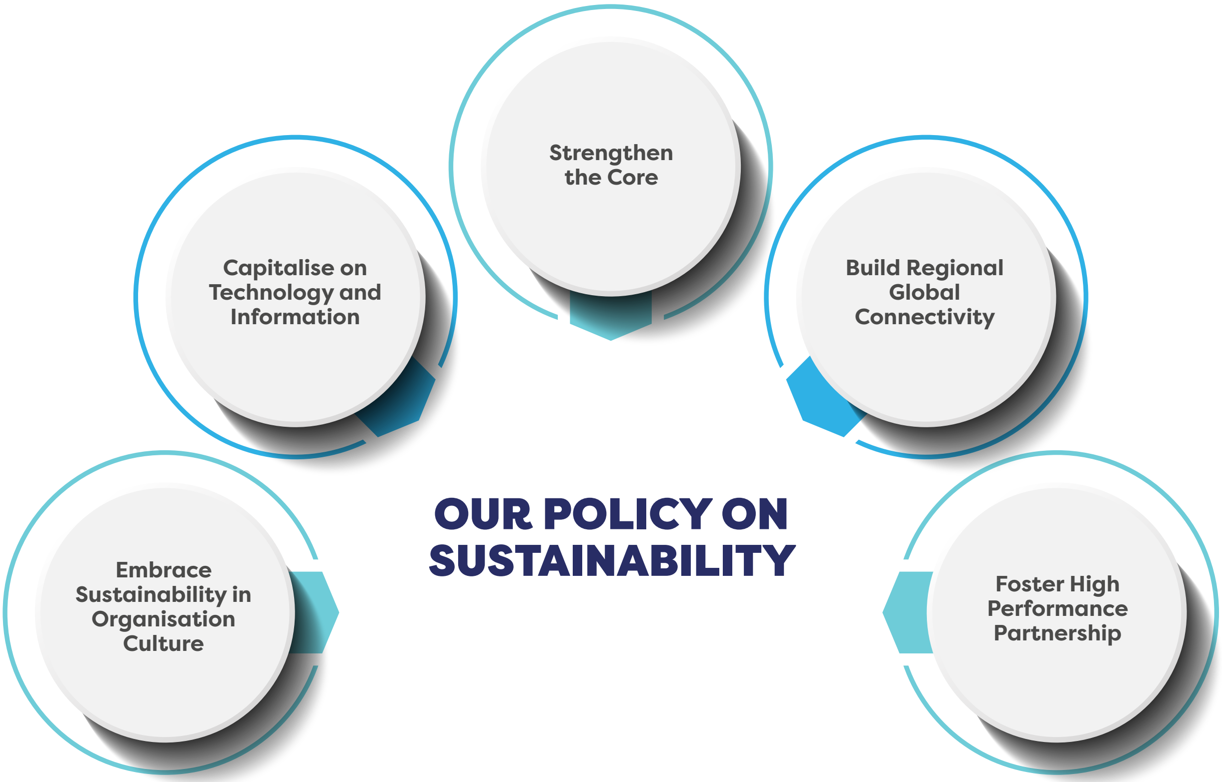
Sustainability Statement

The Board of Destini is pleased to present its annual sustainability statement which provides a comprehensive review of the Group's environmental, social and governance ("ESG") impacts for the financial year ended 31 December 2022. This annual report is prepared in accordance to the Global Reporting Initiative reporting guidelines and it adheres to the Sustainability Reporting Guide 2022, 3rd Edition and Toolkits issued by Bursa Malaysia Securities Berhad ("Bursa Malaysia").

The Group recognises the importance of ESG as a critical driver for sustainable long-term business growth. As such, the Board and the management persistently reinforce embedding sustainability into Destini's business strategies and operations to achieve the Group's goals.

Destini is mindful that its activities should be carried out with the highest standards of corporate and social responsibilities as it strives to align its business operations while balancing to minimise environmental impact arising from its operations. In the meantime, we put an emphasis on improving the social and economic conditions for all its stakeholders including its employees and the communities that it operates in, with integrity and ethical practices.

Destini's Sustainability Policy provides guiding principles for the Group to conduct its businesses with high levels of commitment to sustainability. It serves as the focal guiding document for the Group's sustainability practices. Our values, sustainability pillars and commitments are kept in check through this policy which stated as below;



Sustainability Statement

OUR SCOPE OF REPORTING

Information disclosed in this Report encompasses our four core divisions which are aviation & defence, energy, mobility and marine. These four core divisions have a wide footprint that spans from Malaysia to Singapore, Australia, China, the Middle East and United Kingdom, where the Group holds a controlling interest or management control.

We are determined in building the sustainability of our business by laying the trust of our stakeholders as foundation which is strengthened by transparency in business processes and practices, and overall accountability towards the community and environment. We strive to embed the commitment to a sustainable approach at every level of governance through our day-to-day operations and decision making.

As part of its commitment to enhance sustainability throughout the Group, Destini continues with the scope of reporting to cover all its active subsidiary companies. The content of this report is based on the material topics that we have identified as listed below:

DESTINI

AVIATION & DEFENCE
- Supply safety and survival-related equipment and provide maintenance, repair and overhaul ("MRO") services for the Armed Forces.
- Supplies defence related aircrafts and components for the Armed Forces.
- Aircraft cylinder testing and calibration services.
- Organise and conduct aircraft search, rescue and salvage missions with the Government.

ENERGY
- LNG supply
- Renewable energy (Solar and Hydro)
- Engineering, Procurement, Construction, Installation and Commissioning of renewable energy systems.
- Provides tubular running services for upstream onshore and offshore drilling programmes.
- Well delivery services which includes a comprehensive tubular and drilling programme.
- Subsea well intervention, platform abandonment and field decommissioning services.
- Subsea pipeline inspection as well as maintenance and repair services.
- Supply of handling and drilling tools.

MOBILITY
- Manufacture and supply motor trolley, wagon and road rail vehicles for the rail sector.
- Assembly, fabrication, refurbishment and MRO of train sets and rail systems.

MARINE
- Manufacture and supply of lifeboats, fast rescue boats, outboard and inboard diesel engines, davit systems and hooks for commercial shipping and oil and gas industry.
- Manufacture proprietary Self-Propelled Hyperbaric
- Lifeboats used in deep sea diving operations.
- Provides MRO services relating to lifeboats, davit systems, load testing equipment, fire safety and other marine assets.

SUSTAINABILITY GOVERNANCE

▶ Corporate Governance

The sustainability governance structure provides oversight over key sustainability principles across the Group. At Destini, all matters related to sustainability are governed and managed by various levels in the organisation. The success of the governance structure is the result of sustainable leadership from our Board of Directors, Senior Management, and Operational Management, which collectively form our leadership team.

At Destini, we believe that good governance plays a key role in achieving the Group's objectives to deliver our sustainability targets.

The Board oversees the Group's sustainability agenda and ensures that the Group remains a sustainable organisation. The Board also acknowledges that risk management and internal control are integral to our corporate governance and that it is responsible for establishing a sound risk management framework and internal control system as well as to ensure their adequacy and effectiveness. The review of the adequacy and effectiveness of the risk management framework and the system of internal control is delegated by the Board to the Risk Management Committee. The Group's performance is also tracked with the assistance of the Audit Committee and Nomination and Remuneration Committee.

Board of Directors

Oversees the Group's sustainability initiatives, and endorses the proposed sustainability initiatives and material sustainability matters related to the Group

Audit Committee

- Reviews the Company's processes for produces timely and accurate financial data, and internal controls as well as oversees all risk management activities

Nomination and Remuneration Committee

- Oversees matters related to proposing suitable new candidates for appointment to fill the seats of Board Members and Senior Management.
- Assists the Board in developing and establishing competitive remuneration policies and packages.

Risk Management Committee

- Assists the Board in overseeing all risk management activities within the Group and review the efficiency and effectiveness of the internal controls within the Group.

Sustainability Statement

The responsibility of the Board to promote and embed sustainability in the Group includes overseeing the following:
- Stakeholders engagement.
- Materiality assessment and identification of sustainability risks and opportunities.
- Management of material sustainability risks and opportunities.

The Board regularly reviews the strategic direction and progress of operations, taking into account changes in the business, political and communal environment and various risk factors.

Ethical Business Practices

In establishing and maintaining a culture of ethical behaviour and practices, we are committed to uphold the highest standards in corporate governance. To this end, we strive to strictly comply with the principles and guidelines set out in the Malaysian Code on Corporate Governance issued by the Securities Commission Malaysia.

Corporate policies are publicly available on the Group's corporate website and Destini's employee portal to enhance corporate transparency. As such, an Anti-Bribery and Anti-Corruption Policy as well as a Whistle Blowing Policy are uploaded on our website to provide wider stakeholders including suppliers, contractors, business partners and associates as a guideline to be followed.

Our zero-tolerance policy towards bribery and corruption is a testament to our highest commitment to our business ethics. To further reinforce these best practices, we provide an onboarding session on Corporate Liabilities under Section 17A of the MACC act. This training programme guides our employees with the knowledge and in-depth understanding to identify and prevent fraudulent activities, promoting ethical principles and behaviours in their duties. We also require all employees to abide by the policies and our ethical standards as stipulated in our employee handbook.

At Destini, the Board and management team are collectively responsible for developing, implementing and maintaining a sound corporate governance system, as good governance promotes well-managed and accountable decision-making at all levels of a business.

STAKEHOLDERS ENGAGEMENT

We acknowledge that our stakeholders are strong pillars of our growth as they play their roles as advocates, partners, and investors. We maintain communication with our stakeholders through web-based media platforms and printed materials such as our Group's website, annual reports and other electronic mediums; and physical communication.

The engagement process enlightens us on how we could maximise profit while managing the risks that are attached to deploying the resources derived from our environment, making it a win-win situation for both the Group and our stakeholders.

Our Group engages with our principal stakeholder groups regularly through various approaches in their respective interest areas and concerns as summarised in the table below.

Our Group engages with our principal stakeholder groups regularly through various approaches in their respective interest areas and concerns as summarised in the table below.

STAKEHOLDERS	ENGAGEMENT METHODS	ENGAGEMENT AREA
Shareholders	• Annual & Extraordinary General Meetings • Investors presentations • Press releases • Bursa announcements • Quarterly report • Annual report • Timely update on corporate website	• Financial and operational performance • Share price performance • Dividend policy • Return on investments
Government	• Compliances to laws and regulations	• Operation regulations • Listing Requirements • Companies Act • Labour law • Taxations • Occupational Safety and Health Act, 1994 • Factories and Machinery Act 1997 • Factories and Machinery (Electric Passenger and Goods Lift) Regulation 1970
Board of directors	• Board meetings	• Corporate strategy • Corporate governance
Employees/Union	• Technical and skills trainings • Performance appraisal • Team building activities • Employee engagement activities (events) • Dialogues between employers and employees	• Occupational safety & health • Remuneration policy • Career development • Performance review • Fair employment practices
Financial insitutions	• Bursa announcements • Quarterly report • Annual report • Timely update on corporate website	• Financial and operational performance • Interest/Profit payment
Customers	• Regular meetings • Marketing activities • Sponsorship activities	• Customer satisfactions • After-sales services • Quality assurance • Innovative services and products
Suppliers and Agents	• Regular meetings • Quality audit on services and products • Contract negotiation	• Services and products' quality • Legal compliance
Communities & Non Governmental Organisation	• Conferences and Dialogues	• Socioeconomics development
Societal Communities	• Community events	• Social contribution • Job opportunities • Donation and financial aid
Analyst/Media	• Annual & Extraordinary General Meetings • Press conferences and media releases • Interview	• Financial and operational performance • General announcements • Face-to-face or e-mail interview

SUSTAINABILITY REPORT

Sustainability Statement

MATERIAL SUSTAINABILITY MATTERS

Economic

Destini creates sustainable value for its customers, the supply chain, and other stakeholders to whom derived economic value is distributed. This includes governments through taxes, employees through compensation and benefits, suppliers and service providers through product delivery and service prices. Part of the value earned is retained in the company for capital investments, and to maintain a certain amount of independence from capital market fluctuations.

As an integrated engineering solution provider, the Group is determined to create value for the stakeholders through outstanding financial performance, excellent market presence, good business ethics and maintain a track record of delivering products and services of exceptional quality.

Shareholders

Our shareholders are the ultimate owners of the company and as such, the Group's operational and financial position is one of the material sustainability matters to our Group. We strive to achieve economic sustainability growth for our shareholders.

The Board recognises the importance of communication with its shareholders and investors as they are entitled to timely and quality information on the Group's financial performance and position. Apart from the Annual General Meeting and Extraordinary General Meetings where shareholders are encouraged to ask questions to the Board and Executive Management on business operations, and the financial performance, the Group's corporate website at www.destinigroup.com also provides a link on investor relations where quarterly and annual financial statements, announcements, financial information, annual reports, circulars/statements to shareholders and other pertinent information are uploaded on a timely basis when available.

Customers & Products

The Group is committed to providing innovative and high-quality products and services to its customers. As an integrated engineering solutions provider, all our products and services are designed and customised to cater to our customers' specific needs and industry applications. With the Group's extensive experience as well as our product and services quality assurance in accordance with international standards ISO 9001: 2015 Quality Management System, the quality and safety performance of the Group's products are guaranteed. Our engineering process is in strict compliance with the quality requirements by following the quality control procedures from services, production to delivery.

We uphold the belief that customers rights should be preserved at all times and are on continuous endeavours to create value-for-money for our customers. In order to ensure that our products are of consistent standard and quality, our management has internally established a Regulatory, Safety and Quality Assurance Department to establish, check and continually improve the continuity compliance as required by Statutory and/or Regulatory bodies, Standard Certifying Agency, Customer and/or Original Equipment Manufacturer ("OEM"). This is also to ensure that we are able to achieve, sustain and continually improve the business relevant standard that directly impacts the business continuity.

Engagement channels such as meetings, emails and phone calls with our customers are fully utilised to get a deeper understanding of their needs. Our business goals are to develop and sell our products and services that appeal to our customers. We will maintain our competitive advantage by ensuring prompt delivery, price competitiveness and consistent quality.

CUSTOMERS' SATISFACTION

- Internationally recognised best practices and international quality accreditation
- Experienced management and equipped with industry knowledge, extensive technical support and comprehensive training services
- Prompt delivery and reliable customer service
- Efficient after-sales service, create an integrated and resilient workforce

AVIATION & DEFENCE

In terms of quality control, our aviation and defence operation is accredited by ISO 9001:2015 - Quality Management System in Maintenance, Repair, Overhaul, and Technical Assistance of:

a) Safety and survival equipment;
b) Electronics, avionic and electro-mechanical equipment;
c) Aircraft ejection system;
d) Auto-mechanical, crash & salvage and firefighting equipment for aerospace, marine and defence industries;
e) Electro-mechanical and survival systems for special force;
f) Regulator, compressed gas cylinder and oxygen system

It must be noted that, locally, we are an Authorised Maintenance Organisation for the services and maintenance of aircraft safety and survival equipment which is certified by the Malaysian State Technical Airworthiness Authority, and also by Civil Aviation Authority Malaysia.

Internationally, we are certified by Pipeline Hazardous Material Safety Agency of Department of Transport, from the United States of America as an Authorised Re-qualification Cylinder Service Station. This authorises our Group on requalification of the authorised cylinder specifications by the “hydrostatic” test method.

We are also proudly certified by several private and public authorities as an OEM authorised service centre, preferred partner or supported service centre for the maintenance of aircraft ejection seats, safety equipment by Martin Baker and Survitec Aviation.

ENERGY

For the energy segment, we are accredited with ISO 45001:2018 – Occupational Health and Safety Management System, ISO 9001:2015 – Quality Management System as well as OHSAS 18001:2007 – The Occupational Health & Safety Management System applicable to the provision of tubular handling equipment and conductor installation services for the oil and gas industry.

These certifications provide worldwide recognition and acceptance of our services and products. Our solar PV investor is recognised to use the MyHIJAU Mark, which is Malaysia's official green recognition scheme endorsed by the Government of Malaysia, bringing together certified products and services that meet local and international environmental standards under one single mark.

The Group is also a registered company under the Sustainable Energy Development Authority of Malaysia for solar renewable energy projects.

Our services and products quality with international quality accreditation has gained us as one of the market leaders in this industry. In addition, Destini possesses teams of well-equipped employees with industry knowledge who are able to manage and deliver customers’ expectations.

Sustainability Statement

MOBILITY

In the mobility segment, we are certified by the Ministry of International Trade and Industry of Malaysia for the fabrication of commercial vehicle bodies, and assembly of chassis bus and military vehicles.
We are also certified for new body construction, technical repairs and refurbishments for all types of rigid lorries, semi-trailers, tankers and buses by the Road Transport Department of Malaysia.

MARINE

For the marine segment, we are accredited with ISO 9001:2015 - Quality Management System on:

- provision of ship/boat building and ship/boat repair services; and
- inspection, repair, and service of lifeboats and davit systems.

In this respect, we are the Authorised Life Raft Service Station issued by the Malaysian Marine Department in compliance with the International Maritime Organisation and/or Safety of Live at Seas Regulation.

Apart from that, internationally, our company is also certified by Lloyd's Register Group Limited & Panama Maritime Authority as Approved Service Suppliers in servicing and maintenance, through examination, operational testing, overhaul and repair of lifeboats and rescue boats, launching appliances and release gear.

American Bureau of Shipping, Bureau Veritas and DNV GL had been audited on our marine segment and given a satisfactory practical demonstration of our services. As such, Destini has been recognised worldwide as a qualified and trustable service provider in servicing/maintenance of lifeboats, ship repair services and shipbuilding.

We also achieved the internationally recognised ISO 45001:2018 occupational health and safety management accreditation standard which is applicable to our marine division and underlines our commitment to a safe and performance driven business.

Business Model and Planning

Destini has not taken its eyes off its strategic goals of increasing its secured income base. Several new initiatives were adopted to grow its businesses organically within its core segments. This also includes finding synergies between subsidiaries to leverage on each other's capabilities. In doing so, the sustainability and growth across all of our business segments remain resilient despite the challenging operating environment.

The sustainability of Destini's businesses are strong as the Group is operating with a diversified portfolio of services and products in a high entry barrier industry and one of the major sources of revenue earnings was generated from recurring MRO business. Aside from that, there are many more possibilities for Destini to explore and expand its existing capabilities in the industries it has a foothold in.

Moving away from local shores, the Group is also aggressively broadening its client base by staying competitive and relevant in all the industries it has operations in and all the countries it has a presence. This includes constantly looking to extend its services and products to the wider global market. It opens up greater opportunities for the Group to grow internationally. From the current presence which spans from Australia, China, Malaysia, Middle East, Singapore, and United Kingdom, Destini is on the blueprint to expand its current business network to the Southeast Asian countries it does not have a presence.

Moving forward, the Group will continue to expand its customer base in order to strengthen our market position coupled with expansion plans for revenue growth. The Group is currently focused on allocating the Group's resources to enhance and expand its core business. To achieve sustainability in the long run, the Group opined that other diversification shall also be ventured into to enhance its financial performance and shareholder's value in the future.

Suppliers

In ensuring an efficient and smooth operation within our organisation, the Group constantly relies on the support of our dependable suppliers and vendors. Throughout our operating history, our procurement practices have been structured and carried out in a fair and consistent manner in which suppliers can engage us impartially while fulfilling our requirements.

We operate a procurement function which provides guidance and strategic direction to a network of procurement specialists. In addition, we have an all-encompassing approach to maximise value creation by reducing supply chain costs, improving transactional processes, maintaining long term relationship with suppliers, complying with laws and regulations and enhancing efficiency, while providing sustainable fit for purpose solutions. This approach is embodied throughout the procurement function which has a common vision to deliver excellence in procurement practice through the operational effectiveness, cross-functional collaboration and savings transparency.

All procurement activities are guided by our documented procedure as prescribed by the ISO 9001:2015 Quality Management System to ensure that our suppliers comply with our purchase material specifications and satisfy our production requirements. To ensure the compliance practices of our suppliers, we evaluate the performance of our suppliers on a biannual basis in terms of the quality of products and services, pricing, delivery and product safety criteria.

Environment

Operations

We understand the significance of responsible environmental practices for the long-term viability of the Group and are committed to mitigating the adverse impact of our operations on the environment. At Destini, we strive to operate in accordance with the applicable environmental regulations of where we operate.
Joining many parts of the world in bracing for more severe climate change impacts and actively gearing up our adaptation and mitigation measures, Destini has taken part in environmental initiatives and incorporated several carbon avoidance measures during the financial year to help reduce our emissions and conserve our environment:
Our standard operating procedures for environmental management include:

- Preserving, conserving, minimising wastage of resources and ensuring that the work environment is free from pollution hazards;
- Complying with all acts, rules, regulations and orders of the Department of Environment; and
- Communicating clearly to all employees, customers and suppliers to instil in them the environmental awareness culture and values of our Group.

Waste Management

We recognise the importance of environmental protection for the long-term sustainability of our business. The Group substantially invests to comply with environmental legislation, optimise cost and manage its waste management practices across all business operations.

We have scheduled disposal of hazardous waste such as chemicals that requires special handling pursuant to the Environmental Quality Act, 1974 and the Environmental Quality (Scheduled Wastes) Regulations, 2005. The waste is managed responsibly to minimise the risk of unintended contact by the Group's employees and those handling the waste disposal.

Sustainability Statement

In this respect, the scheduled wastes will be packaged, labelled and transported in accordance with the prescribed Department of Environment guidelines and regulations. Moreover, we are also certified with ISO 14001:2015 and ISO 45001:2018 - Environmental Management System in providing MRO of safety, survival, search, rescue equipment.

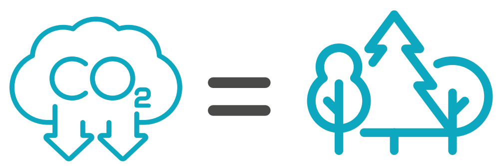
Aside to that, the Group also adheres to the Environmental Quality Scheduled Waste Regulation 2005 and Inventory of Scheduled Wastes that is in compliance with oil and gas regulations.

We acknowledge that the impact of paper used on the environment is significant and we have adopted the practice of the 3Rs – Reduce, Reuse and Recycle, across the Group. Paper recycling initiatives are underway by encouraging employees to, amongst others, prioritise electronic means to share and store documents, reduce printing or photocopying and to use double-sided printing. We adopt a paperless concept where meeting documents and presentation materials are through electronic devices to minimise printing and the negative impact towards the environment. In addition, other materials such as furnishing and fixtures are recycled or reused whenever possible. Waste segregation is carried out by placing different bins for different discarded materials such as plastic, paper and others in and around our office area.

Proper disposal or reusing wastages is part of the Group's balance activities to ensure the sustainability for its business as well as for the environment. Therefore, the Group is committed to ensure all wastes are appropriately treated and stored or disposed in compliance with law and regulations and in a proper manner. Waste segregation has been done by placing different bins in and around our offices and by setting up recycling stations at convenient locations.

Energy & Water Conservation

Most of the Group's operations are all housed under our corporate building in Glenmarie, Shah Alam. In line with our commitment to adopting good sustainability principles, and to uphold the government's reformed initiative of Malaysia Electricity Supply Industry (MESI) 2.0, the building's rooftop was installed with a Solar PV system and is one of our major investments in renewable energy. This solar system was approved by Tenaga Nasional Berhad and is able to generate a maximum capacity of approximately 150 kWp. The solar PV system is fully operational from December 2021. During the reporting year, a total of 104.309MWh of energy was generated by green energy through the solar PV system. Since the commissioning of the solar PV, the building managed to reduce 291 tonnes of CO2 emissions which is equivalent to 15,888 of trees planted.



291
tonnes

15,888
trees planted

Apart from that, the Group practices minimising energy consumption at our office buildings during operation hours. Our staff are encouraged to turn off the machines, or other electronic and electrical equipment, such as computers, electric fans, air-conditioners, and lighting when they are not in use; this includes during lunch breaks or recess. In addition, our buildings are installed with LED lights and split unit air-conditioners which serves energy efficiency. The Group also encourages our staff to carpool, or take public transport when commuting to office.

Water is used primarily for drinking and sanitation at our facilities and is obtained solely from municipal suppliers and discharged into public sewage systems. We implement measures to minimise water consumption as part of our environmental management system. We are committed to understanding and reducing operational water footprint, advocating an effective water consumption policy and encouraging our employees to be water stewards at work.

Social

We recognise our people as our most important asset and strive to enhance their capabilities as well as competencies through continuous upskills training and professional development. We ensure our reward packages remain competitive to attract, retain and motivate the right talent by providing equal opportunity.

Succession Planning

A skilled workforce allows the Group to build a strong foundation for boosting employee productivity and improving company culture. For critical and leadership roles, succession planning is vital to our long-term performance as part of our Group's sustainability move. Our Nomination and Remuneration Committee will review the Group's human resources plan including the succession management framework and activities, human resources initiatives such as jobs and salary review, and the annual manpower budget. The succession planning across the Group is implemented by stages where the training programme is designed specifically for management staff.

Safe Workplace

The health and safety of our employees are an absolute top priority at Destini as well as being an essential part of our strive towards sustainable development. We have occupational health and safety policies in place to assist and guide management and employees in creating a safe and healthy workplace that is embedded in our purpose and culture. The Group has in place a policy that highlights our commitment to:

- Prevent injury and ill health to our employees;
- ensure compliance to laws and regulations in relation to occupational safety and health;
- require contractors to meet our occupational safety and health standards across all operations;
- set targets and measures to drive occupational safety and health performance across the organisation; and
- promote a culture where all employees share the commitment to prevent harm to the safety and health of our employees, contractors and the general public.

The Group is regularly engaging and educating employees to inculcate a culture of safety and compliance through safety and health training. In this context, the Group places utmost importance on compliance with all relevant health and safety laws and regulations such as Occupational Safety and Health Act, 1994 and Factory and Machinery Act, 1997, as well as Integrated Safety Management Manual approved by the Board of the Company.

Our goal is to build safety awareness and competencies with safety induction training covering various topics including, among others, chemical safety and health awareness, chemical handling, air hose safety, machine guarding, and safe work practices. The programme is designed to train employees to become fully aware of the safety and health measures and to meet the Department of Occupational Safety and Health's guidelines. Workers are equipped with safety protective wear and equipment such as ear muffs for protection against noise pollution, goggles for protection against glare, dust, water and other particles, and gloves for the handling of chemicals or other potentially hazardous materials.

Destini has in place an occupational safety and health policy that highlights our commitment to provide our employees with a safe working environment to minimise occupational-related injuries, and this will be achieved by the following:

- Raise awareness, develop and enforce safe working practices
- Provide continuous training for all staff
- Compliance with all applicable safety and health laws and regulations
- Review the safety and health policy and give recommendations for improvement
- Evaluate the effectiveness of safety and health measures and carry out corrective action plan
- Identify workplace risk and implement a course of action to lower risks

In an effort to address our Health and Safety concern, an Emergency Response Team is established which reacts and manages any incidents that may happen at our working environment. Employees are also encouraged to lodge reports on any hazardous found to the safety officer for an action to be taken. To add, the Group Hospitalisation and Group Personal Accident Insurance are provided to the employees for their health and wellness benefit.

Sustainability Statement

As Malaysia moved into endemicity during the second quarter of 2022, Destini has continued to take measures to protect the well-being, safety and health of our employees in accordance with the Standard Operating Procedures ("SOP") issued by the Ministry of Health and the National Security Council. The continued spread of new COVID-19 variants and sub-variants being detected in Malaysia, as announced by the Malaysian health authorities, the Management continues to remain vigilant of potential risks of COVID-19 and strives to uphold preventive measures across all our premises and activities. Strict guidelines need to be adhered to protect the employees and stakeholders' well-being. The enforcement of the compliance of Standard Operating Procedure is improvised to make sure the workplace remains the safe place for our business activities. Among steps taken are;

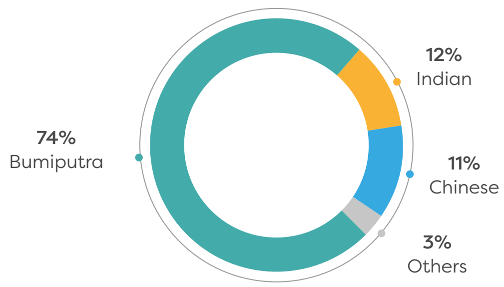
- All offices are sanitised at frequent intervals and also after confirmed cases are reported at the workplace.
- All staff are encouraged to wear a face mask in the premises, if asymptomatic.
- Conducting virtual meetings and discussions to minimise physical contact.
- Promoting vaccination among our employees.
- Minimise physical contact as much as possible.

Talent Motivation and Skill Development

At Destini, employees are our greatest assets. We will continue to focus on human capital development to nurture our employees to their full potential. Training programs for skill development and improvement are conducted for our employees so that they can execute their roles and responsibilities efficiently as well as for their personal career development.

We are made up of people with vast experience and industry background. Building capability is key, hence we proactively provide opportunities for growth and development for talent in the organisation through targeted development plans and succession planning. Ensuring our long-term sustainability, we continuously invest time and effort in recruiting (internal and external), upskilling, engaging and rewarding talents of the organisation accordingly. Destini empowers its people by respecting and appreciating their diverse qualities in terms of age, gender, ethnicity, religion, education and national origin for the positive exploration of human capital.

As at 31 December 2022, the total number of employees stood at 466 employees (2021: 493 employees), of which 21% (2021: 20%) are female and the remaining 79% (2021: 80%) are male. Our workforce is diverse ranging from Bumiputera (74%), Chinese (11%), Indian (12%) and others with 3%.



For many years, we have recognised the importance of engaging with our workforce. Employees' engagement is important to an organisation because it motivates employees to do their best. We consider effective engagement a key element of the Group's ability to create value as we recognise that our people are our greatest asset. Management regularly engages with the workforce through a range of activities such as staff birthday celebrations, festive celebrations etc.

Training and development help our Group to gain and retain talent, increase job satisfaction, and improve productivity. Destini values the career development and skills improvement of our employees. As such, we never underestimate the importance of employee training as we provide on-the-job training to sharpen their skills and knowledge.

Apart from safety and promoting good health, motivation is an essential part of the Group's responsibility to our employees. The Group engages with its employees through department meetings, annual performance reviews, feedback, surveys and bulletins whereby we actively encourage our employees to participate in.

Social Responsibility

The Group acknowledges our responsibility as corporate citizens, and Destini has undertaken various efforts to improve our environmental and social initiatives. We believe that the value of volunteerism to our community will provide caring character and empathy among our employees and community. Therefore, we encourage our employees to reach out to various communities by allowing them to take time off from their regular duties and participate in various charitable and community activities.

We have from time to time made donations to various charitable organisations with the eye to support:

- Charity-Welfare Programmes - to fund and promote charitable events that encourage the improvement of socio-economic conditions especially to communities caught in the poverty cycle and former servicemen who have served in the armed forces.
- Environmental Activities - to educate the community on the importance of environmental conservation as well as to enhance positive community engagement by becoming an active participant that supports sustainability initiatives.

Aside from this, we also ensure that the welfare and wellbeing of ex-servicemen who are retirees from the Air Force, Navy and Army are not neglected. It is a commitment by Destini to provide employment opportunities to ex-servicemen, ever since we commenced our business operations. We acknowledge that the ex-servicemen could contribute positively to the Group even after their retirement and that the valuable experience, skills and mastery in their industries can still be gainfully utilised. In this respect, the Group is proud that it has been a strong source of employment for these ex-servicemen for past years. This has raised the quality of life of these ex-servicemen as there is greater income stability and consequently, better and improved living standards and conditions.

The Group recognises the correlation between business growth and social well-being and welfare. Therefore, in fulfilling its corporate responsibilities to the community in which it conducts its business, the Group is obligated to nourish and improve the quality of the society. The Group focuses on enhancing community sustainability through various activities and actions to promote community engagement and address the needs of less fortunate and underprivileged families.

With this in mind, Destini is fully committed to its Corporate Social Responsibility programs by engaging in various community service events by supporting its surrounding communities through various methods including providing financial assistance to a large and diverse group of non-profits, schools and charitable organisations.

GOVERNANCE

OUR COMMITMENT

As a responsible corporate citizen, the Group shall endeavour to undertake sustainable and responsible practices to add value to sustainable business growth, environmental stewardship and social responsibility.

Rewarding our shareholder	Sustaining long term value	Advancing our business	Investing in our human resources	Contributing to society
Dividend Policy of paying an annual dividend of between 30% - 40% subject to approval by Board of Directors	Investment in our resources to ensure long-term benefits to our various stakeholders	Reinvestment and diversification	Competitive remuneration, compensation, benefits and trainings	Continued upliftment of our society's well-being through CSR programs and donations

A responsible corporate citizen, the Group shall endeavour to undertake sustainable and responsible practices to add value to sustainable business growth, environmental stewardship and social responsibility

Corporate Governance Overview Statement

INTRODUCTION

The Board of Directors ("the Board") acknowledges that the practice of good corporate governance is an essential part in the Company and its subsidiaries ("the Group") continued growth and success. Hence, the Board remains committed to attaining high standards of corporate governance within the Group through its support and application of the principles and best practices set out in the Malaysian Code on Corporate Governance 2021 ("MCCG 2021") to enhance business prosperity and maximise shareholders' value.

This Statement sets out the commitment of the Board towards the MCCG 2021 and describes how the Group has applied the principles and complied with the best practice provisions as laid out in the MCCG 2021 throughout the financial year ended 31 December 2022 ("FYE 2022") pursuant Paragraph 15.25 of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities"). The Board will continuously evaluate the Group's corporate governance practices and procedures, and where appropriate will adopt and implement the best practices as enshrined in MCCG to the best interest of the shareholders of the Company. The detailed application for each practice as set out in the MCCG 2021 is disclosed in the Corporate Governance Report which is available at the Company's website at www.destinigroup.com.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

PART I – BOARD RESPONSIBILITIES

1. Board Leadership on Objectives and Goals

Strategic Aims, Values and Standards

The Board is responsible in providing the overall governance, stewardship and oversight for the direction and management of the Group. The Board sets out the strategic directions and objectives, formulating the policies and executing the key strategic action plans of the Group. The Board regularly reviews the Group's business operations, management performance and also ensure the necessary resources are in place.

In the Group, the Board and the Senior Management work cohesively to formulate and to implement the Group's business strategy. The respective roles and responsibilities of the Board and management team are clearly set out and understood to ensure accountability and ownership by both parties. The Board is responsible for the oversight and overall management of the Group including assessing and agreeing with the Group's corporate objectives, and the goals and targets to be met by management.

The management including the Executive Chairman, Managing Director and Group Chief Executive Officer and Group Chief Financial Officer of Destini, is responsible for managing the day-to-day running of the business activities in accordance with the direction and delegation of the Board.

The management meets regularly to discuss and resolve operational issues. The Managing Director and Group Chief Executive Officer briefs the Board on business performance and operations as well as the management initiatives during quarterly Board's meetings.

The Board retains full and effective control of the Group and has developed corporate objectives and position descriptions including the limits to management's responsibilities, which the management are aware of and are responsible for meeting.

The Board has a formal schedule of matters reserved to itself for decision, which includes the overall Group strategy and direction, investment policy, major capital expenditures, consideration for significant financial matters and review of the financial and operating performance of the Group.

The Board understands the principal risks of all aspects of the business that the Group is engaged in and recognises that business decisions require the incurrence of risk. To achieve a proper balance between risks incurred and potential returns to shareholders, the Board ensures that there are systems in place that effectively monitor and manage these risks view of the long-term viability of the Group.

Corporate Governance Overview Statement

The principal roles and responsibility assumed by the Board are as follows:

- **Review and adopt strategic plan of the Group**

  The Board plays an active role in the development of the Group's overall corporate strategy, marketing plan and financial plan. The Board is presented with the short and long-term strategy of the Group together with its proposed business plans for the forthcoming year. The Board also monitor budgetary exercise which supports the Group's business plan and budget plan.

- **Implementation of internal compliance controls and justify measure to address principle risks**

  The Board is fully alert of the responsibilities to maintain a proper risk management and internal control system. The Board's responsibilities for the Group's system of internal controls including financial condition of the business, operational, regulatory compliance as well as risk management matters.

- **To formulate and have in place an appropriate succession plan**

  The Board is responsible to formulate and have in place an appropriate succession plan encompassing the appointment, training, and determination of compensation for senior management of the Group, as well as assessing the performance of Directors and Committee members and, where appropriate, on the retirement and appointment of the members of the Board and Executive Directors.

- **Developing and implementing an investor relations program or shareholder communications policy for the Group**

  The Board recognises that shareholders and other stakeholders are entitled to be informed in a timely and readily accessible manner of all material information concerning the Company through a series of regular disclosure events during the financial year. Hence, the Company's website is the primary medium in providing information to all shareholders and stakeholders.

The Board will normally hold meetings at least four (4) times in each financial year to consider:

i) relevant operational reports from the management;
ii) reports on the financial performance;
iii) specific proposals for capital expenditure and acquisitions, if any;
iv) major issues and opportunities for the Company, if any; and
iv) quarterly financial statements for announcement to authorities.

In addition, the Board will, at intervals of not more than one (1) year:

i) approve annual financial statements, and other reports to shareholders;
ii) consider and, if appropriate, declare or recommend the payment of dividends;
iii) review the Board composition, structure and succession plan;
iv) review the Company's audit requirements;
v) review the performance of, and composition of Board committees;
vi) undertake Board and individual Board member evaluations;
vii) review Board remuneration; and
viii) review risk assessment policies and controls and compliance with legal and regulatory requirements.

The roles and responsibilities of the Independent & Non-Executive Directors and Executive Directors are clearly defined and properly segregated. All the Independent & Non-Executive Directors are independent of the Executive Directors, management and major shareholders of the Company, and are free from any business or other relationship with the Group that could materially interfere with the exercise of their independent judgement. This offers a strong check and balance on the Board's deliberations.

The Executive Directors are responsible for the overall performance and operations as well as the corporate affairs and administrations of the Group. They are assisted by the Group Chief Executive Officer and senior management personnel of the Group in managing the business activities of the Group in the manner that is consistent with the policies, standards, guidelines, procedures and/or practices of the Group and in accordance with the specific plans, instructions and directions set by the Board.

The Group Chief Executive Officer holds the principal obligations in focusing, guiding, addressing, supervising, regulating, managing and controlling as well as communicating the Company's goals and objectives, as well as all significant corporate matters, corporate restructuring plans, business extension plans and proposals. The Executive Directors and the Group Chief Executive Officer, are also responsible for proposing, developing and implementing applicable and relevant new policies and procedures.

The Independent & Non-Executive Directors of the Company play a key role in providing unbiased and independent views, advice and contributing their knowledge and experience toward the formulation of policies and in the decision-making process. The Board structure ensures that no individual or group of individuals dominates the Board's decision-making process. Although all the Directors have equal responsibility for the Company and the Group's operations, the role of the Independent Directors are particularly important in ensuring that the strategies proposed by the Executive Directors are deliberated on and have taken into account the interest, not only of the Company, but also that of the shareholders, employees, customers, suppliers and the community.

The Board has defined its Board Charter, and Code of Conduct and Ethics setting out the roles, duties and responsibilities of the Board, the principles and practices of corporate governance to be followed and its commitment of fair practices to its stakeholders, which is available on the Company's website at www.destinigroup.com.

Separation of positions of Chairman and Group Chief Executive Officer

The Board is chaired by an Executive Chairman, namely Dato' Rozabil @ Rozamujib Bin Abdul Rahman until 27 February 2023 who had resigned as Executive Chairman. Subsequent to the resignation of Dato' Rozabil @ Rozamujib Bin Abdul Rahman, Abdul Rahman bin Mohamed Rejab was re-designated as an Executive Chairman of the Company from his post as Executive Director with effect from 1 March 2023.

The Executive Chairman is primarily responsible for the vision and strategic planning of the Group and to provide leadership and ensure effective conduct of the Board. He ensures the adequacy and effectiveness of the Board's governance process and acts as a facilitator at Board meetings to ensure all Directors participate and deliberated at all Board meetings and that no Board member dominates discussion.

Dato' Mohd Zahir Bin Zahur Hussain holds the role of Managing Director and Group Chief Executive Officer since 1 March 2023. He implements the Group's strategies, policies and decision adopted by the Board. He has extensive and experience in the businesses of the Group and has shown great commitment and exercised due care in managing the operations of the Group's businesses in the best interest of the shareholders.

The roles of the Executive Chairman and the Managing Director and Group Chief Executive Officer are clearly defined and segregated, to ensure appropriate balance of power and authority, increased accountability and enhanced capacity of the Board for independent decision-making. The Board believes that for its current size, it is more expedient for the two roles to be held by the different person there are pertinent checks and balance to ensure no one person in the Board has unfettered powers to make major decisions for the Company unilaterally.

Qualified and Competent Company Secretaries

The Board is supported by qualified and competent Company Secretaries who are responsible to ensure that the Company's Constitution, procedures and policies and regulations are complied with. The Board is regularly updated and advised by the Company Secretaries on any new statutory and regulatory requirements in relation to their duties and responsibilities. The Board recognises that the Company Secretaries are suitably qualified and capable of carrying out the duties required. The Board is satisfied with the service and support rendered by the Company Secretaries in discharge of their functions.

Corporate Governance Overview Statement

The Company Secretaries attend all Board and Board Committees meetings and ensure that meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are taken and maintained accordingly.

Board Committees

In discharging its fiduciary duties, the Board has delegated specific tasks to the following three (3) Board Committees:

i) Audit Committee (“AC”);
ii) Nomination and Remuneration Committee (“NRC”); and
iii) Risk Management Committee (“RMC”).

All the Board Committees have its own terms of reference and has the authority to act on behalf of the Board within the authority as lay out in the terms of reference. These Committees are formed in order to enhance business and operational efficiency as well as efficacy. The Chairman of the respective Committees will report to the Board the outcome of the Committees meetings for the Board’s considerations and approvals. The Board retains full responsibility for the direction and control of the Company and the Group.

Access to Information and Advice

Unless otherwise agreed, notice of each meeting confirming the venue, time, date and agenda of the meeting together with relevant Board papers shall be forwarded to each director no later than seven (7) days before the date of the meeting.

This is to ensure that Board papers comprising of due notice of issues to be discussed and supporting information and documentations were provided to the Board sufficiently in advance. Furthermore, Directors are given sufficient time to read the Board paper and seek for any clarification as and when they may need advice or further explanation from management and Company Secretaries. The deliberations of the Board in terms of the issues discussed during the meetings and the Board’s conclusions in discharging its duties and responsibilities are recorded in the minutes of meetings by the Company Secretaries.

The Board has unrestricted access to all information within the Company as a full Board to enable them to discharge their duties and responsibilities and is supplied on a timely basis with information and reports on financial, regulatory and audit matters by way of Board papers for informed decision making and meaningful discharge of its duties.

In addition, all Directors have direct access to the advice and services of the Company Secretaries who are responsible to ensure the Board’s meeting procedures are adhered to and that applicable rules and regulatory are complied with.

External advisers are invited to attend meetings to provide insights and professional views, advice and explanation on specific items on the meeting agenda, when required. Senior management team from different business units are also invited to participate at the Board meetings to enable all Board members to have equal access to the latest updates and developments of business operations of the Group presented by the senior management team. The Chairman of the Board Committees, namely, the Audit Committee, Risk Management Committee and Nomination and Remuneration Committee briefs the Board on matters discussed as well as decisions taken at the meetings of their respective Board Committees meetings.

When necessary, Directors may whether as a full Board or in their individual capacity, seek independent professional advice, including the internal and external auditors, at the Company’s expense to enable the directors to discharge their duties with adequate knowledge on the matters being deliberated, subject to approval by the Chairman of the Board, and depending on the quantum of the fees involved.

The proceedings and relevant resolutions passed at the Board meeting are duly recorded by the Company Secretaries, and properly documented and filed in the Minutes Book maintained at the Registered Office of the Company.

2. Demarcation of Responsibilities

Board Charter

As part of governance process, the Board has formalised and adopted the Board Charter. This Board Charter sets out the composition and balance, roles and responsibilities, operation and processes of the Board and to ensure that all Board members acting on behalf of the Company are aware of their duties and responsibilities as Board members.

The Board will review the Board Charter from time to time to ensure that the Board Charter remains consistent with the Board's objectives, current law and practices. The Board Charter is available at the Company's website at www.destinigroup.com.

3. Good Business Conduct and Corporate Culture

Code of Conduct and Ethics

The Board is committed in maintaining a corporate culture, which engenders ethical conduct. The Board has formalised the Code of Conducts and Ethics which summarises what the Company must endeavour to do proactively in order to increase corporate value and which describes the areas in daily activities that require caution in order to minimise any risks that may occur. The Code of Conduct and Ethics provides guidance for Directors regarding ethical and behavioural considerations and/or actions as they address their duties and obligations during the appointment.

The Board adopted a Code of Conduct and Ethics and will review the Code of Conduct and Ethics when necessary to ensure it remains relevant and appropriate. The details of the Code of Ethics and Conduct are available for reference at the Company's website at www.destinigroup.com.

Whistle-blowing Policy

The Board has a Whistle-blowing Policy which provides an avenue and mechanism to all employees of the Group and members of the public to voice genuine concerns of any possible suspected breach of business conduct and malpractices impacting the interest of the Group.

The main objectives of the policy are:

i) Be committed to the Company's business ethics of Honesty, Integrity and Transparency;
ii) To provide a transparent and confidential process for all parties to give information on non-compliances to the Code of Conduct and Ethics, or any misconduct regardless of his or her position, to an independent party to investigate the allegations and take the appropriate actions; and
iii) To uphold the moral duty being a Company by protecting the interest of all its stakeholders.

The details of the Whistle-blowing Policy are available for reference at the Company's website at www.destinigroup.com.

Stakeholders, who have suspected fraud, misconduct or any integrity concerns, are encouraged to fill up a Whistle Blowing Report Form and email to:

Attention	:	Professor Datin Dr Suzana Binti Sulaiman @ Mohd Suleiman
Designation	:	Audit Committee Chairperson / Non-Independent & Non-Executive Director
Email	:	suzana.sulaiman@destinigroup.com

Destini Berhad Anti-Bribery and Corruption Policy

On 19 June 2020, the Company adopted the "Destini Group Anti-Bribery and Corruption Policy" that sets out the Company's principles and stance and adequate procedures against bribery and corruption activities in the conduct of its business. The Destini Group Anti-Bribery and Corruption Policy provide guidance to the employees and business partners towards eliminating acts of bribery and corruption in the conduct of the Company's business and affairs and such policy is published on the Company's website at www.destinigroup.com.

Corporate Governance Overview Statement

PART II – BOARD COMPOSITION

4. Board's objectivity

Board Composition and Balance

As of the date of this Statement, our Board consists of five (5) members, which comprises of one (1) Executive Chairman, one (1) Managing Director, two (2) Non-Independent & Non-Executive Directors and one (1) Independent & Non-Executive Director. As a result of the non-compliance with Paragraph 15.02 of the Listing Requirements, the Company must fill the vacancy within 3 months from 1 March 2023. The Profile of the Board members are set out in this Annual Report.

The current composition of the Board provides an effective Board with a mix of industry specific knowledge, broad based business and commercial experience together with independent judgement on matters of strategy, operations, resources and business conduct.

The Board has identified Professor Datin Dr Suzana Binti Sulaiman @ Mohd Suleiman as a representative of other members of the Board to share any concerns of Directors to the Group Chief Executive Officer on any issues of the Group and perform as the alternative contact person for shareholder communication.

Tenure of Independent Directors and Policy of Independent Director's Tenure

Currently, the Board does not have a policy on the tenure for Independent Directors as the Board is of the view that a term of more than nine (9) years may not necessarily impair independence and judgement of an Independent Director and therefore the Board does not deem it appropriate to impose a fixed term limit for Independent Directors at this juncture.

However, as recommended by Practice 5.3 of the MCCG 2021 provides that the tenure of an independent director does not exceed a term limit of nine (9) years. Based on the review of the Board's composition and assessment of individual Directors, the Board is of the view that the independence of the Independent Non-Executive Directors of the Company should not be determined solely or arbitrary by their tenure of service. The Board is confident that the current Board is able to exercise objective judgment on business and corporate affairs in the presence of the Independent Non-Executive Directors.

As at the date of this statement, there is no Independent Non-Executive of the Company that has served for a cumulative nine (9) years since appointment.

New Candidates for Board Appointment

The appointment of new Directors is the responsibility of the full Board after considering the recommendations of the NRC. The Board appoints its members through a formal and transparent selection process which is consistent with the Constitution of the Company. This process has been reviewed, approved and adopted by the Board. Appointments have due regard to Company's Fit and Proper Policy with consideration to the benefits of diversity and ensuring the Board has the appropriate mix of personality, skills, and experience in accordance with the approved selection criteria. New appointees will be considered and evaluated by the NRC. The NRC will then recommend the candidates to be approved and appointed by the Board. The Company Secretary will ensure that all appointments are properly made, and that legal and regulatory obligations are met.

In assessing suitability of candidates, consideration will be given to the core competencies, commitment, contribution and performance of the candidates to ensure that there is a range of skills, experience and diversity (including gender diversity) represented in addition to an understanding of the Business, the Markets and the Industry in which the Group operates and the accounting, finance and legal matters.

In general, the process for the appointment of director to the Board is as follows:

i) The NRC reviews the Board's composition through Board assessment/evaluation;
ii) The NRC determines skills matrix;
iii) The NRC evaluates and matches the criteria of the candidates, and will consider diversity, including gender, where appropriate;
iv) The NRC recommends to the Board for appointment; and
v) The Board approves the appointment of the candidates.

Factors considered by the NRC when recommending a person for appointment as a director include:

i) Skills, knowledge, expertise and experience;
ii) Professionalism and Integrity;
iii) The merits and time commitment required for a Non-Executive Director to effectively discharge his or her duties to the Company;
iv) The outside commitments of a candidate to be appointed or elected as a Non-Executive Director and the need for that person to acknowledge that they have sufficient time to effectively discharge their duties; and
v) The extent to which the appointee is likely to work constructively with the existing directors and contribute to the overall effectiveness of the Board.

During the financial year under review, there is one (1) new appointment of director as recommended by the NRC, which is Dr Nurwahida Binti Mohd Yaakub as an Independent & Non-Executive Director on 20 October 2022 and Encik Abdul Rahman Bin Mohamed Rejab who was re-designated from Executive Director to Executive Chairman of the Company and Dato' Mohd Zahir Bin Zahur Hussain who was re-designated from Independent & Non-Executive Director to Managing Director and Group Chief Executive Officer on 1 March 2023.

In 1 July 2022, the Board has established the Directors' Fit and Proper Policy to guide the NRC and the Board of Directors in their review and assessment of potential candidates for appointment as Directors as well as Directors who are seeking for re-election to ensure that any person to be appointed or re-elected as a Director shall possess the character, integrity, relevant range of skills, knowledge, experience, competence and time commitment to carry out their roles and responsibilities effectively in the best interest of the Company and its stakeholders.

The Directors' Fit and Proper Policy is published on the Company's website at www.destinigroup.com.

Boardroom Diversity

The Board acknowledges the importance of boardroom diversity and is supportive of the recommendation of MCCG 2021 to the establishment of boardroom and workforce gender diversity policy. The Board's aim is to have a broad range of approaches, backgrounds, skills and experience represented on the Board and to make appointments on merit, and against objective criteria, with due regard given to the benefits of diversity on the Board, including gender, age and ethnicity. The Board recognises diversity in the boardroom as an essential component of a good corporate governance.

Currently, our Board members comprise of one (2) female directors. In line with the country's aspirational target of 30% representation of women on boards, the Board may consider appointing more females onto the Board in future to bring about a more diverse perspective.

Corporate Governance Overview Statement

The existing Directors' age distribution falls within the respective age group and are as follows:

Age Group	31-40	41-50	51-60	61 & above
Number of Directors	-	3	2	-

The current diversity in the race/ethnicity and nationality of the existing Directors are as follows:

	Race/Ethnicity				Nationality	
Number of Directors	Malay	Chinese	Indian	Others	Malaysian	Foreign
	5	0	0	0	5	0

Time Commitment and Directorship in Other Public Listed Companies

All the Directors are required to devote sufficient time and efforts to carry out their responsibilities. Each Director is expected to commit time as and when required to discharge the relevant duties and responsibilities, besides attending meetings of the Board and Board Committees.

Each Board member is expected to achieve at least fifty percent (50%) attendance of total Board Meetings in any applicable financial year with appropriate leave of absence be notified to the Chairman and/or Company Secretaries, where applicable.

Under the Board Charter, the directorships in other public listed companies in Malaysia held by any Board member at any one time shall not exceed any number as may be prescribed by the relevant authorities. In addition, at the time of appointment, the Board shall obtain the Director's commitment to devote sufficient time to carry out his responsibilities. Directors are required to notify the Chairman before accepting any new directorship(s). The notification would include an indication of time that will be spent on the new appointment(s). Any Director is, while holding office, at liberty to accept other Board appointment in other companies so long as the appointment is not in conflict with the Company's business and does not affect the discharge of his/her duty as a Director of the Company. To ensure the Directors have the time to focus and fulfill their roles and responsibilities effectively, one (1) criterion as agreed by the Board is that they must not hold directorships at more than five (5) public listed companies as prescribed in Paragraph 15.06 of the Listing Requirements.

The Directors have demonstrated their ability to devote sufficient time and commitment to their roles and responsibilities as Directors of the Company. The Board is satisfied with the level of time and commitment given by the Directors of the Company towards fulfilling their duties and responsibilities.

Board Meetings

The Board held four (5) meetings during the financial year ended 31 December 2022. The details of Directors' attendances are set out below:

Name of Directors	No. of meetings attended
Abdul Rahman Bin Mohamed Rejab	5/5
Professor Datin Dr Suzana Binti Sulaiman @ Mohd Suleiman	5/5
Dato' Mohd Zahir Bin Zahur Hussain	5/5
Syaiful Hafiz Bin Moamat Mastam	5/5
Dr Nurwahida Binti Mohd Yaakub (Appointed on 20 October 2022)	1/1
Dato' Rozabil @ Rozamujib Bin Abdul Rahman (Resigned on 27 February 2023)	5/5
Norzilah Binti Mohammed (Resigned on 15 February 2023)	4/5
Dato' Che Sulaiman Bin Shapie (Resigned on 14 October 2022)	4/4

The Board is satisfied with the level of time commitment given by the Directors of the Company towards fulfilling their duties and responsibilities. This is evidenced by the attendance record of the Directors as set out herein above.

The Board meets on a quarterly basis, with amongst others, review the operations, financial performance, reports from the various Board Committees and other significant matters of the Group. Where any direction or decisions are required expeditiously or urgently from the Board between the regular meetings, special Board meetings maybe convened by the Company Secretaries, after consultation with the Chairman. Additionally, in between Board meetings, the Directors also approved various matters requiring the sanction of the Board by way of circular resolutions.

Continuing Education Programs

All Directors appointed to the Board have attended the Mandatory Accreditation Program ("MAP") as prescribed by Bursa Securities. The Board acknowledges that continuous training is essential in keeping the Directors abreast with changes in law and regulations, business environment and corporate governance developments, besides enhancing professionalism and knowledge in enabling them to discharge their duties more effectively. Although the Board does not have a policy requiring each Director to attend a specific number and types of training sessions each year, the Directors are encouraged to evaluate their own training needs on a continuous process and determine the relevant programs / seminar / conferences that would enhance their knowledge to enable the Directors to discharge their responsibility more effectively.

The Board has undertaken an assessment of the training needs of each of each Director and ensured that all the Directors undergo the necessary training program to enable them to effectively discharge their duties.

Details of seminars / conferences / training programmes attended by the Board members during the financial year as listed below:

NAME OF DIRECTOR	DATE	DETAILS Seminars/Conferences/Trainings Attended	VENUE
Professor Datin Dr Suzana Binti Sulaiman @ Mohd Suleiman	25 May 2023 – 27 May 2023	Mesyuarat Timbalan Naib Canselor (Akademik & Antarabangsa) Bersama Timbalan Dekan, Penolong Rektor dan Penolong Pendaftar ke 24 (META XXIV)	Hotel Le Meridien, Kota Kinabalu, Sabah
	17 February 2023	Global Lecture Series	Institute Leadership & Development (ILD) Bandar Enstek
	19 January 2022 – 22 January 2022	Leading the Change to Global Renowned University 2025	Bayview Beach Resort, Pulau Pinang
Dr Nurwahida binti Mohd Yaakub	7 February 2023 – 9 February 2023	Mandatory Accreditation Programme	ICDM Virtual Classroom
	Sept to Dec 2022 (13 weeks, every Friday)	Module 4 Certified Financial Planner course. Sat for CFP Module 4 examination on 11 Dec 2022 (Result: Passed)	Universiti Putra Malaysia
	Feb to April 2022 (10 weeks, every Monday)	En-PRO (Enhanced Productivity) Programme	Public Mutual Berhad

Corporate Governance Overview Statement

Save as disclosed above, other Directors of the Company were not able to select any suitable training programmes to attend during the financial year due to their busy work schedule. However, they have constantly been updated with relevant reading materials and technical updates, which will enhance their knowledge and equip them with the necessary skills to effectively discharge their duties as Directors of the Company.

During the financial year under review, the Directors was updated on recent developments in the areas of statutory and regulatory requirements from the briefing by the External Auditors, the Internal Auditors and the Company Secretaries during the Committee and/or Board meetings and suitable training and education programmes were identified for their participation from time to time.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee ("NRC") was established comprising exclusively of Non-Executive Directors.

As at the date of this Statement, the present members of the NRC are as follows:

Members
Professor Datin Dr Suzana Binti Sulaiman @ Mohd Suleiman
(Non-Independent and Non-Executive Director)

Dr Nurwahida Binti Mohd Yaakub
(Independent & Non-Executive Director)
(Appointed on 20 October 2022)

Subsequent to the re-designation of Dato' Mohd Zahir Bin Zahur Hussain from Independent & Non-Executive Director to Managing Director and Group Chief Executive Officer, he ceases to be Chairman of NRC on 1 March 2023.

The NRC meets when required and is entrusted, among others, with assessing the balance composition of Board members, nominate the proposed Board member by looking into his skills and expertise for contribution to the Company on an ongoing basis, reviewing the performance of the Directors and examining the remuneration packages and other benefits of the Directors.

The Terms of Reference of the NRC can be viewed at the Company's website at www.destinigroup.com.

The NRC shall meet at least once a year and as frequently as may be required and the quorum for a meeting of the NRC shall consist of not less than two (2) members, majority of members present must be Independent & Non-Executive Directors.

During the financial year under review, the summary of activities undertaken by the NRC included the following:

i) Reviewed the effectiveness of the Board, as a whole, Board Committees and individual Directors and make appropriate recommendation to the Board;
ii) Reviewed and recommended the re-election of Directors at the forthcoming Annual General Meeting in accordance with the Company's Constitution;
iii) Reviewed and recommended the payment of Directors' fees and other benefits payable to the Directors;
iv) Reviewed and recommended the appointment of Dr. Nurwahida Binti Mohd Yaakub as an Independent Non-Executive Director of the Company and her remuneration package to the Board for approval;
v) Reviewed and recommended the re-designation Professor Datin Dr Suzana Binti Sulaiman @ Mohd Suleiman and Dato' Che Sulaiman Bin Shapie from the Independent Non-Executive Directors to Non-Independent Non-Executive Directors;
vi) Recommended the resignation of Dato' Rozabil @ Rozamujib Bin Abdul Rahman as Executive Chairman and recommended the re-designation of Encik Abdul Rahman Bin Mohamed Rejab as the Executive Chairman of the Company and his remuneration package to the Board for approval; and
vii Reviewed and recommended the re-designation of Dato' Mohd Zahir Bin Zahur Hussain from Independent Non-Executive Director to Managing Director and Group Chief Executive Officer and his remuneration package to the Board for approval.

5. Overall Board Effectiveness

Evaluation for Board, Board Committees and Individual Directors

The NRC would conduct an assessment of the performance of the Board, as a whole, Board Committees and individual Directors, based on an annual assessment. From the results of the assessment, including the mix of skills and experience possessed by Directors, the Board will consider and approve the recommendations on the re-election and re-appointment of Directors at the Company's forthcoming Annual General Meeting, with a view to meeting current and future requirements of the Group.

The criteria used by the NRC in evaluating the performance of individual, including contribution to interaction, integrity, competency and time commitment of the members of the Board and Board Committees in discharging their duties, are in a set of questionnaires. The independence of Independent Directors is assessed based on their relationship with the Group and their involvement in any significant transactions with the Group including their ability to exercise independent judgement at all times and based on the criteria set out in the Listing Requirements. The Board did not engage any external party to undertake an independent assessment of the Directors.

All assessments and evaluations carried out will be documented and minuted by the Company Secretary. The results of all assessment and comments by Directors are summarised and deliberated at the NRC meeting and thereafter reported to the Board for deliberation.

Based on the assessment conducted for the financial year 2022, the Board and the NRC were satisfied with the current size, composition as well as the mix of qualifications, skills and experience among the Board and Board Committees members and the level of independence demonstrated by all the Independent Directors and each of them continues to fulfil the definition of independence as set out in the Listing Requirements.

Re-election of Directors

The procedure on the re-election of directors by rotation is set out in the Company's Constitution. An election of Directors shall take place each year at the AGM of the Company, where 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 shall retire from office and be eligible for re-election. All Directors shall retire from office at least once in every three (3) years but shall be eligible for re-election. The Directors to retire shall be the Directors who have been serving in office for the longest duration since their appointment or last re-election. Any Director appointed during the year is required to retire and seek re-election by shareholders at the next AGM following his appointment.

At the forthcoming 19th AGM, Abdul Rahman Bin Mohamed Rejab and Dr Nurwahida Binti Mohd Yaakub are due for retirement by rotation and being eligible, have offered themselves for re-election.

Upon review, the NRC was satisfied with the performance of the abovementioned Directors and recommended their re-election to the Board for approval. The Board has in turn, recommended the same to be considered by the shareholders at the forthcoming 19th AGM of the Company.

Corporate Governance Overview Statement

PART III – REMUNERATION

6. Level and Composition of Remuneration

Nomination and Remuneration Committee

The Nomination and Remuneration Committee ("NRC") was established comprising exclusively of Independent & Non-Executive Directors.

As at the date of this Statement, the present members of the NRC are as follows:

Members
Professor Datin Dr Suzana Binti Sulaiman @ Mohd Suleiman
(Non-Independent and Non-Executive Director)

Dr Nurwahida Binti Mohd Yaakub
(Independent & Non-Executive Director)
(Appointed on 20 October 2022)

Subsequent to the re-designation of Dato' Mohd Zahir Bin Zahur Hussain from Independent & Non-Executive Director to Managing Director and Group Chief Executive Officer, he ceases to be Chairman of NRC on 1 March 2023. Destini is required to fill the vacancy within 3 months, i.e., before 1 June 2023.

The NRC meets when required and is entrusted, among others, with assessing the balance composition of Board members, nominate the proposed Board member by looking into his skills and expertise for contribution to the Company on an ongoing basis, reviewing the performance of the Directors and examining the remuneration packages and other benefits of the Directors.

The Terms of Reference of the NRC can be viewed at the Company's website at www.destinigroup.com.

7. Remuneration of Directors and Senior Management

Directors' Remuneration

The NRC is responsible for reviewing the performance of the Executive Directors and recommending to the Board the remuneration package in line with the contributions made by them for the year. The remunerations of the Executive Directors are determined fairly based on the performance and the profitability of the Group as a whole. The Directors' remuneration is at the discretion of the Board, taking into account the comparative market rates that commensurate with the level of contribution, experience and participation of each Director. The overriding principle adopted in setting the remuneration packages for the Executive Directors by the NRC is to ensure that the Company attracts and retains the appropriate Directors of the calibre needed to run the Group successfully.

The determination of the remuneration for Non-Executive Directors is a matter of the Board as a whole. The level of remuneration for Non-Executive Directors reflects the amount paid by other comparable organisations, adjusted for the experience and levels of responsibilities undertaken by the particular Non-Executive Directors concerned. The remuneration package of Non-Executive Directors will be a matter to be deliberated by the Board, with the Director concerned abstaining from deliberations and voting on deliberations in respect of his individual remuneration. In addition, the Company also reimburses reasonable out-of-pocket expenses incurred by all the Non-Executive Directors in the course of their duties as Directors of the Company.

The aggregate annual Directors' fees and other benefits payable are to be approved by the shareholders at the AGM based on recommendations of the Board.

Details of the Directors' remuneration paid or payable to all Directors of the Company (both by the Company and the Group) for the financial year ended 31 December 2022 are as follows:

Director	Company		Group	
	Fees (RM)	Salaries and * Other emoluments (RM)	Fees (RM)	Salaries and * Other emoluments (RM)
Dato' Rozabil @ Rozamujib Bin Abdul Rahman (Resigned on 27 February 2023)	Nil	960,000	Nil	960,000
Ismail Mustaffa (Resigned on 5 February 2022)	Nil	Nil	Nil	Nil
Encik Syaiful Hafiz Bin Moamat Mastam (Resigned on 31 March 2023)	30,000	5,000	30,000	5,000
Dato' Che Sulaiman Bin Shapie (Resigned on 14 October 2022)	60,000	7,500	60,000	7,500
Prof Datin Dr Suzana Bt Sulaiman @ Mohd Suleiman	30,000	11,500	30,000	11,500
Abdul Rahman Bin Mohamed Rejab (Redesignated as Executive Chairman on 1 March 2023)	Nil	240,000	Nil	240,000
Norzilah Binti Mohammed (Resigned on 15 February 2023)	Nil	209,286	Nil	209,286
Dato' Mohd Zahir Bin Zahur Hussain (Redesignated as MD and GCEO on 1 March 2023)	30,000	8,500	30,000	8,500
Dr Nurwahida Binti Mohd Yaakub (Appointed 20 October 2022)	5,000	1,500	5,000	1,500

* Other emoluments include the meeting allowances and other benefits and allowance payable to the Directors' of the Company

Corporate Governance Overview Statement

Remuneration of Senior Management

The aggregate remuneration paid to the Senior Management of the Group during the financial year ended 31 December 2022 analysed into bands of RM50,000 are as follows:

Range of Remuneration	Number of Senior Management
RM100,001 to RM150,000	3
RM150,001 to RM200,000	5
RM200,001 to RM250,000	1
RM250,001 to RM300,000	-
RM300,001 to RM350,000	2
RM350,001 to RM400,000	-
RM400,001 to RM450,000	1

Details of total remuneration received by the senior management are not disclosed in this report as the Board is of the view that the above remuneration disclosure by band satisfies the accountability and transparency aspects of the MCCG 2021.

The Board ensures that the remuneration of the Senior Management commensurate with their individual performances and level of responsibility as well as the demands, complexities and performance of the Company, with due consideration to attract, retain and motivating the Senior Management.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

PART I – AUDIT COMMITTEE

8. Audit Committee

The Audit Committee is relied upon by the Board to amongst others, provide advice in the areas of financial reporting, external audit, internal control environment and internal audit process, review of related party transactions as well as conflict of interest situation. The Audit Committee also undertakes to provide oversight on the risk management framework of the Group.

Chairperson of Audit Committee

Subsequent to the re-designation of Dato' Mohd Zahir Bin Zahur Hussain from Independent & Non-Executive Director to Managing Director and Group Chief Executive Officer, he ceases to be Chairman of Audit Committee on 1 March 2023. As a result of the non-compliance with paragraph 15.09 of the Listing Requirements, Destini is required to fill the vacancy within 3 months, i.e., before 1 June 2023.

Composition of the Audit Committee

As at the date of this Statement, the present members of the Audit Committee are as follows:

Members
Professor Datin Dr Suzana Binti Sulaiman @ Mohd Suleiman
(Non-Independent and Non-Executive Director)

Dr Nurwahida Binti Mohd Yaakub
(Independent & Non-Executive Director)
(Appointed on 20 October 2022)

Subsequent to the re-designation of Dato' Mohd Zahir Bin Zahur Hussain from Independent & Non-Executive Director to Managing Director and Group Chief Executive Officer, he ceases to be Chairman of AC on 1 March 2023. Destini is required to fill the vacancy within 3 months, i.e., before 1 June 2023.

Further details of the Composition of the Audit Committee, terms of reference and summary of activities of the Audit Committee are set out in the Audit Committee Report in this Annual Report.

Independence of the Audit Committee

The Company recognised the need to uphold independence of its external auditors and that no possible conflict of interest whatsoever should arise. Currently, none of the members of the Board nor the Audit Committee of the Company were former key audit partners of the external auditors appointed by the Group. The Company will observe a cooling-off period of at least three (3) years in the event any potential candidate to be appointed as a member of the Audit Committee was a key audit partner of the external auditors of the Group.

Assessment of Suitability and Independence of External Auditors

The Company has established a transparent arrangement with the External Auditors to meet their professional requirements.

From time to time, the External Auditors highlight to the Audit Committee and Board of Directors on matters that require the Board's attention.

The Audit Committee is responsible for reviewing the audit, recurring audit-related and non-audit services provided by the External Auditors. The Audit Committee has been explicitly accorded the power to communicate directly with both the External Auditors and Internal Auditors. The terms of engagement for services provided by the External Auditors are reviewed by the Audit Committee prior to submission to the Board for approval. The effectiveness and performance of the External Auditors are reviewed annually by the Audit Committee.

In assessing or determining the suitability and independence of the External Auditors, the Audit Committee has taken into consideration of the following:

i) the adequacy of the experience and resources of the External Auditors;
ii) the External Auditor's ability to meet deadlines in providing services and responding to issues in a timely manner as contemplated in the external audit plan;
iii) the nature of the non-audit services provided by the External Auditors and fees paid for such services relative to the audit fee; and
iv) whether there are safeguards in place to ensure that there is no threat to the objectivity and independence of the audit arising from the provision of non-audit services or tenure of the External Auditors.

Annual appointment or re-appointment of the External Auditors is via shareholders' resolution at the AGM on the recommendation of the Board. The External Auditors are being invited to attend the AGM of the Company to respond and reply to the Shareholders' enquiries on the conduct of the statutory audit and the preparation and contents of the audited financial statement.

Where necessary, the Audit Committee will meet with the External Auditors without the presence of Executive Directors and members of management to ensure that the independence and objectivity of the External Auditors are not compromised and matters of concerns expressed by the Audit Committee are duly recorded by the Company Secretaries.

In presenting the Audit Planning Memorandum to the Audit Committee, the External Auditors have highlighted their internal policies and procedures with respect to their audit independence and objectivity which include safeguards and procedures and independent policy adopted by the External Auditors. The External Auditors have also provided the required independence declaration to the Audit Committee and the Board for the financial year ended 31 December 2022.

The Audit Committee is satisfied with the competence and independence of the External Auditors for the financial year under review. Having regard to this, the Board approved the Audit Committee's recommendation for the shareholders' approval to be sought at the AGM on the reappointment of Messrs. UHY as the External Auditors of the Company for the financial year ending 31 December 2022.

PART II - RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

9. RISK MANAGEMENT COMMITTEE ("RMC")

The RMC was established on April 2019 comprising the following members:

Members
Professor Datin Dr Suzana Binti Sulaiman @ Mohd Suleiman
(Independent & Non-Executive Director)

Dr Nurwahida Mohd Yaakub
(Independent & Non-Executive Director)

Dato' Mohd Zahir Bin Zahur Hussain
(Managing Director and Chief Executive Officer)

Corporate Governance Overview Statement

Subsequent to the re-designation of Dato' Mohd Zahir Bin Zahur Hussain from Independent & Non-Executive Director to Managing Director and Group Chief Executive Officer, he ceases to be Chairman of RMC on 1 March 2023.

The functions of the RMC is to oversee the risk management matters relating to the activities of the Group and assist the Board to fulfil its responsibilities with regard to risk management in order to manage the overall risk exposure of the Group. The RMC is also responsible to oversee the compliance function and monitoring the overall compliance of the Group.

Effective Risk Management and Internal Control Framework

The Board is entrusted with the overall responsibility of continually maintaining a sound system of internal control, which covers not only financial controls as well as risk management, and the need to review its effectiveness regularly in order to safeguard shareholders' investments and the Company's assets. The internal control system is designed to access current and emerging risks, respond appropriate to risks of the Group.

As an effort to enhance the system of internal control, the Board together with the assistance of the internal auditors adopted on-going monitoring and review to the existing risk management process in place within the aim of formalising the risk management functions across the Group. This function also acts as a source to assist the Audit Committee and the Board to strengthen and improve current management and operating style in pursuit of best practices.

As an ongoing process, significant business risks faced by the Group are identified and evaluated and consideration is given on the potential impact of achieving the business objectives. This includes examining principal business risks in critical areas, assessing the likelihood of material exposures and identifying the measures taken to mitigate, avoid or eliminate these risks.

The information on the Group's risk management and internal control is further elaborated in the Statement on Risk Management and Internal Control of this Annual Report.

10. Internal Audit Function

The Group has established its in-house Internal Audit Department since 2004, which reports to the Audit Committee and assists the Audit Committee to provide an independent assessment and assurance over the system of internal control of the Group to the Audit Committee and the Board.

Further details of the activities of the internal audit function are set out in the Audit Committee Report in this Annual Report.

Compliance with Applicable Financial Reporting Standards

The Board strives to provide shareholders with a balanced and meaningful evaluation of the Group's financial performance, financial position and prospects through the annual audited financial statements, interim financial reports, annual report and announcements to Bursa Securities.

The interim financial reports, annual audited financial statements and annual report of the Group for the financial year ended 31 December 2022 are prepared in accordance with the Malaysian Financial Reporting Standards, Listing Requirements and the Companies Act, 2016. The Board is assisted by the Audit Committee in overseeing the financial reporting processes and ensuring the quality of its financial reporting.

Risk Management and Internal Control

Paragraph 15.26(b) of the Listing Requirements of Bursa Securities specified that the Board of Directors is to provide a Statement on Risk Management and Internal Control for the Group. The Malaysian Code on Corporate Governance requires listed companies to maintain a sound system of internal controls to safeguard shareholders' investments and the Group's assets. The Board is pleased to include a statement on the state of the Group's risk management and internal control during the period under review. The statement is prepared in accordance with the Listing Requirements and as guided by the "Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers".

Risk Management

The function of Risk Management was included under the Audit Committee scope of reference. The Group has established the RMC with the primary responsibility of ensuring the effective functioning of the integrated risk management function within the Destini Group.

The RMC will assist the Board to see overall managements of all risks covering industry risk, country risk, strategic risk, financial risk, product risk, internal processes risk, people risk and information technology risks. The RMC will also review and evaluate the adequacy of overall risk management policies and procedures and ensure that there is adequate risk reporting of core business activities.

Internal Control

The Group's system of internal control includes, among others:

1. A well-defined organisational structure with clear lines of accountability and responsibilities provides a sound framework within the organisation in facilitating check and balance for proper decision making at the appropriate authority levels of management including matters that require the Board's approval.

2. A documented delegation of authority that sets out decisions that need to be taken and the appropriate levels of management involved including matters that require the Board's approval.

3. The Board of Directors and Audit Committee meet at least once on a quarterly basis to review and deliberate on financial reports, annual financial statements, internal audit reports and other relevant matters. Discussions with management were held to deliberate on the required actions to address internal control issues that have been identified.

4. Internal policies and procedures had been established for key business units within the Group.

5. Comprehensive guidelines on employment and retention of employees are in place to ensure that the Group has a team of employees who are qualified and equipped with all the necessary knowledge, skills and abilities to carry out their responsibilities effectively.

6. Scheduled operational and management meetings are held to discuss and review the business plans, budgets, financial and operational performances of the Group. Monthly management accounts containing key financial results, operational performances and comparison of actual performance against budgets are presented to the management team for monitoring and review. The quarterly financial statements are presented to the Audit Committee and Board for their review and approval. The Board also plays an active role in discussing and reviewing the business plans, strategies, performance and risks faced by the Group.

The Board of Directors does not regularly review the internal control system of the associates and joint ventures, as the Board of Directors does not have any direct control over their operations. The Group's interests are served through representations on the Boards of the respective associates and joint ventures and the review of their management accounts, and enquiries thereon. These representatives also provide the Board with information and timely decision making on the continuity of the Group's investment based on the performance of the associates and joint ventures.

Risk Management and Internal Control

Corrective Actions

In the process of investigating the revenue and profit misstatements, the Board has gained valuable experience about the areas of weaknesses and the causes of the failure in the system of internal control. The Board has learned and benefited from this experience and is committed in its efforts to reform and re-organized the system of internal control.

The Audit Committee and the Board has reviewed the inhouse internal audit function and is satisfied with the level of independence and the competency of its staff. In order to improve the effectiveness of the internal audit function, the Board has empowered the internal auditors to exercise more influence in determination of their scope of work and the implementation of their audit strategy which includes the following:

a) Clearly defined terms of reference, authorities and responsibilities of the various committees, which include Audit Committee and Nomination and Remuneration Committee;
b) Regular and comprehensive information provided to management and the Board, covering financial performance and key business indicators;
c) A detailed budgeting process where operating units prepare budgets for the coming year which are approved both at the operating unit level and by the Board;
d) Quarterly monitoring of results by the management and appropriate action taken, when necessary; and
e) Regular visits to reporting units by the management team and, where deem appropriate, the Board.

Board Responsibility

The Board is responsible to ensure that the Group maintains a sound system of internal controls and for reviewing its adequacy and integrity.

It includes not only financial controls but also operational and compliance controls. Due to the limitations inherent in an internal control system, the management has affected an internal control system designed to manage rather than eliminate the risk that may impede the achievement of the Group's business objectives.

Management's Responsibility

The management is responsible for implementing the Group's strategies and day-to-day businesses. The organization structure sets out clear segregation of roles and responsibilities, lines of accountability and levels of authority to ensure effective and independent stewardship. The management assists the Board in implementing the policies approved by the Board, implementing risk control procedures and developing, operating and monitoring internal controls to mitigate and control identified risks.

Internal Audit's Responsibility

The Group Internal Audit Department ("GIAD") function was set up by the Board to provide independent assurance of the adequacy of risk management, internal control and governance systems. GIAD activities are guided by an Internal Audit Charter which is approved by the Audit Committee ("AC"). The Group's internal audit function undertakes regular reviews of the Group's operations and its system of internal control. The audit plan is developed based on the risk profiles of the Group's business. Internal audit findings are discussed at management level and actions are agreed in response to the internal audit recommendations. The progress of implementation of the agreed actions is being monitored by GIAD through follow up reviews.

GIAD's scope of coverage encompasses all business and support units, including subsidiaries that do not have their own audit units. The selection of the units to be audited from the audit universe is based on an annual audit plan that is approved by the AC. The annual audit plan is developed based on assessment of risks, exposures and strategies of the company.

Units that are assessed to be high risk are subject to an annual audit, while those that are assessed to be medium or low risk are subject to a cycle audit. GIAD also undertakes investigations into alleged fraud by staff, customers or third parties and recommends appropriate improvements to prevent recurrence and actions against persons responsible.

The Audit Report is the final product of an audit assignment, which provides the scope of audit work performed, a general evaluation of the system of internal controls together with detailed audit observations, response of management, and comments and recommendations by GIAD for improvement. The AC reviews and evaluates any exceptions or non-compliance raised by GIAD and monitors whether appropriate and prompt remedial actions are taken by the management.

GIAD is committed to provide an independent, objective assurance and advisory services that will add value and improve the company's operations. It does this by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of the risk management, control and governance processes, in line with the conceptual framework and guidance promulgated by the Institute of Internal Auditors ("IIA") International Standards for the Professional Practice of Internal Auditing and relevant regulatory guidelines.

Review of the Statement by External Auditors

The External Auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the Annual Report of the Company for the financial year ended 31 December 2022 and reported to the Board that nothing has come to their attention that causes them to believe that this 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's Assurance

The Board has received assurance from the Group Chief Executive Officer that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group.

Conclusion

For the financial year under review, there were no significant internal control deficiencies or material weaknesses resulting in material losses or contingencies requiring disclosure in the Annual report. The Board is of the view that the existing system of the risk management and internal control is adequate.

Nevertheless, the Board recognises that the system of risk management and internal control must continuously improve in line with the Group's business environment. Therefore, the Board would put in place adequate plans, where necessary, to continuously improve the Group's system of risk management and internal control.

Audit Committee Report

Composition

The present members of the Audit Committee comprise the following:

Members

Professor Datin Dr Suzana Binti Sulaiman @ Mohd Suleiman
(Independent & Non-Executive Director)

Dr Nurwahida Mohd Yaakub
(Independent & Non-Executive Director)
(Appointed on 20 October 2022)

Subsequent to the re-designation of Dato' Mohd Zahir Bin Zahur Hussain from Independent & Non-Executive Director to Managing Director and Group Chief Executive Officer, he ceases to be Chairman of AC on 1 March 2023. Destini is required to fill the vacancy within 3 months, i.e., before 1 June 2023.

Attendance

The Audit Committee held four (4) meetings during the financial year ended 31 December 2022. The details of attendance of the Audit Committee members are as follows:

Name of Directors	No. of meetings attended
Dato' Mohd Zahir Bin Zahur Hussain (resigned on 1 March 2023)	4/4
Professor Datin Dr Suzana Binti Sulaiman @ Mohd Suleiman	4/4
Dr Nurwahida Mohd Yaakub (appointed on 20 October 2022)	1/1

The Audit Committee may invite the Head of Internal Audit, the Accountant and the Company Secretary or any members of the management to attend any of its meetings as it determines.

Financial Literacy of the Audit Committee Members

Collectively, the members of the Audit Committee have the relevant experience and expertise in finance and accounting, and have carried out their duties in accordance with the Terms of Reference of the Audit Committee. The qualification and experience of the individual Audit Committee members are disclosed in the Board of Directors' Profile in this Annual Report.

Summary of Activities of the Audit Committee

The activities undertaken by the Audit Committee during the financial year ended 31 December 2022 included the following:

1. Reviewed the quarterly and year-to-date unaudited financial results before submission to the Board for consideration and approval;
2. Reviewed the external auditor's scope of work and audit plan for the year;
3. Reviewed the annual audited financial statements of the Group before recommending to the Board for their approval and release of the Group's results to Bursa Securities;
4. Reviewed and discussed with the external auditors of their audit findings inclusive of system evaluation, audit fees, issues raised, audit recommendations and management's response to these recommendations;
5. Evaluated the performance of the external auditors for the financial year ended 31 December 2022 covering areas such as calibre, quality processes, audit team, audit scope, audit communication, audit governance and independence and considered and recommended the reappointment of the external auditors;
6. Reviewed and assessed the adequacy of the scope and functions of the internal audit plan;
7. Reviewed the internal audit reports presented and considered the major findings of internal audit in the Group's operating subsidiaries through the review of the internal audit reports tabled and management responses thereof and ensuring significant findings are adequately addressed by management;
8. Reviewed the effectiveness of the Group's system of internal control;
9. Reviewed the proposed fees for the external auditors and internal auditors in respect of their audit of the Company and the Group;

10. Reviewed related party transactions and conflict of interest situation that may arise within the Company or the Group;
11. Reviewed the Company's compliance with the Listing Requirements, applicable Approved Accounting Standards and other relevant legal and regulatory requirements;
12. Reported to the Board on its activities and significant findings and results; and
13. Reviewed the Audit Committee Report and Statement on Risk Management and Internal Control before recommending to the Board for approval and inclusion in the Annual Report.

AUDIT COMMITTEE REPORT

Terms of Reference

The Terms of Reference of the Audit Committee which laid down its duties and responsibilities are accessible via the Company's website at www.destinigroup.com.

Internal Audit Function

The Group has established its in-house Internal Audit Department since 2004, which reports to the Audit Committee and assists the Audit Committee in reviewing the effectiveness of the internal control and risk management systems within the Group whilst ensuring that there is an appropriate balance of controls and risks throughout the Group in achieving its business objectives. With the internal audit function being put in place, remedial action can be taken in relation to weaknesses identified and noted in the systems and controls of the respective operating units. The setting up of the internal audit function is geared towards increasing efficiency and better management of resources in all aspects of the Group's operations. The scope of internal audit covers the audit of all units and operations, including subsidiaries as stated in the letter of engagement.

The Internal Audit Department of the Group has a total of five (5) professional staff and it is led by Mr. Khairul Rizal Bin Osman as the Head of Internal Audit. Mr. Khairul Rizal holds a Bachelors Degree in Business Administration from Universiti Teknologi MARA and a Diploma in Banking Studies from the same university. He is a Certified in Internal Auditing for Financial Institutions (“CIAFIN”), has an Associate Qualification in Islamic Finance (“AQIF”) and a Lead Auditor Intergrated Management System (“IMS”) ISO9001, ISO 14001 & ISO 45001 Exemplar Global Certified. The Internal Audit Department of the Group performs its duties in accordance with standards set by relevant professional bodies, namely Institute of Internal Auditors.

The internal auditors monitor and report on the system of internal control. They work on a plan agreed with the Audit Committee and support the Audit Committee in discharging its duties and responsibilities, giving assurance that adequate, efficient and effective internal control systems are in place.

The cost incurred for the internal audit function in respect of the financial year is approximately RM312,262.56.

During the financial year under review, the following activities were carried out by the internal audit department in discharging its responsibilities.

Summary of Activities of the Internal Audit Function:

1. Reviewed the existing systems, controls, procedures and risk assessment of various operating units within the Group;
2. Provided recommendations to assist the various operating units and the Group in accomplishing its internal control and risk management requirements by suggesting improvements to the effectiveness of such control processes;
3. Followed up with management on the implementation of the agreed audit recommendations; and
4. Present the Internal Audit Plan for the year for review and evaluate by the Audit Committee.

The Audit Committee and the Board agreed that the internal audit review was done in accordance with the audit plan and the coverage is adequate.

Audit Committee Report

STATEMENT ON DIRECTORS' RESPONSIBILITY IN RESPECT OF THE AUDITED FINANCIAL STATEMENTS

The Directors are responsible for the preparation of financial statements for each financial year to give a true and fair view of the state of affairs the Group and the Company at the end of the financial year and of the results and cash flows of the Group and the Company for the financial year.

In preparing these financial statements, the Directors have observed the following criteria:

i) Overseeing the overall conduct of the Company's business and that of the Group;
ii) Identifying principal risks and ensuring that an appropriate system of internal control exists to manage these risks;
iii) Reviewing the adequacy and integrity of Internal Controls System and Management Information System in the Company and within the Group;
iv) Adopting suitable accounting policies and apply them consistently;
v) Making judgments and estimates that are reasonable and prudent; and
vi) Ensuring compliance with application Approved Accounting Standards in Malaysia.

The Directors are responsible for ensuring that proper accounting and other records which are closed with reasonable accuracy at any time the financial position of the Group and ensuring that the financial statements comply with the Listing Requirements, the provisions of the Companies Act, 2016 and applicable Approved Accounting Standards in Malaysia. The Directors are also responsible for taking such reasonable steps to safeguard the assets of the Group and to minimise fraud and other irregularities.

The Directors are satisfied that in preparing the financial statements of the Group for the financial year ended 31 December 2022, the Group has used the appropriate accounting policies and applied them consistently and supported by reasonable and prudent judgments and estimates. The Directors also consider that all applicable approved accounting standards have been complied with and further confirm that the financial statements have been prepared on a going concern basis.

COMPLIANCE STATEMENT

Saved as disclosed above, the Board is of all the view that the Group has complied with and shall remain committed to attaining the highest possible standard through the continuous adoption of the principles and best practices set out in MCCG 2021 and all other applicable laws, where applicable and appropriate.

Additional Compliance Information

Audit and Non-Audit Fees Paid to External Auditors Audit and Non-Audit Fees Paid to External Auditors During the financial year, the amount of audit and non-audit fees paid/payable to the external auditors by the Company and the Group respectively for the financial year ended 31 December 2022 were as follows:

	Company (RM)	Group (RM)
Audit Services Rendered	125,000	611,997
Non-Audit Services Rendered		
(a) Review of Statement on Risk Management and Internal Control	5,000	NIL

Material Contracts

There was no material contract entered into by the Company and/or its subsidiaries involving Directors' and major shareholders' interests.

Contracts Relating to Loans

There was no material contract relating to loans entered into by the Company involving Directors and major shareholders.

Recurrent Related Party Transactions of a Revenue Nature

There were no recurrent related party transactions of revenue nature entered during the financial year ended 31 December 2022.

Financial Statements

Directors' Report

The Directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2022.

Principal Activities

The principal activities of the Company are those of investment holding and provision of management services. The principal activities of its subsidiaries are disclosed in Note 6.

Financial Results

	Group RM	Company RM
Loss for the financial year	32,830,211	177,505,596
Attributable to:		
Owners of the Parent	30,154,672	177,505,596
Non-controlling interests	2,675,539	-
	32,830,211	177,505,596

Reserves and Provisions

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

Dividends

There were no dividends proposed, declared or paid by the Company since the end of the previous financial year. The Directors do not recommend any dividend in respect of the current financial year.

Issue of Shares and Debentures

There was no issuance of shares and debentures during the financial year.

Options Granted Over Unissued Shares

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

Directors

The Directors in office during the financial year and during the period from the end of financial year to the date of report are:

Abdul Rahman Bin Mohamed Rejab *	
Dato' Mohd Zahir Bin Zahur Hussain *	
Professor Datin Dr. Suzana Bt. Sulaiman @ Mohd Suleiman *	
Nurwahida Binti Mohd Yaakub	(appointed on 20 October 2022)
Dato' Ahmad Suhaimi Bin Endut	(appointed on 7 April 2023)
Dato' Che Sulaiman Bin Shapie *	(resigned on 14 October 2022)
Norzilah Binti Mohammed	(resigned on 15 February 2023)
Dato' Rozabil @ Rozamujib Bin Abdul Rahman *	(resigned on 27 February 2023)
Syaiful Hafiz Bin Moamat Mastam	(resigned on 31 March 2023)

The Directors who held office in the subsidiaries (excluding Directors who are also Directors of the Company) since the beginning of the financial year up to the date of this report:

Kabol Bin Surat
Fahredza Bin Muhamad
Zainuri Bin Zainal
Mohamad Najib Bin Saad
Dato' Harrison Bin Hassan
Dato' Abd Aziz Bin Sheikh Fadzir
Datuk Mohd Rani Hisham Bin Samsudin
Mohamed Suhaimi Bin Yaacob
Ismail Bin Mustaffa
Datin Yuzainorita Binti Mohd Yusof
Tan Sri Dato' Sri Rodzali Bin Daud
Ha, Ai We

Directors' Report

Directors (Cont'd)

The Directors who held office in the subsidiaries (excluding Directors who are also Directors of the Company) since the beginning of the financial year up to the date of this report: (Cont'd)

Dr Hamad Rashed H Ahmed Almutawa Aldhaheri
Khong Ho Ming
Shahzad Rafique
Zainuluddin Helmi Bin Baharuddin
Faizal Bin Ahmd
Collin Cunnigham
Vie Santie Binti Harun
Mohd Kholel B Manaf
Ahmad Redzuan Bin Abu Hasan
Saravanavikash Ragunathan
Muhayuddin Bin Musa (resigned on 18 December 2022)

* *Director of the Company and of its subsidiaries*

The information required to be disclosed pursuant to Section 253 of the Companies Act, 2016 is deemed incorporated herein by such reference to the financial statements of the respective subsidiaries and made a part hereof.

Directors' Interests in Shares

The interests and deemed interests in the shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial year end (including their spouses or children) according to the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares			
	At 1.1.2022	Bought	Sold	At 31.12.2022
Interests in the Company				
Direct Interests				
Abdul Rahman Bin Mohamed Rejab	100,000	-	-	100,000

None of the other Directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

Directors' Benefits

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors as shown below) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

	Group RM	Company RM
Salary, wages and other emoluments	1,754,956	1,445,914
Fees	155,000	155,000
Defined contribution plan	181,452	169,116
	2,091,408	1,770,030

Neither during nor at the end of the financial year, was the Company a party to any arrangement whose object was to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Indemnity and Insurance Costs

During the financial year, the total amount of indemnity coverage and insurance premium paid for the Directors and certain officers of the Company were RM5,000,000 and RM20,680 respectively. No indemnity was given to or insurance effected for auditors of the Company.

Other Statutory Information

(a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:

(i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company have been written down to an amount which the current assets might be expected so to realise.

Directors' Report

Other Statutory Information (Cont'd)

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

(i) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

(ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

(iii) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading; or

(iv) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

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

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

(ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year other than as disclosed in the financial statements.

(d) In the opinion of the Directors:

(i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet its obligations as and when they fall due, other than as disclosed in the financial statements;

(ii) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(iii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

Subsidiaries

The details of the subsidiaries are disclosed in Note 6.

Auditors' Remuneration

The auditors' remuneration of the Group and of the Company for the financial year ended 31 December 2022 are as follow:

	Group RM	Company RM
Auditors' remuneration:		
UHY	410,000	130,000
Other auditors	201,997	-
	611,997	130,000

Auditors

The Auditors, Messrs. UHY, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 19 April 2023.

DATO' MOHD ZAHIR BIN ZAHUR HUSSAIN

ABDUL RAHMAN BIN MOHAMED REJAB

SHAH ALAM

Statement by Directors

Pursuant to Section 251(2) of the Companies Act, 2016

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 95 to 226 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2022 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 19 April 2023.

DATO' MOHD ZAHIR BIN ZAHUR HUSSAIN	ABDUL RAHMAN BIN MOHAMED REJAB

SHAH ALAM

Statutory Declaration
Pursuant to Section 251(1) of the Companies Act, 2016

I, Aris Kefli Bin Mohamad Yusof (MIA Membership No: 12516), being the Officer primarily responsible for the financial management of Destini Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 95 to 226 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by)
the abovenamed at Kuala Lumpur in)
the Federal Territory on 19 April 2023)
)

ARIS KEFLI BIN MOHAMAD YUSOF

Before me,

COMMISSIONER FOR OATHS

Independent Auditors' Report to the Members

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Destini Berhad, which comprise the statements of financial position as at 31 December 2022 of the Group and of the Company, and the statements of profit and 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 year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 95 to 226.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our 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 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 year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters (Cont'd)

Key Audit Matters	How we addressed the key audit matters
Impairment on receivables and contract assets	

The Group's receivables and contract assets amounting to RM102,271,602 representing approximately 36% of the Group's total assets as at 31 December 2022.
 	
The assessment of recoverability of receivables involved judgements and estimation uncertainty in analysing historical trend in bad payment, customer concentration, customer creditworthiness and customer payment terms and adjusted for forward looking macro economic factors.
	Our audit procedures included, amongst others, the following:
	
	• Understood on the procedures of the Group:-
	  • the Group's identification, monitoring and assessment on the impairment of receivables; and
	  • the Group's basis and justification in making accounting estimates for impairment;
	
	• Reviewed the ageing analysis of receivables and testing the reliability thereof;
	
	• Reviewed subsequent collections for major receivables and overdue amount;
	
	• Made inquiries of management regarding the action plans to recover overdue amounts;
	
	• Understood of receivables with significant credit exposures which were significantly overdue or deemed to be in default; and
	
	• Evaluated the reasonableness and adequacy of the allowance for impairment recognised for identified exposures.

Independent Auditors' Report to the Members

Key Audit Matters (Cont'd)

Key Audit Matters	How we addressed the key audit matters
Impairment of goodwill	
The Group has goodwill amounting to RM67,158,888 as at 31 December 2022 representing approximately 24% of the Group's total assets as at 31 December 2022. The Company has appointed an independent professional valuer to determine and reassess the recoverable amount of the CGU in accordance with MFRS 136. The impairment tests were significant to our audit due to the complexity of the assessment process involving significant judgements and estimation uncertainty in making key assumptions about future market and economic conditions, terminal growth rates, discount rate, etc. for value in use of CGU based on future discounted cash flows.	Our procedures to address this are of focus include, amongst others, the following: • Evaluated the independent valuers' competency, capabilities, and objectivity by taking into consideration of their qualifications and experiences; • Reviewed the valuation methodologies and key assumptions adopted by the independent valuer, and assessed whether such methodologies are consistent with those used in the industry; • Interviewed the valuers, discussed and challenged the variables, discount rate and key assumptions of the basis applied based on our knowledge of the industry; • Tested the accuracy of the underlying model to assess whether the processes are applied to the correct input data and the outputs are mapped accurately; • Tested management's sensitivity analysis in relation to the key inputs to the goodwill impairment test model, as well as performing our own sensitivity analysis which include changes to key assumptions; and • Assessed the adequacy of the disclosure in the financial statements.

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 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 Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of the 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 has no realistic alternative but to do so.

Independent Auditors' Report to the Members

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 the 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 of 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.

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

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: (Cont'd)

- 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.

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, related safeguards.

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 year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent Auditors' Report to the Members

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors are disclosed in Note 6.

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.

UHY
Firm Number: AF 1411
Chartered Accountants

HAR HOU WEI
Approved Number: 03665/05/2024 J
Chartered Accountant

KUALA LUMPUR

19 April 2023

Statements of Financial Position
As at 31 December 2022

		Group		Company	
		2022	2021	2022	2021
	Note	RM	RM	RM	RM
Assets					
Non-Current Assets					
Property, plant and equipment	4	37,166,759	43,162,227	19,507,467	20,952,350
Right-of-use assets	5	19,684,518	20,625,437	732,242	740,752
Investment in subsidiaries	6	-	-	110,223,879	141,372,229
Investment in associates	7	-	-	-	-
Investment in joint ventures	8	-	-	-	-
Investment in securities	9	130,001	180,000	130,000	180,000
Intangible assets	10	70,339,965	71,199,776	-	-
Other receivables	11	14,386,972	12,247,221	13,061,519	12,247,221
Other investment	12	320,000	320,000	150,000	150,000
		142,028,215	147,734,661	143,805,107	175,642,552
Current Assets					
Inventories	13	13,310,332	12,098,726	-	-
Contract assets	14	2,450,952	97,298,184	-	-
Trade receivables	15	44,002,178	66,169,714	-	-
Other receivables	11	41,268,121	62,333,194	3,690,575	683,222
Amount due from subsidiaries	16	-	-	126,825,983	259,709,189
Amount due from joint ventures	17	-	500,000	-	-
Amount due from an associate company	18	6,255,486	6,247,881	-	-
Tax recoverable		3,670,526	3,633,497	-	-
Fixed deposits with licensed banks	19	16,787,513	20,578,083	-	2,000,000
Cash and bank balances		10,787,668	29,832,222	5,094,326	1,189,905
		138,532,776	298,691,501	135,610,884	263,582,316
Total Assets		280,560,991	446,426,162	279,415,991	439,224,868

Statements of Financial Position

		Group		Company	
		2022	2021	2022	2021
	Note	RM	RM	RM	RM
Equity					
Share capital	20	479,828,496	479,828,496	479,828,496	479,828,496
Foreign currency translation reserve	21	1,344,626	4,990,466	-	-
Accumulated losses		(355,094,918)	(323,717,042)	(237,617,563)	(60,111,967)
Equity attributable to owners of the parent		126,078,204	161,101,920	242,210,933	419,716,529
Non-controlling interests		(3,398,514)	(2,095,699)	-	-
Total Equity		122,679,690	159,006,221	242,210,933	419,716,529
Liabilities					
Non-Current Liabilities					
Deferred tax liabilities	22	176,636	-	-	-
Other payables	23	925,671	739,537	-	-
Lease liabilities	24	1,093,495	1,224,266	-	-
Bank borrowings	25	10,302,709	13,588,798	6,083,170	9,988,714
Tax payable		7,997,170	-	-	-
		20,495,681	15,552,601	6,083,170	9,988,714
Current Liabilities					
Contract liabilities	14	1,763,996	20,260,688	-	-
Trade payables	26	53,302,246	77,115,461	-	-
Other payables	23	59,695,903	55,152,581	4,240,865	2,287,818
Amount due to subsidiaries	16	-	-	21,680,424	485,560
Lease liabilities	24	949,896	1,240,335	-	-
Bank borrowings	25	6,513,275	90,567,200	4,319,520	4,859,799
Redeemable preference shares	27	1,357,440	1,532,212	-	-
Tax payable		13,802,864	25,998,863	881,079	1,886,448
		137,385,620	271,867,340	31,121,888	9,519,625
Total Liabilities		157,881,301	287,419,941	37,205,058	19,508,339
Total Equity and Liabilities		280,560,991	446,426,162	279,415,991	439,224,868

The accompanying notes form an integral part of the financial statements.

Statement of Profit or Loss and Other Comprehensive Income

For the Financial Year Ended 31 December 2022

		Group		Company	
		2022	2021	2022	2021
	Note	RM	RM	RM	RM
Revenue	28	186,170,079	173,865,949	-	-
Cost of sales		(127,455,213)	(112,845,682)	-	-
Gross profit		58,714,866	61,020,267	-	-
Other income		8,577,920	20,507,117	1,433,572	255,071
Administrative expenses		(72,335,657)	(69,300,920)	(15,157,807)	(11,063,354)
Net impairment losses on receivables		(25,468,256)	(1,871,641)	(1,618,605)	(402,617)
Net impairment losses on intangible assets, property, plant and equipment, and other assets		(934,185)	177,338	(161,364,336)	-
Finance costs	29	(1,711,768)	(5,267,532)	(1,140,389)	(915,648)
(Loss)/Profit before tax	30	(33,157,080)	5,264,629	(177,847,565)	(12,126,548)
Taxation	31	326,869	(2,800,124)	341,969	(928,577)
(Loss)/Profit for the financial year		(32,830,211)	2,464,505	(177,505,596)	(13,055,125)
Other comprehensive loss:					
Items that are or may be reclassified subsequently to profit or loss					
Exchange translation differences for foreign operations		(3,496,320)	(85,085)	-	-
Other comprehensive loss for the financial year		(3,496,320)	(85,085)	-	-
Total comprehensive (loss)/ income for the financial year		(36,326,531)	2,379,420	(177,505,596)	(13,055,125)

Statement of Profit or Loss and Other Comprehensive Income

	Note	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
(Loss)/Profit for the financial year attributable to:					
Owners of the parent		(30,154,672)	3,008,893	(177,505,596)	(13,055,125)
Non-controlling interests		(2,675,539)	(544,388)	-	-
		(32,830,211)	2,464,505	(177,505,596)	(13,055,125)
Total comprehensive (loss)/income for the financial year attributable to:					
Owners of the parent		(33,800,512)	2,946,474	(177,505,596)	(13,055,125)
Non-controlling interests		(2,526,019)	(567,054)	-	-
		(36,326,531)	2,379,420	(177,505,596)	(13,055,125)
(Loss)/ Earnings per share					
Basic (loss)/gain per share (sen)	32	(1.81)	0.19		
Diluted (loss)/gain per share (sen)	32	(1.81)	0.19		

The accompanying notes form an integral part of the financial statements.

Statements of Changes in Equity

For the Financial Year Ended 31 December 2022

	Note	Attributable to Owners of the Parent					
		Non-Distributable					
		Share Capital RM	Foreign Currency Translation Reserve RM	Accumulated Losses RM	Total RM	Non-Controlling Interests RM	Total Equity RM
Group							
At 1 January 2022		479,828,496	4,990,466	(323,717,042)	161,101,920	(2,095,699)	159,006,221
Loss for the financial year		-	-	(30,154,672)	(30,154,672)	(2,675,539)	(32,830,211)
Exchange translation differences for foreign operations		-	(3,645,840)	-	(3,645,840)	149,520	(3,496,320)
Total comprehensive loss for the financial year		-	(3,645,840)	(30,154,672)	(33,800,512)	(2,526,019)	(36,326,531)
Transaction with owners:							
Acquisition of non-controlling interest		-	-	(1,223,204)	(1,223,204)	1,223,204	-
At 31 December 2022		479,828,496	1,344,626	(355,094,918)	126,078,204	(3,398,514)	122,679,690

Statements of Changes in Equity

		Attributable to Owners of the Parent					
		Non-Distributable					
	Note	Share Capital RM	Foreign Currency Translation Reserve RM	Accumulated Losses RM	Total RM	Non-Controlling Interests RM	Total Equity RM
Group							
At 1 January 2021		453,974,761	5,200,078	(326,725,935)	132,448,904	(1,751,428)	130,697,476
Profit/(Loss) for the financial year		-	-	3,008,893	3,008,893	(544,388)	2,464,505
Deconsolidation of subsidiaries		-	(124,527)	-	(124,527)	(77,217)	(201,744)
Exchange translation differences for foreign operations		-	(85,085)	-	(85,085)	(22,666)	(107,751)
Total comprehensive (loss)/income for the financial year		-	(209,612)	3,008,893	2,799,281	(644,271)	2,155,010
Transaction with owners:							
Private shares placement	20	25,853,735	-	-	25,853,735	-	25,853,735
Issuance of shares by subsidiaries to non-controlling interest		-	-	-	-	300,000	300,000
		25,853,735	-	-	25,853,735	300,000	26,153,735
At 31 December 2021		479,828,496	4,990,466	(323,717,042)	161,101,920	(2,095,699)	159,006,221

	Note	Attributable to Owners of the Parent		
		Non-Distributable Share Capital RM	Accumulated Losses RM	Total Equity RM
Company				
At 1 January 2022		479,828,496	(60,111,967)	419,716,529
Loss for the financial year, representing total comprehensive loss for the financial year		-	(177,505,596)	(177,505,596)
At 31 December 2022		479,828,496	(237,617,563)	242,210,933
At 1 January 2021		453,974,761	(47,056,842)	406,917,919
Loss for the financial year, representing total comprehensive loss for the financial year		-	(13,055,125)	(13,055,125)
Transaction with owners:				
Issue of ordinary shares:				
- private shares placement	20	25,853,735	-	25,853,735
Total transaction with owners		25,853,735	-	25,853,735
At 31 December 2021		479,828,496	(60,111,967)	419,716,529

The accompanying notes form an integral part of the financial statements.

Statements of Cash Flow
For the Financial Year Ended 31 December 2022

	Note	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Cash Flows From Operating Activities					
(Loss)/Profit before tax		(33,157,080)	5,264,629	(177,847,565)	(12,126,548)
Adjustments for:					
Amortisation of intangible assets	10	981,117	1,058,978	-	-
Bad debts written off		432,260	-	294,460	-
Intangible assets written off		100,000	-	-	-
Depreciation of property, plant and equipment	4	7,196,973	7,771,566	1,453,632	1,688,483
Amortisation of right-of-use assets	5	1,913,065	4,352,571	8,510	8,509
Fair value adjustment on investment in securities		50,000	-	50,000	-
(Gain)/Loss on disposal of:					
- property, plant and equipment		(10,907)	(106,998)	(4,999)	-
- investment in securities		-	606,436	-	606,436
- subsidiaries		-	(14,786,634)	276,674	-
- joint venture		(2,974,999)	-	-	-
Impairment loss on:					
- Investment in subsidiaries		-	-	31,148,349	-
- Trade receivables		19,851,293	1,717,970	-	-
- Other receivables		6,695,609	425,307	1,698,104	402,617
- Amount due from subsidiaries		-	-	130,215,987	-
- Property, plant and equipment		934,185	-	-	-
Derecognition arising from termination of lease agreement		(30,273)	(278,516)	-	-
Modification of lease agreement		-	177,906	-	-
Interest expense		1,711,768	5,267,532	1,140,389	915,648
Interest income		(167,111)	(436,947)	-	(29,343)
Property, plant and equipment written off		114,607	101,418	-	-
Reversal of impairment loss on					
- Trade receivables		(1,078,646)	(563,816)	-	-
- Other receivables		-	(40,528)	-	-
- Intangible assets		-	(177,338)	-	-
- Investment in subsidiaries		-	-	(276,674)	-
Unrealised gain on foreign exchange		(174,772)	-	-	-
Operating gain/(loss) before working capital changes		2,387,089	10,353,536	(11,843,133)	(8,534,198)

		Group		Company	
		2022	2021	2022	2021
	Note	RM	RM	RM	RM
Changes in working capital:					
Inventories		(1,211,606)	465,118	-	-
Contract assets/liabilities		76,350,540	38,996,166	-	-
Receivables		15,192,342	(7,810,181)	(5,814,215)	(11,755,529)
Subsidiary company		-	-	23,862,083	(11,169,368)
Payables		(19,083,760)	(50,258,561)	1,953,047	753,087
Joint venture		500,000	-	-	-
Associate		(7,605)	-	-	-
		71,739,911	(18,607,458)	20,000,915	(22,171,810)
Cash generated from/(used in) operations		74,127,000	(8,253,922)	8,157,782	(30,706,008)
Tax refunded		260,557	-	-	-
Tax paid		(3,929,698)	(2,679,991)	(663,400)	-
		(3,669,141)	(2,679,991)	(663,400)	-
Net cash from/(used in) operating activities		70,457,859	(10,933,913)	7,494,382	(30,706,008)
Cash Flows From Investing Activities					
Interest received		167,111	436,947	-	29,343
Purchase of property, plant and equipment	4	(2,327,181)	(2,169,239)	(8,751)	(56,818)
Purchase of right-of-use assets		(8,026)	(58,273)	-	-
Proceeds from disposal of:					
- property, plant and equipment		23,728	107,000	5,001	-
- investment in securities		-	4,525,920	-	4,525,920
- subsidiaries		-	4,249,879	1	-
- joint venture		2,975,000	-	-	-
Investment in securities		-	(1,875,900)	-	(1,875,900)
Net changes in deposits pledged to licensed banks		1,790,570	(1,640,358)	-	-
Addition to intangible assets	10	-	(100,000)	-	-
Net cash from/(used in) investing activities		2,621,202	3,475,976	(3,749)	2,622,545

Statements of Cash Flow

	Note	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Cash Flows From Financing Activities					
Interest paid		(1,711,768)	(5,267,532)	(1,140,389)	(915,648)
Net changes in term loans		(86,302,652)	(1,413,930)	(4,445,823)	(1,307,666)
Payment of lease liabilities		(1,572,765)	(4,553,032)	-	-
Proceeds from private placement	20	-	25,853,735	-	25,853,735
Net cash (used in)/ from financing activities		(89,587,185)	14,619,241	(5,586,212)	23,630,421
Net (decrease)/increase in cash and cash equivalents		(16,508,124)	7,161,304	1,904,421	(4,453,042)
Effect of exchange translation difference		(3,733,354)	2,445,290	-	-
Cash and cash equivalents at the beginning of the financial year		30,363,928	20,757,334	3,189,905	7,642,947
Cash and cash equivalents at the end of the financial year		10,122,450	30,363,928	5,094,326	3,189,905
Cash and cash equivalents at the end of the financial year comprise:					
Cash and bank balances		10,787,668	29,832,222	5,094,326	1,189,905
Fixed deposits with licensed banks		16,787,513	20,578,083	-	2,000,000
Bank overdrafts	25	(665,218)	(1,468,294)	-	-
		26,909,963	48,942,011	5,094,326	3,189,905
Less: Fixed deposits pledged for credit facilities		(16,787,513)	(18,578,083)	-	-
		10,122,450	30,363,928	5,094,326	3,189,905

The accompanying notes form an integral part of the financial statements.

Notes to the Financial Statements

1. **Corporate Information**

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of the Bursa Malaysia Securities Berhad.

The registered office and the principal place of business of the Company is located at No. 10, Jalan Jurunilai U1/20, Hicom Glenmarie Industrial Park, 40150 Shah Alam, Selangor Darul Ehsan.

The principal activities of the Company are those of investment holding and provision of management services. The principal activities of its subsidiaries are disclosed in Note 6.

2. **Basis of Preparation**

(a) Statement of compliance

The financial statements of the Group and the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The financial statements of the Group and the Company have been prepared under the historical cost convention, unless otherwise indicated in the significant accounting policies below.

Notes to the Financial Statements

2. **Basis of Preparation (Cont'd)**

(a) Statement of compliance (Cont'd)

Adoption of amended standards

During the financial year, the Group and the Company have adopted the following amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are mandatory for current financial year:

Amendments to MFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
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 - Cost of Fulfilling a Contract
Amendments to MFRSs	Annual Improvements to MFRS Standards 2018 - 2020

The adoption of the amendments to MFRSs did not have any significant impact on the financial statements of the Group and of the Company.

Standards issued but not yet effective

The Group and the Company have not applied the following new MFRSs and amendments to MFRSs that have been issued by MASB but are not yet effective for the Group and the Company:

		Effective dates for financial periods beginning on or after
MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 17	Insurance Contracts	1 January 2023

2. **Basis of Preparation (Cont'd)**

(a) Statement of compliance (Cont'd)

Standards issued but not yet effective

The Group and the Company have not applied the following new MFRSs and amendments to MFRSs that have been issued by MASB but are not yet effective for the Group and the Company:

		Effective dates for financial periods beginning on or after
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 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101	Non- current Liabilities with Covenants and Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 10 and MFRS 128	ales or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

The Group and the Company intend to adopt the above MFRSs when they become effective.

The initial application of the above-mentioned MFRSs are not expected to have any significant impacts on the financial statements of the Group and the Company.

(b) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Group's and the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest RM except when otherwise stated.

Notes to the Financial Statements

2. **Basis of Preparation (Cont'd)**

(c) Significant accounting judgements, estimates and assumptions

The preparation of the Group's and of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Judgements

The following are the judgements made by management in the process of applying the Group's and the Company's accounting policies that have the most significant effect on the amounts recognised in the financial statements:

<u>Satisfaction of performance obligations in relation to contracts with customers</u>

The Group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method for recognising revenue. This assessment was made based on the terms and conditions of the contracts, and the provisions of relevant laws and regulations.

The Group recognises revenue over time in the following circumstances:

(a) The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

(b) The Group does not create an asset with an alternative use to the Group and has an enforceable right to payment for performance completed to date; and

(c) The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.

Where the above criteria are not met, revenue is recognised at a point in time. Where revenue is recognised at a point of time, the Group assesses each contract with customers to determine when the performance obligation of the Group under the contract is satisfied.

2. **Basis of Preparation (Cont'd)**

(c) Significant accounting judgements, estimates and assumptions (Cont'd)

Determining the lease term of contracts with renewal and termination options - as lessee

The Group and the Company determine the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group and the Company have several lease contracts that include extension and termination options. The Group and the Company apply judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group and the Company reassess the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Group and the Company include the renewal period as part of the lease term for leases of land and building with non-cancellable period included as part of the lease term as these are reasonably certain to be exercised because there will be a significant negative effect on operation if a replacement asset is not readily available. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are set out below:

Useful lives / depreciation of property, plant and equipment and right-of-use ("ROU") assets

The Group and the Company regularly review the estimated useful lives of property, plant and equipment and ROU assets based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment and ROU assets would increase the recorded depreciation and decrease the value of property, plant and equipment. The carrying amounts at the reporting date for property, plant and equipment and ROU assets are disclosed in Note 4 and Note 5.

Notes to the Financial Statements

2. **Basis of Preparation (Cont'd)**

(c) Significant accounting judgements, estimates and assumptions (Cont'd)

Key sources of estimation uncertainty (Cont'd)

Impairment of goodwill on consolidation

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units to which the goodwill is allocated. Estimating the value-in-use amount requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The key assumptions used to determine the value-in-use is disclosed in Note 10.

Impairment of intangible assets

Determining whether the intangible assets are impaired requires an estimation of the recoverable amount, which is the higher of fair value less costs to sell and the value in use of the cash generating units to which intangible assets have been allocated. The fair value less costs to sell and value in use calculation requires the Group to estimate the fair value of the intangible assets and future cash-flows expected form the cash-generating units and an appropriate discount rate in order to calculate the present value of the future cash flows. As the assessment involved significant estimates and is based on both forecasted financial and non-financial information, management has to exercise judgment in estimating the recoverable amounts of these assts. The carrying amount of the intangible assets are disclosed in Note 10.

Inventories valuation

A review is made periodically of inventory for excess inventory, obsolescence and decline in net realisable value below cost and an allowance is recorded against the inventory balance for any such decline. The review requires management to estimate future demand for the products. In any case, the realisable value represents the best estimate of the recoverable amount and is based on the most reliable evidence available at the reporting date and inherently involves estimates regarding the future expected realisable value. The benchmarks for determining the amount of allowance or write-down include ageing analysis, technical assessment and subsequent events. In general, such an evaluation process requires significant judgement and materially affects the carrying amount of inventories at the reporting date. Possible changes in these estimates could result in revisions to the valuation of inventory. Details of inventories are disclosed in Note 13.

2. **Basis of Preparation (Cont'd)**

(c) Significant accounting judgements, estimates and assumptions (Cont'd)

Key sources of estimation uncertainty (Cont'd)

Determination of transaction prices

The Group is required to determine the transaction price in respect of each of its contracts with customers. In making such judgement the Group assesses the impact of any variable consideration in the contract, due to discounts or penalties, the existence of any significant financing component and any non-cash consideration in the contract.

There is no estimation required in determining the transaction price, as revenue from sale of goods or services are based on invoiced values. Discounts are not considered as they are not only given in rare circumstances.

Impairment of property, plant and equipment and right-of-use ("ROU") assets

The Group assesses whether there is any indication that property, plant and equipment and ROU assets are impaired at the end of each reporting period. Impairment is measured by comparing the carrying amount of an asset with its recoverable amount. The recoverable amount is measured at the higher of the fair value less cost to sell for that asset and its value-in-use. The value-in-use is the net present value of the projected future cash flow derived from that asset discounted at an appropriate discount rate. Projected future cash flows are calculated based on historical, sector and industry trends, general market and economic conditions, changes in technology and other available information. Changes to any of these assumptions would affect the amount of impairment.

Provision for expected credit loss of financial assets at amortised cost

The Group and the Company review the recoverability of its receivables, include trade and other receivables, amounts due from subsidiaries, joint ventures, and associate company at each reporting date to assess whether an impairment loss should be recognised. The impairment provisions for receivables are based on assumptions about risk of default and expected loss rates. The Group and the Company use judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's and the Company's past history, existing market conditions at the end of each reporting period.

The carrying amounts at the reporting date for receivables are disclosed in Notes 11, 15, 16, 17 and 18 respectively.

Notes to the Financial Statements

2. **Basis of Preparation (Cont'd)**

(c) Significant accounting judgements, estimates and assumptions (Cont'd)

Key sources of estimation uncertainty (Cont'd)

<u>Revenue from construction contracts</u>

Construction revenue and costs are recognised over the period of the contract in the profit or loss by reference to the progress towards complete satisfaction of that performance obligation.

The progress towards complete satisfaction of performance obligation is measured based on the physical proportion of contract work-to-date certified by professional consultants. Significant judgement is required in determining the progress based on input method by reference to the cost incurred to date bear to the total estimated cost and take into account the nature of activities and its associated risks.

The details of construction contracts are disclosed in Note 14.

<u>Deferred tax assets</u>

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the unused tax losses, unabsorbed capital allowances and other deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies of the carrying value of recognised and unrecognised deferred tax assets.

<u>Income taxes</u>

Judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Group and the Company recognise liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. As at 31 December 2022, the Group has tax recoverable of RM3,670,526 (2021: RM3,633,497) and tax payable of RM21,800,034 (2021: RM25,998,863) respectively. The Company has tax payable of RM881,079 (2021: RM1,886,448).

2. **Basis of Preparation (Cont'd)**

(c) Significant accounting judgements, estimates and assumptions (Cont'd)

Key sources of estimation uncertainty (Cont'd)

Fair values of financial instruments

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. Details of the assumptions used are given in the Note 38(c) regarding financial assets and liabilities. In applying the valuation techniques management makes maximum use of market inputs, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the end of the reporting period.

Impairment of investment in subsidiaries

Investment in subsidiaries is stated at cost less accumulated impairment losses in the Company's statement of financial position. The investment is reviewed for impairment whenever there is any indication that these assets may be impaired. If any such indication exists, the recoverable amount (i.e. the higher of the fair value less cost to sell and value in use) of the asset is estimated to determine the amount of impairment loss.

The Company has carried out review on impairment of investment in subsidiaries and the Directors are of the opinion that no additional allowance for impairment loss is necessary. As such, the investment is stated at cost less any impairment losses. The carrying amount of investment in subsidiaries is disclosed in Note 6.

Discount rate used in leases

Where the interest rate implicit in the lease cannot be readily determined, the Group uses the incremental borrowing rate to measure the lease liabilities. The incremental borrowing rate is the interest rate that the Group would have to pay to borrow over a similar term, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Therefore, the incremental borrowing rate requires estimation, particularly when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the incremental borrowing rate using observable inputs when available and is required to make certain entity-specific estimates.

Notes to the Financial Statements

3. Significant Accounting Policies

The Group and the Company apply the significant accounting policies set out below, consistently throughout all periods presented in the financial statements.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, 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. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed in profit or loss as incurred.

If the business combination is achieved in stages, the acquirer's previously held equity interest in the acquiree is re-measured at its acquisition date fair value and the resulting gain or loss is recognised in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (which cannot exceed one year from the acquisition date), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date, if known, would have affected the amounts recognised at that date.

3. **Significant Accounting Policies (Cont'd)**

(a) Basis of consolidation (Cont'd)

(i) Subsidiaries (Cont'd)

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 9 *Financial Instruments* measured at fair value with the changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated. Unrealised losses are eliminated only if there is no indication of impairment. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(n)(i) to the financial statements on impairment of non-financial assets.

(ii) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Notes to the Financial Statements

3. **Significant Accounting Policies (Cont'd)**

(a) Basis of consolidation (Cont'd)

(iii) Goodwill on consolidation

The excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary acquired (ie. a bargain purchase), the gain is recognised in profit or loss.

Following the initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment annually or more frequent when there is objective evidence that the carrying value may be impaired. See accounting policy Note 3(n)(i) to the financial statements on impairment of non-financial assets.

(b) Investments in associate and joint venture

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

On acquisition of an investment in an associate or joint venture, any excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill and included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities of the investee over the cost of investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of associate's or joint venture's profit or loss for the period in which the investment is acquired.

3. **Significant Accounting Policies (Cont'd)**

(b) Investments in associate and joint venture (Cont'd)

An associate or a joint venture is equity accounted for from the date on which the investee becomes an associate or a joint venture. Under the equity method, on initial recognition the investment in an associate is recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of profit or loss and other comprehensive income of the associate or joint venture after the date of acquisition. When the Group's share of losses in an associate or a joint venture equals or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

Profits or losses resulting from upstream and downstream transactions between the Group and its associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of unrelated investors' interests in the associate or joint venture. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the assets transferred.

The financial statements of the associates and joint ventures are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

The requirements of MFRS 136 *Impairment of Assets* are applied to determine whether it is necessary to recognise any additional impairment loss with respect to its net investment in the associate or joint venture. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with MFRS 136 as a single asset, by comparing its recoverable amount (higher of value-in-use and fair value less costs to sell) with its carrying amount. Any impairment loss is recognised in profit or loss. Reversal of an impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

In the Company's separate financial statements, investments in associates and joint ventures are stated at cost less accumulated impairment losses, if any. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(n)(i) to the financial statements on impairment of non-financial assets.

Notes to the Financial Statements

3. **Significant Accounting Policies (Cont'd)**

(c) Foreign currency translation

(i) Foreign currency transactions and balances

Transactions in foreign currency are recorded in the functional currency of the respective Group entities using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are included in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. These are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation are recognised in profit or loss in the Company's financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the reporting period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. Exchange differences arising from such non-monetary items are also recognised in other comprehensive income.

(ii) Foreign operations

The assets and liabilities of foreign operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at the rate of exchange prevailing at the reporting date, except for goodwill and fair value adjustments arising from business combinations before 1 January 2012 (the date of transition to MFRS) which are treated as assets and liabilities of the Company. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to RM at exchange rates at the dates of the transactions.

3. **Significant Accounting Policies (Cont'd)**

(c) Foreign currency translation (Cont'd)

(ii) Foreign operations (Cont'd)

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

(d) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. The policy of recognition and measurement of impairment losses is in accordance with Note 3(n)(i).

(i) Recognition and measurement

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. 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. All other repair and maintenance costs are recognised in profit or loss as incurred.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items.

Notes to the Financial Statements

3. **Significant Accounting Policies (Cont'd)**

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

(i) Recognition and measurement (Cont'd)

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.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.

(ii) Subsequent costs

The cost of replacing part 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 part will flow to the Group and to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

(iii) Depreciation

Depreciation is recognised in the profit or loss on straight line basis to write off the cost or valuation of each asset to its residual value over its estimated useful life. Freehold land is not depreciated. Leased assets are depreciated over the shorter of the lease terms and their useful lives. Property, plant and equipment under construction are not depreciated until the assets are ready for its intended use.

Property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:

Buildings	33 - 50 years
Leasehold properties and industrial land	Over the remaining lease periods
Furniture and fittings	1 - 10 years
Office equipment	5 - 10 years
Yard infrastructure, machinery and equipment	1 - 10 years
Motor vehicles	1 - 10 years
Renovation	1 - 10 years
Computers and software	3 - 5 years

3. **Significant Accounting Policies (Cont'd)**

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

(iii) Depreciation (Cont'd)

The residual values, useful lives and depreciation method are reviewed at each reporting period end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the property, plant and equipment.

(e) Leases

(i) As lessee

The Group and the Company recognise 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 site on which it is located, less any lease incentives received.

The ROU asset is subsequently measured at cost less any accumulated depreciation, any accumulated impairment loss and, if applicable, adjusted for any remeasurement of lease liabilities. The right-of-use asset is 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 the ROU assets are determined on the same basis as those of property, plant and equipment as follows:

Leasehold properties and industrial land	Over the remaining lease period
Land use rights	Over the remaining lease period
Office and apartments	1 - 6 years
Machinery and equipment	1 - 20 years
Motor vehicles	3 - 5 years

The lease liability is initially measured at the present value of future lease payments at the commencement date, discounted using the Group's and the Company's incremental borrowing rates. Lease payments included in the measurement of the lease liability include fixed payments, any variable lease payments, amount expected to be payable under a residual value guarantee, and exercise price under an extension option that the Group and the Company are reasonably certain to exercise.

Notes to the Financial Statements

3. **Significant Accounting Policies (Cont'd)**

(e) Leases (Cont'd)

(i) As lessee (Cont'd)

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 rate, or if the Group or the Company changes its assessment of whether it will exercise an extension or terminate option.

Lease payments associated with short term leases and leases of low value assets are recognised on a straight-line basis as an expense in profit or loss. Short term leases are leases with a lease term of 12 months or less and do not contain a purchase option. Low value assets are those assets valued at less than USD5,000 or RM20,000 each when purchased new.

(ii) As lessor

When the Group or the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. Leases in which the Group or the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases.

If the lease arrangement contains lease and non-lease components, the Group and the Company apply MFRS 15 *Revenue from Contracts with Customers* to allocate the consideration in the contract based on the stand-alone selling price.

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

The Group and the Company recognise lease payments under operating leases as income on a straight-line basis over the lease term unless another systematic basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished. The lease payment recognised is included as part of "Other income". Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

3. **Significant Accounting Policies (Cont'd)**

(f) Intangible assets

(i) Internally-generated intangible assets - research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- the technical feasibility of completing the intangible asset so that the asset will be available for use or sale;
- its intention to complete and its ability and intention to use or sell the asset;
- how the asset will generate future economic benefits;
- the availability of resources to complete; and
- the ability to measure reliably the expenditure during development.

The amount initially recognised for internally–generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure in recognised in profit or loss in the period in which it is incurred.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful lives and amortisation methods are reviewed at the end of each reporting date, with the effect of any changes in estimate being accounted for on a prospective basis.

(ii) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair values at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Notes to the Financial Statements

3. **Significant Accounting Policies (Cont'd)**

(f) Intangible assets (Cont'd)

(iii) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful lives and amortisation methods are reviewed at the end of each reporting date, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

(iv) Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

See accounting policy Note 3(n)(i) to the financial statements on impairment of non-financial assets for intangible assets.

(g) Financial assets

Financial assets are 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 financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at FVTPL, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include trade and other receivables, amount due from subsidiaries, associate company and joint venture, deposits, cash and bank balances.

3. **Significant Accounting Policies (Cont'd)**

(g) Financial assets (Cont'd)

(a) Financial assets at amortised cost

The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

(b) Fair value through other comprehensive income

The Group and the Company have not designated any financial assets as FVOCI.

(c) Financial assets at fair value through profit or loss

All financial assets not classified as measured at amortised cost or FVOCI, as described above, are measured at FVTPL. This includes derivative financial assets (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument). On initial recognition, the Group and the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Notes to the Financial Statements

3. **Significant Accounting Policies (Cont'd)**

(g) Financial assets (Cont'd)

(c) Financial assets at fair value through profit or loss (Cont'd)

Financial assets categorised as FVTPL are subsequently measured at their fair value with gains or losses recognised in the profit or loss.

All financial assets, except for those measured at FVTPL and equity investments measured at FVOCI, are subject to impairment.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e. the date that the Group and the Company commit to purchase or sell the asset.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received for financial instrument is recognised in profit or loss.

(h) Financial liabilities

Financial liabilities are recognised when, and only when, the Group and the Company become a party to the contractual provisions of the financial instruments. All financial liabilities are recognised initially at fair value plus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

3. **Significant Accounting Policies (Cont'd)**

(i) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs when the guaranteed debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group or the Company, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of:

- the best estimate of the expenditure required to settle the present obligation at the reporting date; and

- the amount initially recognised less cumulative amortisation.

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

(j) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(k) Inventories

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

Inventories which comprise raw materials, spare part and consumables, work-in-progress and finished goods are stated at the lower of cost and net realisable value.

Cost of raw material comprise cost of purchase and other costs incurred in bringing it to their present location and condition are determined on a first-in-first-out basis. Cost of finished goods and work-in-progress consists of direct material, direct labour and an appropriate proportion of production overheads (based on normal operating capacity) are stated on a first-in-first-out.

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.

Notes to the Financial Statements

3. **Significant Accounting Policies (Cont'd)**

(l) Construction contracts

Construction contracts are contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use.

Cost incurred to fulfil the contracts, comprising cost of direct materials, direct labour, other direct costs, attributable overheads and payments to subcontractors are recognised as an asset and amortised over to profit or loss systematically to reflect the transfer of the contracted service to the customer.

Revenue and profits for construction contracts are recognised over time when the customer simultaneously receives and consumes the benefits from the construction; the construction service create or enhance an asset or a combination of assets which the customer controls or the construction service does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

The Group measures the entity's progress towards complete satisfaction of a performance obligation satisfied over time on the basis of direct measurements of the value transferred by the entity to the customer.

Contract asset under current assets in the statements of financial position is the right to consideration for goods or services transferred to the customers where contract liability under current liabilities in the statements of financial position is the obligation to transfer goods or services to customers for which the Group has received the consideration or has billed the customers.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. When there is objective evidence of impairment, the amount of impairment is determined by comparing the contract asset's carrying amount and the present value of estimated future cash flows to be generated by the contract assets.

The Group presents as contract asset when the gross amount due from customers for contract work in progress for which costs incurred plus recognised profits (less recognised losses) exceed contract liabilities. Contract liabilities not yet paid by customers and retention monies are included within receivables and contract assets. The Group presents as a liability the gross amount due to customers for contract work for all contracts in progress for which contract liabilities exceed costs exceed costs incurred plus recognised profits (less recognised losses).

3. **Significant Accounting Policies (Cont'd)**

(m) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, bank overdraft and highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. For the purpose of statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits, if any.

(n) Impairment of assets

(i) Non-financial assets

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

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

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

An impairment loss is recognised if the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. Impairment loss is recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amounts 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 (group of cash-generating units) on a pro rata basis.

Notes to the Financial Statements

3. **Significant Accounting Policies (Cont'd)**

(n) Impairment of assets (Cont'd)

(i) Non-financial assets (Cont'd)

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 only if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for asset in prior years. Such reversal is recognised in the profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

(ii) Financial assets

The Group and the Company recognise an allowance for expected credit losses ("ECLs") for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months ("a 12-month ECL"). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default ("a lifetime ECL").

For trade receivables, other receivables, contract assets and inter-company balances, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company have established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

3. **Significant Accounting Policies (Cont'd)**

(o) Share capital

(i) Ordinary shares

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of its liabilities. Ordinary shares are equity instruments. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity.

Dividend distribution to the Company's shareholders is recognised as a liability in the period they are approved by the Board of Directors except for the final dividend which is subject to approval by the Company's shareholders.

(ii) Preference shares

Preference share capital is classified as equity if it is non-redeemable, or is redeemable but only at the Company's option, and any dividends are discretionary. Dividends thereon are recognised as distribution within equity. Preference share capital is classified as financial liability if it is redeemable on a specific date or at the option of the equity holders, or if dividend payments are not discretionary. Dividends thereon are recognised as interest expense in profit or loss as accrued.

(p) Provisions

Provisions are recognised when there is a present legal or constructive obligation that can be estimated reliably, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each end of the reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. The expense relating to any provision is presented in the statements of profit or loss and other comprehensive income net of any reimbursement.

Notes to the Financial Statements

3. **Significant Accounting Policies (Cont'd)**

(q) Employee benefits

(i) Short term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the reporting period in which the associated services are rendered by employees of the Group and of the Company. Short term accumulating compensated absences such as paid annual leave is recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick and medical leave are recognised when the absences occur.

The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period.

(ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employee Provident Fund ("EPF"). Some of the Group's foreign subsidiaries also make contributions to their respective countries' statutory pension schemes. Such contributions are recognised as an expense in the profit or loss as incurred. Once the contributions have been paid, the Group and the Company have no further payment obligations.

(iii) Equity-settled share-based payment transaction

The Group and the Company operate an equity-settled, share-based compensation plan for the employees of the Group and of the Company. Employee services received in exchange for the grant of the share options is recognised as an expense in the profit or loss over the vesting periods of the grant with a corresponding increase in equity.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the share options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to be vested. At the end of each reporting date, the Group and the Company revise its estimates of the number of share options that are expected to be vested. It recognises the impact of the revision of original estimates, if any, in the profit or loss, with a corresponding adjustment to equity.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital when the options are exercised. When options are not exercised and lapsed, the share option reserve is transferred to retained profits.

3. **Significant Accounting Policies (Cont'd)**

(r) Revenue recognition

(i) Revenue from contracts with customers

Revenue is recognised when the Group or the Company satisfied a performance obligation ("PO") by transferring a promised good or services to the customer, which is when the customer obtains control of the good or service. A PO may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied PO.

The Group and the Company recognise revenue from the following major sources:

(a) Revenue from construction contracts and project works

The revenue from construction contracts is measured based on the transaction prices net of expected liquidated ascertained damages ("LAD") payment. LAD is determined based on the expected value method.

The Group recognises revenue from construction contracts and project works over time by reference to the progress towards complete satisfaction at the end of the reporting period when control over the asset has been transferred to the customers. The assets have no alternative use to the Group due to contractual restriction and the Group has an enforceable right to payment for performance completed to date. Revenue from construction contracts and project works is measured at the transaction price agreed under the construction contracts and project works.

Progress towards complete satisfaction is measured based on input method, which is to recognise revenue on the basis of the Group's efforts or inputs to the satisfaction of a performance obligation (i.e. contracts costs incurred for works performed to date) relative to the total expected inputs to the satisfaction of that performance obligation (i.e. total estimated contract cost), that best depict the Group's performance in transferring control of goods or services.

The Group becomes entitled to invoice customers for construction of promised asset based on achieving a series of performance-related milestones (i.e. progress billing). The Group previously has recognised a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. If the progress billing exceeds the revenue recognised todate, the Group recognises a contract liability for the difference. There is not considered to be a significant financing component in contracts with customers as the period between the recognition of revenue and the progress billing is always less than one year.

Notes to the Financial Statements

3. **Significant Accounting Policies (Cont'd)**

(r) Revenue recognition (Cont'd)

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

(a) Revenue from construction contracts and project works (Cont'd)

The Group provides warranties for general repairs of defects existed at the time of sale and do not give rise to a separate performance obligation. These assurance-type warranties are accounted for under MFRS 137 *Provision, contingent Liabilities and Contingent Assets*, please refer to accounting policy on warranty provisions in Note 3(p) to the financial statements.

(b) Sale of goods

Revenue is measured at the fair value of consideration received or receivable, net of returns and allowances, trade discount and volume rebates. Revenue from sale of goods is recognised when the transfer of significant risk and rewards of ownership of the goods to the customer which is at point in time upon the delivery of goods to the customers and customer acceptance, recovery of the consideration is probable and unconditional, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods. No significant element of financing is deemed present as the sales are made with a credit terms ranging from 1 to 90 days which are consistent with market practice.

At the point of sale, a refund liability and a corresponding adjustment to revenue are recognised for those products expected to be returned. At the same time, it has a right to recover the product when customers exercise their right of return, so consequently recognises a right to returned goods asset and a corresponding adjustment to the cost of inventories recognised in profit or loss. The Group does not have such contract terms with its customers on right of return.

A receivable is recognised by the Group when the goods are delivered as this represents the point in time at which the right to consideration is unconditional, because only the passage of time is required before payment is due.

(c) Rendering of services

Revenue from services and management fees are recognised in the reporting period in which the services are rendered, which simultaneously received and consumes the benefits provided by the Group, and the Group has a present right to payment for the services.

3. **Significant Accounting Policies (Cont'd)**

(r) Revenue recognition (Cont'd)

(ii) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(iii) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

(iv) Management fee

Management fee is recognised on accrual basis when services are rendered.

(s) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the assets, which are assets that necessarily take a substantial period of time to get ready for theirs intended use or sale, are capitalised as part of the cost of those assets. All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

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

3. **Significant Accounting Policies (Cont'd)**

(t) Income taxes

Tax expense in profit or loss 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 year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the liability method for all 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 temporary differences arising from the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction which 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.

The measurement of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

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

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary 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.

3. **Significant Accounting Policies (Cont'd)**

(u) Segments reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-makers are responsible for allocating resources and assessing performance of the operating segments and make overall strategic decisions. The Group's operating segments are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

(v) Contingencies

Where it is not probable that an inflow or an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the asset or the obligation is disclosed as a contingent asset or contingent liability, unless the probability of inflow or 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 assets or contingent liabilities unless the probability of inflow or outflow of economic benefits is remote.

(w) Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the balance sheet and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

When the grant relates to an expense item, it is recognised in profit or loss over the period necessary to match them on a systematic basis to the costs that it is intended to compensate.

Notes to the Financial Statements

3. **Significant Accounting Policies (Cont'd)**

(x) Fair value measurement

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

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

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

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

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

Level 3: unobservable inputs for the asset or liability.

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

4. Property, Plant and Equipment

	Freehold land RM	Buildings RM	Leasehold properties and industrial land RM	Furniture and fittings RM	Office equipment RM	Yard infrastructure, machinery and equipment RM	Motor vehicles RM	Renovation RM	Computers and software RM	Total RM
Group										
2022										
At cost										
At 1 January 2022	12,063,260	11,908,758	3,954,136	690,262	4,726,618	59,241,578	6,666,316	19,139,680	3,373,610	121,764,218
Additions	-	-	363,045	-	49,301	1,644,380	144,636	101,523	24,296	2,327,181
Transfer from right-of-use assets	-	-	-	-	-	90,500	636,142	-	-	726,642
Transfer to intangible assets		-	-	-	-	(15,957)	-	-	-	(15,957)
Disposals	-	-	-	-	-	(16,592)	(121,625)	-	(4,241)	(142,458)
Written off	-	-	-	-	(6,483)	(97,777)	(271,422)	(90,799)	-	(466,481)
Reclassification	-	-	-	-	-	(337,221)	(337,643)	674,864	-	-
Exchange differences	-	-	(256,840)	-	-	(151,243)	81,975	39,926	-	(286,182)
At 31 December 2022	12,063,260	11,908,758	4,060,341	690,262	4,769,436	60,357,668	6,798,379	19,865,194	3,393,665	123,906,963
Accumulated depreciation										
At 1 January 2022	-	2,044,473	2,069,638	539,450	3,653,767	46,783,838	5,598,944	14,992,386	2,919,495	78,601,991
Charge for the financial year	-	313,399	266,942	33,193	456,757	4,045,796	259,182	1,723,718	97,986	7,196,973
Transfer from right-of-use assets	-	-	-	-	-	90,500	636,136	-	-	726,636
Transfer to intangible assets		-	-	-	-	(9,306)	-	-	-	(9,306)
Disposals	-	-	-	-	-	(3,775)	(121,622)	-	(4,241)	(129,638)
Written off	-	-	-	-	(6,479)	-	(254,596)	(90,799)	-	(351,874)
Reclassification			(58,641)	-	(2)	(293,568)	(264,653)	626,251	(9,387)	-
Exchange differences	-	-	(159,364)	-	-	(175,819)	83,123	23,297	-	(228,763)
At 31 December 2022	-	2,357,872	2,118,575	572,643	4,104,043	50,437,666	5,936,514	17,274,853	3,003,853	85,806,019

Notes to the Financial Statements

4. Property, Plant and Equipment

Group 2022	Freehold land RM	Buildings RM	Leasehold properties and industrial land RM	Furniture and fittings RM	Office equipment RM	Yard infrastructure, machinery and equipment RM	Motor vehicles RM	Renovation RM	Computers and software RM	Total RM
Balance brought forward	12,063,260	9,550,886	1,941,766	117,619	665,393	9,920,002	861,865	2,590,341	389,812	38,100,944
Accumulated impairment										
At 1 January 2022	-	-	-	-	-	-	-	-	-	-
Addition	-	-	-	13,764	167,039	111,992	19,786	280,488	341,116	934,185
At 31 December 2022	-	-	-	13,764	167,039	111,992	19,786	280,488	341,116	934,185
Carrying amount										
At 31 December 2022	12,063,260	9,550,886	1,941,766	103,855	498,354	9,808,010	842,079	2,309,853	48,696	37,166,759

4. Property, Plant and Equipment (Cont'd)

	Freehold land RM	Buildings RM	Leasehold properties and industrial land RM	Furniture and fittings RM	Office equipment RM	Yard infrastructure, machinery and equipment RM	Motor vehicles RM	Renovation RM	Computers and software RM	Total RM
Group										
2021										
At cost										
At 1 January 2021	12,063,260	11,908,758	3,645,432	886,467	4,795,083	67,114,430	5,625,325	18,897,981	3,407,958	128,344,694
Additions	-	-	75,202	-	95,838	1,375,075	157,359	441,772	23,993	2,169,239
Transfer from right-of-use assets	-	-	-	-	-	-	1,409,986	-	-	1,409,986
Disposals	-	-	-	-	(3,000)	-	(366,204)	-	(8,236)	(377,440)
Written off	-	-	-	-	-	(1,431,281)	(85,994)	(46,572)	-	(1,563,847)
Deconsolidation of subsidiaries	-	-	-	(196,205)	(161,303)	(8,373,995)	(118,784)	(193,121)	(50,105)	(9,093,513)
Exchange differences	-	-	233,502	-	-	557,349	44,628	39,620	-	875,099
At 31 December 2021	12,063,260	11,908,758	3,954,136	690,262	4,726,618	59,241,578	6,666,316	19,139,680	3,373,610	121,764,218
Accumulated depreciation										
At 1 January 2021	-	1,784,740	1,706,416	553,502	3,281,269	48,650,794	4,491,936	13,132,939	2,817,616	76,419,212
Charge for the financial year	-	259,733	253,697	35,442	461,716	4,513,557	226,370	1,895,071	125,980	7,771,566
Transfer from right-of-use assets	-	-	-	-	-	-	1,409,985	-	-	1,409,985
Disposals	-	-	-	-	(2,999)	-	(366,204)	-	(8,235)	(377,438)
Written off	-	-	-	-	-	(1,371,312)	(73,266)	(17,851)	-	(1,462,429)
Deconsolidation of subsidiaries	-	-	-	(49,494)	(86,219)	(5,310,011)	(118,784)	(59,509)	(15,866)	(5,639,883)
Exchange differences	-	-	109,525	-	-	300,810	28,907	41,736	-	480,978
At 31 December 2021	-	2,044,473	2,069,638	539,450	3,653,767	46,783,838	5,598,944	14,992,386	2,919,495	78,601,991

Notes to the Financial Statements

4. **Property, Plant and Equipment (Cont'd)**

	Freehold land RM	Buildings RM	Leasehold properties and industrial land RM	Furniture and fittings RM	Office equipment RM	Yard infrastructure, machinery and equipment RM	Motor vehicles RM	Renovation RM	Computers and software RM	Total RM
Group										
2021										
Balance brought forward	12,063,260	9,864,285	1,884,498	150,812	1,072,851	12,457,740	1,067,372	4,147,294	454,115	43,162,227
Accumulated impairment										
At 1 January 2021	-	-	-	146,629	73,528	1,778,072	-	-	-	1,998,229
Deconsolidation of subsidiaries	-	-	-	(146,629)	(73,528)	(1,778,072)	-	-	-	(1,998,229)
At 31 December 2021	-	-	-	-	-	-	-	-	-	-
Carrying amount										
At 31 December 2021	12,063,260	9,864,285	1,884,498	150,812	1,072,851	12,457,740	1,067,372	4,147,294	454,115	43,162,227

4. **Property, Plant and Equipment (Cont'd)**

	Freehold land RM	Buildings RM	Furniture and fittings RM	Office equipment RM	Renovation RM	Computers and software RM	Machinery and equipment RM	Total RM
Company								
2022								
At cost								
At 1 January 2022	11,713,260	9,402,170	175,137	340,264	12,024,511	789,948	36,040	34,481,330
Additions	-	-	-	5,251	-	3,500	-	8,751
Disposal	-	-	-	-	-	(4,241)	(36,040)	(40,281)
At 31 December 2022	11,713,260	9,402,170	175,137	345,515	12,024,511	789,207	-	34,449,800
Accumulated depreciation								
At 1 January 2022	-	1,962,006	98,717	182,556	10,477,885	771,778	36,038	13,528,980
Charge for the financial year	-	282,065	17,043	33,626	1,110,716	10,182	-	1,453,632
Disposal	-	-	-	-	-	(4,241)	(36,038)	(40,279)
At 31 December 2022	-	2,244,071	115,760	216,182	11,588,601	777,719	-	14,942,333
Carrying amount								
At 31 December 2022	11,713,260	7,158,099	59,377	129,333	435,910	11,488	-	19,507,467

Notes to the Financial Statements

4. **Property, Plant and Equipment (Cont'd)**

	Freehold land RM	Buildings RM	Furniture and fittings RM	Office equipment RM	Renovation RM	Computers and software RM	Machinery and equipment RM	Total RM
Company								
2021								
At cost								
At 1 January 2021	11,713,260	9,402,170	175,137	336,943	11,984,618	780,223	36,040	34,428,391
Additions	-	-	-	3,321	39,893	13,604	-	56,818
Disposal	-	-	-	-	-	(3,879)	-	(3,879)
At 31 December 2021	11,713,260	9,402,170	175,137	340,264	12,024,511	789,948	36,040	34,481,330
Accumulated depreciation								
At 1 January 2021	-	1,708,873	81,203	149,204	9,110,029	765,035	30,032	11,844,376
Charge for the financial year	-	253,133	17,514	33,352	1,367,856	10,622	6,006	1,688,483
Written off	-	-	-	-	-	(3,879)	-	(3,879)
At 31 December 2021	-	1,962,006	98,717	182,556	10,477,885	771,778	36,038	13,528,980
Carrying amount								
At 31 December 2021	11,713,260	7,440,164	76,420	157,708	1,546,626	18,170	2	20,952,350

4. **Property, Plant and Equipment (Cont'd)**

(a) Assets pledged as securities to financial institutions

The carrying amounts of property, plant and equipment of the Group and of the Company pledged as securities for bank borrowings as disclosed in Note 23 are:

	Group		Company	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
Freehold land	12,063,260	12,063,260	11,713,260	11,713,260
Buildings	9,550,886	9,864,285	7,158,099	7,440,164
Leasehold properties and industrial land	1,883,125	1,884,498	-	-
	23,497,271	23,812,043	18,871,359	19,153,424

As at 31 December 2022, the remaining lease period of the leasehold properties and industrial land of the Group and of the Company are 51 years and 83 years, which are expired on 2073 and 2105 respectively.

(b) The aggregate costs for the property, plant and equipment of the Group and of the Company acquired under cash payments.

Notes to the Financial Statements

5. **Right-of-Use Assets**

Group	Leasehold properties and industrial land RM	Machinery and equipment RM	Motor vehicles RM	Land use right RM	Office and apartments RM	Total RM
2022						
At cost						
At 1 January 2022	21,380,260	503,337	3,134,362	2,075,736	322,152	27,415,847
Additions	1,170,573	-	-	-	-	1,170,573
Derecognition arising from termination of lease agreement	(485,147)	(129,730)	-	-	-	(614,877)
Transfer to property, plant and equipments	-	(90,500)	(636,142)	-	-	(726,642)
Reclassification	96,543	-	(96,543)	-	-	-
Exchange differences	(37,966)	-	(292,803)	(68,286)	-	(399,055)
At 31 December 2022	22,124,263	283,107	2,108,874	2,007,450	322,152	26,845,846

5. **Right-of-Use Assets (Cont'd)**

Group	**Leasehold properties and industrial land RM**	**Machinery and equipment RM**	**Motor vehicles RM**	**Land use right RM**	**Office and apartments RM**	**Total RM**
2022						
Accumulated depreciation						
At 1 January 2022	3,452,237	264,120	2,284,588	467,313	322,152	6,790,410
Charge for the financial year	1,537,286	43,767	270,222	61,790	-	1,913,065
Derecognition arising from termination of lease agreement	(485,147)	(123,243)	-	-	-	(608,390)
Transfer to property, plant and equipments	-	(90,500)	(636,136)	-	-	(726,636)
Reclassification	6,296	-	(6,296)	-	-	-
Exchange differences	42,851	-	(213,020)	(36,952)	-	(207,121)
At 31 December 2022	4,553,523	94,144	1,699,358	492,151	322,152	7,161,328
Carrying amount						
At 31 December 2022	17,570,740	188,963	409,516	1,515,299	-	19,684,518

Notes to the Financial Statements

5. **Right-of-Use Assets (Cont'd)**

Group	Leasehold properties and industrial land RM	Machinery and equipment RM	Motor vehicles RM	Land use right RM	Office and apartments RM	Total RM
2021						
At cost						
At 1 January 2021	21,160,273	503,337	4,856,643	1,954,723	15,403,827	43,878,803
Additions	1,539,417	-	838,565	-	3,081,424	5,459,406
Derecognition arising from termination of lease agreement	(1,242,778)	-	(194,000)	-	(13,187,089)	(14,623,867)
Transfer to property, plant and equipments	-	-	(1,409,986)	-	-	(1,409,986)
Written off	-	-	-	(3,402)	-	(3,402)
Deconsolidation of subsidiaries	(98,991)	-	(981,155)	-	(5,199,156)	(6,279,302)
Exchange differences	22,339	-	24,295	124,415	223,146	394,195
At 31 December 2021	21,380,260	503,337	3,134,362	2,075,736	322,152	27,415,847

5. **Right-of-Use Assets (Cont'd)**

Group	**Leasehold properties and industrial land RM**	**Machinery and equipment RM**	**Motor vehicles RM**	**Land use right RM**	**Office and apartments RM**	**Total RM**
2021						
Accumulated depreciation						
At 1 January 2021	3,275,713	191,114	3,937,040	403,499	6,386,874	14,194,240
Additions	1,448,645	73,006	217,893	40,844	2,572,183	4,352,571
Derecognition arising from termination of lease agreement	(1,223,445)	-	(43,650)	-	(7,216,821)	(8,483,916)
Transfer to property, plant and equipments	-	-	(1,409,985)	-	-	(1,409,985)
Written off	-	-	-	(3,402)	-	(3,402)
Deconsolidation of subsidiaries	(90,270)	-	(426,751)	-	(1,488,540)	(2,005,561)
Exchange differences	41,594	-	10,041	26,372	68,456	146,463
At 31 December 2021	3,452,237	264,120	2,284,588	467,313	322,152	6,790,410
Accumulated impairment						
At 1 January 2021	-	-	10,934	-	-	10,934
Impairment during the financial year	-	-	(10,934)	-	-	(10,934)
At 31 December 2021	-	-	-	-	-	-
Carrying amount						
At 31 December 2021	17,928,023	239,217	849,774	1,608,423	-	20,625,437

Notes to the Financial Statements

5. **Right-of-Use Assets (Cont'd)**

	2022	2021
Company	**RM**	**RM**
Leasehold land		
At cost		
At 1 January/ 31 December	842,459	842,459
Accumulated depreciation		
At 1 January	101,707	93,198
Charge for the financial year	8,510	8,509
At 31 December	110,217	101,707
Carrying amount		
At 31 December	732,242	740,752

The Group and the Company lease machinery and equipment, motor vehicles, office and apartment, leasehold land and properties.

Leasehold properties and industrial land are pledged as securities for bank borrowings as disclosed in Note 25.

The aggregate additional costs for the right-of-use assets of the Group during the financial year acquired under the lease liabilities and cash payments are RM1,162,547 (2021: RM5,401,133) and RM8,026 (2021: RM58,273) respectively.

As at 31 December 2022 the remaining lease period of the leasehold properties and industrial land of the Group and of the Company are 51 years and 83 years, which are expired on 2073 and 2105 respectively.

The Group has land use right over a plot of state-owned land in the People's Republic of China ("PRC") where the Group's PRC manufacturing and storage reside. The land use right is not transferrable and has a remaining tenure of 36 (2021: 37 years).

The carrying amount of the Group's land use right had been pledged as securities for bank borrowings as disclosed in Note 25.

6. Investments in Subsidiaries

	Company	
	2022	**2021**
	RM	**RM**
In Malaysia:		
At cost		
Unquoted shares	150,198,350	150,475,025
Less: Accumulated impairment losses	(50,021,677)	(19,150,002)
	100,176,673	131,325,023
Outside Malaysia:		
At cost		
Unquoted shares	10,047,206	10,047,206
	110,223,879	141,372,229

Movement in the allowance for impairment loss are as follows:

	Company	
	2022	**2021**
	RM	**RM**
At 1 January	19,150,002	19,150,002
Impairment losses recognised	31,148,349	-
Impairment losses reversed	(276,674)	-
At 31 December	50,021,677	19,150,002

Notes to the Financial Statements

6. **Investments in Subsidiaries (Cont'd)**

Details of the subsidiaries are as follows:

Name of company	Place of Business / Country of Incorporation	Effective equity interest 2022 %	Effective equity interest 2021 %	Principal activities
Destini Prima Sdn. Bhd.	Malaysia	100	100	Investment holding, and distribution and supply of defence and commercial aviation and marine equipment and accessories, contract management and Consultant to Original Equipment Manufacturers (OEMs)
Destini Armada Sdn. Bhd.	Malaysia	100	100	Maintenance, repairs and overhaul of aviation electronics safety equipment and electro-mechanical accessories
Destini Energy Sdn. Bhd.	Malaysia	100	100	Dormant
Destini Engineering Technologies Sdn. Bhd.	Malaysia	100	100	Maintenance, repairs and overhaul of aviation related cylinders that include servicing, inspection, recycling and refilling of gas and general contractors, construction of telecommunication engineering and other related services
Destini Australia Pty. Ltd.*	Australia	100	100	Dormant
Destini Aero Teknologi Sdn. Bhd.	Malaysia	100	100	Dormant

6. **Investments in Subsidiaries (Cont'd)**

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

Name of company	Place of Business / Country of Incorporation	Effective equity interest 2022 %	2021 %	Principal activities
Destini HRTC Sdn. Bhd.	Malaysia	100	100	Provides training and education consultancy services
Destini Armada Pte. Ltd.*	Singapore	100	100	Manufacturing, repair, fabricate and supply of marine and safety/ lifesaving equipments
Destini Oil Services Sdn. Bhd.	Malaysia	100	100	Provision of tubular handling, running, repair and maintenance, lease and operate drilling rigs in oil and gas industry
System Enhancement Resources & Technologies Sdn. Bhd.	Malaysia	100	100	Supplying, servicing and upkeeping army vehicles, buses and supplying motor trolley
Destini Empire Properties Sdn. Bhd.	Malaysia	100	100	Dormant
Teknologi Mobiliti Sdn. Bhd. (fka Detrac Sdn. Bhd.)	Malaysia	70	70	Research and development of mechatronic system including software customisation, repair and maintenance of electronic systems, support and consultation on system development
Land Auto Technology Sdn. Bhd.	Malaysia	100	100	Dormant

Notes to the Financial Statements

6. **Investment in Subsidiaries (Cont'd)**

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

Name of company	Place of Business / Country of Incorporation	Effective equity interest 2022 %	2021 %	Principal activities
Destini Venture Sdn. Bhd.	Malaysia	100	100	Dormant
Destini First Sdn. Bhd.	Malaysia	100	100	Dormant
Destini Aviation Sdn. Bhd.	Malaysia	100	100	Maintenance, repairs and overhaul of aviation ground support safety and survival equipment
Destini Rail Sdn. Bhd.	Malaysia	100	100	Dormant
DB Communication Sdn. Bhd. (fka DB Info Tech Sdn. Bhd.)	Malaysia	-	100	Providing consultancy and solution services and implementing of high technology and
Blackstone Dagangan Pte. Ltd.*	Malaysia	70	70	Trading of coal
Held through Destini Prima Sdn. Bhd.:				
Satang Environmental Sdn. Bhd.	Malaysia	100	100	Dormant
Satang-ICS Global Sdn. Bhd.	Malaysia	51	51	Dormant
DB Precision Sdn. Bhd.	Malaysia	100	100	Supplying calibration and cylinder services
Halaman Optima Sdn. Bhd.	Malaysia	70	70	Manufacturers, importer and exporters of safety and security products and defence equipment
DB Communication Sdn. Bhd. (fka DB Info Tech Sdn. Bhd.)	Malaysia	100	-	Providing consultancy and solution services and implementing of high technology and

6. **Investment in Subsidiaries (Cont'd)**

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

Name of company	Place of Business / Country of Incorporation	Effective equity interest 2022 %	2021 %	Principal activities
Held through Destini Armada Sdn. Bhd.:				
Destini Shipbuilding And Engineering Sdn. Bhd.	Malaysia	100	100	Manufacturer of paramilitary boats and vessels and provides ship repair and marine related engineering services
Armada Delmar Sdn. Bhd.	Malaysia	100	100	Lifeboat and davit servicing business, trading in other safety equipment catered to the marine and oil and gas industries as well as servicing life raft and firefighting equipment
Held through Destini Energy Sdn. Bhd.				
Destini Upstream Sdn. Bhd.	Malaysia	100	100	Dormant
Hijau Baiduri Sdn. Bhd.	Malaysia	100	100	Investment holding and general trading
Destini Alpha ESS Sdn. Bhd. *	Malaysia	100	-	Dormant
Destini ESS Sdn. Bhd. *	Malaysia	70	-	Dormant

Notes to the Financial Statements

6. **Investment in Subsidiaries (Cont'd)**

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

Name of company	Place of Business / Country of Incorporation	Effective equity interest 2022 %	2021 %	Principal activities
Held through Destini Rail Sdn Bhd				
DLP Rail Sdn. Bhd.	Malaysia	100	100	Dormant
M Rail Technics Sdn. Bhd.	Malaysia	70	70	Dormant
Held through Destini Armada Pte. Ltd.: (Cont'd)				
Vanguarde Pte. Ltd.*	Singapore	100	100	Importer and exporter of life boats and life saving
TF Corp Pte. Ltd.*	Singapore	100	100	Investment holding
PT Destini Marina Perkasa*	Indonesia	99.9	99.9	Provision of jetty/port operations related services to companies involved with mining activities
Held through Vanguarde Pte. Ltd.:				
Vanguarde Offshore Pte. Ltd.*	Singapore	100	100	Importer and exporter of marine equipment and accessories
Vanguard (Nantong) F.R.P. Co. Ltd.*	People's Republic of China	100	100	Manufacturing of life boats and life saving appliances
Vanguard Safety Technologies Sdn. Bhd.	Malaysia	100	100	General merchants and business in oil and gas
Vanguarde Marine Engine Pte. Ltd.	Singapore	100	100	Dormant

6. **Investment in Subsidiaries (Cont'd)**

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

Name of company	Place of Business / Country of Incorporation	Effective equity interest 2022 %	2021 %	Principal activities
Held through TF Corp Pte. Ltd.:				
Techno Fibre Australia Pty. Ltd.*	Australia	100	100	Servicing the needs of Shipping and Petroleum Companies and supporting their fleets
Techno Fibre Middle East Marine Services (FZE)*	United Arab Emirates	100	100	Providing installation & maintenance of marine equipment
Techno Fibre (S) Pte. Ltd.*	Singapore	100	100	Fabrication and repair of fibre composite boats
Destini Marine Safety Solutions Ltd.*	United Kingdom	60	60	Technical testing and analysis
TF Corp Saudi Arabia Co. Ltd.*	Kingdom of Saudi Arabia	51	51	Providing installation & maintenance of marine equipment

* *Subsidiaries not audited by UHY Kuala Lumpur*

Notes to the Financial Statements

6. **Investment in Subsidiaries (Cont'd)**

(a) Material partly-owned subsidiaries

Set out below are the Group's subsidiaries that have material non-controlling interests:

Name of Company	Proportion of ownership interests and voting rights held by non-controlling interests		(Loss)/Profit allocated to non-controlling interests		Accumulated non-controlling interests	
	2022	2021	2022	2021	2022	2021
	%	%	RM	RM	RM	RM
Teknologi Mobiliti Sdn. Bhd.	-	30	-	(240,151)	(1,223,204)	(1,223,204)
Halaman Optima Sdn. Bhd.	30	30	(2,253,998)	(121,449)	(1,672,804)	581,194
Safeair Technical Sdn. Bhd.	-	-	-	(15,778)	-	(1,954,069)
AMS Marine Pte. Ltd.	-	-	-	(65,820)	-	2,106,679
THHE Destini Sdn. Bhd.	-	-	-	-	-	(75,393)
TF Corp Saudi Co. Ltd	49	49	(195,063)	(175,989)	(1,985,793)	(1,790,730)
Destini Marine Safety Solutions Ltd	40	40	(3,979)	214,044	246,158	250,137
					(4,635,643)	(2,105,386)
Individually immaterial subsidiaries with non-controlling interests					13,925	86,904
Acquisition of non-controlling interests					1,223,204	-
Deconsolidation of subsidiaries					-	(77,217)
Total non-controlling interests					(3,398,514)	(2,095,699)

6. **Investment in Subsidiaries (Cont'd)**

(a) Material partly-owned subsidiaries (Cont'd)

Summarised financial information for the subsidiaries that have non-controlling interest that are material to the group is set out below. The summarised financial information below represents amounts before inter-company eliminations:

	Halaman Optima Sdn. Bhd.		**TF Corp Saudi Arabia Co. Ltd.**		**Destini Marine Safety Solutions Ltd**	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**	**2022 RM**	**2021 RM**
Summarised statements of financial position						
Non-current assets	6,917	11,527	258,104	280,852	3,139	-
Current assets	256,140,683	85,729,040	611,266	681,454	649,275	3,414,398
Non-current liabilities	-	-	-	-	1,393,684	(889,682)
Current liabilities	(263,343,121)	(85,422,763)	1,848,384	(1,515,938)	2,090,577	(3,784,162)
Net (liabilities)/assets	(7,195,521)	317,804	2,717,754	(553,632)	4,136,675	(1,259,446)
Summarised statements of profit or loss and other comprehensive income						
Revenue	58,942,052	35,627,948	-	-	3,908,847	2,485,700
Net (loss)/profit for the financial year	(7,513,325)	(404,829)	(398,087)	(359,160)	(9,947)	535,110
Total comprehensive (loss)/income for the financial year	(7,513,325)	(404,829)	(398,087)	(359,160)	(9,947)	535,110

Notes to the Financial Statements

6. **Investment in Subsidiaries (Cont'd)**

(a) Material partly-owned subsidiaries (Cont'd)

Summarised financial information for the subsidiaries that have non-controlling interest that are material to the group is set out below. The summarised financial information below represents amounts before inter-company eliminations: (Cont'd)

	Halaman Optima Sdn. Bhd.		TF Corp Saudi Arabia Co. Ltd.		Destini Marine Safety Solutions Ltd	
	2022 RM	2021 RM	2022 RM	2021 RM	2022 RM	2021 RM
Summarised statements of cash flows						
Net cash from/(used in) operating activities	63,706,890	12,182,303	291,816	(205,096)	11,289	345,226
Net cash used in investing activities	-	-	(37,554)	-	-	-
Net cash (used in)/from financing activities	(80,196,608)	-	(254,262)	205,096	-	-
Net (decrease)/increase in cash and cash equivalents	(16,489,718)	12,182,303	-	-	11,289	345,226

6. **Investment in Subsidiaries (Cont'd)**

(c) Disposal of subsidiaries

During the financial year

On 24 June 2022, the Company has disposed of 300,000 ordinary shares in DB Communication Sdn. Bhd. ("DBCSB"), a direct subsidiary of the Company, representing 100% of equity interest in DBCSB to Destini Prima Sdn. Bhd., a wholly owned subsidiary of the Company for a cash consideration of RM1.

In previous financial year

(i) On 21 April 2021, Destini Shipbuilding and Engineering Sdn. Bhd., a subsidiary company of the Company has disposed of 382,500 ordinary shares in THHE Destini Sdn. Bhd. ("TDSB"), an indirect subsidiary of the Company, representing 51% equity interest in TDSB to THHE Fabricators Sdn. Bhd. for a cash consideration of RM121,131.

The effect of the disposal of TDSB on the financial position of the Group as at the date of disposal was as follows:

	Group 2021 RM
Property, plant and equipment	34,239
Contract assets	9,249,085
Other receivables	847
Amount due from ultimate holding company	348,573
Cash and bank balances	11,562
Other payables	(45,221)
Amount due to intermediate holding company	(17,974)
Amount due to related companies	(9,003,844)
Net assets	577,267
Add: Non-controlling interest	75,393
Total net assets disposed	652,660
Loss on disposal	(531,529)
Proceeds from disposal	121,131
Less: Cash and bank balances disposed	(11,562)
Net cash inflow from disposal	109,569

Notes to the Financial Statements

6. **Investment in Subsidiaries (Cont'd)**

(c) Disposal of subsidiaries

During the financial year

On 24 June 2022, the Company has disposed of 300,000 ordinary shares in DB Communication Sdn. Bhd. ("DBCSB"), a direct subsidiary of the Company, representing 100% of equity interest in DBCSB to Destini Prima Sdn. Bhd., a wholly owned subsidiary of the Company for a cash consideration of RM1.

In previous financial year

(i) On 21 April 2021, Destini Shipbuilding and Engineering Sdn. Bhd., a subsidiary company of the Company has disposed of 382,500 ordinary shares in THHE Destini Sdn. Bhd. ("TDSB"), an indirect subsidiary of the Company, representing 51% equity interest in TDSB to THHE Fabricators Sdn. Bhd. for a cash consideration of RM121,131.

The effect of the disposal of TDSB on the financial position of the Group as at the date of disposal was as follows:

	Group 2021 RM
Property, plant and equipment	34,239
Contract assets	9,249,085
Other receivables	847
Amount due from ultimate holding company	348,573
Cash and bank balances	11,562
Other payables	(45,221)
Amount due to intermediate holding company	(17,974)
Amount due to related companies	(9,003,844)
Net assets	577,267
Add: Non-controlling interest	75,393
Total net assets disposed	652,660
Loss on disposal	(531,529)
Proceeds from disposal	121,131
Less: Cash and bank balances disposed	(11,562)
Net cash inflow from disposal	109,569

6. **Investment in Subsidiaries (Cont'd)**

(c) Disposal of subsidiaries

In previous financial year

(ii) On 23 September 2021, Destini Armada Pte. Ltd., a subsidiary company of the Company has disposed of 2,240,000 ordinary shares in AMS Marine Pte. Ltd. ("AMS"), an indirect subsidiary of the Company, representing 70% equity interest in AMS to Welman Pte. Ltd. for a cash consideration of SGD1,400,000.

The effect of the disposal of AMS on the financial position of the Group as at the date of disposal was as follows:

	Group 2021 RM
Property, plant and equipment	1,403,703
Right-of-use assets	4,206,794
Contract assets	9,689,668
Inventories	1,456,582
Trade receivables	12,835,231
Other receivables	2,741,416
Amount due from related companies	1,102,183
Cash and bank balances	(10,934)
Trade payables	(8,031,403)
Other payables	(5,445,534)
Amount due to related companies	(5,076,956)
Lease liabilities	(4,751,615)
Bank borrowings	(5,791,812)
Taxation	(439,183)
Net assets	3,888,140
Less: Non-controlling interest	(2,106,679)
Less: Foreign currency translation reserve	(124,527)
Total net assets disposed	1,656,934
Gain on disposal	2,518,143
Proceeds from disposal	4,175,077
Less: Cash and bank balances disposed	10,934
Net cash inflow from disposal	4,186,011

Notes to the Financial Statements

6. **Investment in Subsidiaries (Cont'd)**

(c) Disposal of subsidiaries

In previous financial year

(iii) On 31 December 2021, Destini Aviation Sdn. Bhd., a subsidiary company of the Company has disposed of 16,733,005 ordinary shares in Safeair Technical Sdn. Bhd. ("STSB"), an indirect subsidiary of the Company, representing 97.95% equity interest in STSB to APS Biz Sdn. Bhd. for a cash consideration of RM1.

The effect of the disposal of STSB on the financial position of the Group as at the date of disposal was as follows:

	Group 2021 RM
Property, plant and equipment	17,459
Right-of-use assets	56,032
Trade receivables	81,325
Other receivables	359,772
Cash and bank balances	45,702
Trade payables	(112,521)
Other payables	(1,640,032)
Amount due to ultimate holding company	(12,246,441)
Amount due to related companies	(1,269,930)
Lease liabilities	(45,454)
Net liabilities	(14,754,088)
Add: Non-controlling interest	1,954,069
Total net liabilities disposed	(12,800,019)
Gain on disposal	12,800,020
Proceeds from disposal	1
Less: Cash and bank balances disposed	(45,702)
Net cash outflow from disposal	(45,701)

7. Investment in Associates

	Group		Company	
	2022	2021	2022	2021
Outside Malaysia	**RM**	**RM**	**RM**	**RM**
At cost				
Unquoted shares	315,406	315,406	-	-
Share of post acquisition reserve	(315,406)	(315,406)	-	-
	-	-	-	-

Details of the associates are as follows:

Name of company	Country of incorporation	Effective equity interests 2022 %	Effective equity interests 2021 %	Principal activities
Emirates Kejuruteraan Samudra Timur Berhad Petroleum Services L.L.C.*	Emirates of Abu Dhabi	49	49	Provides oil and gas production facilities operation and maintenance services, and onshore and offshore, oil fields and facilities services
TF Emirates Marine Services L.L.C.*	Emirates of Abu Dhabi	49	49	Engaged in the business of onshore and offshore oil and gas fields and facilities services, marine machines and equipment repairing and maintenance, repair and maintenance of engine ships

** Associates not audited by UHY*

The offshore project that an associate, Emirates Kejuruteraan Samudra Timur Berhad Petroleum Services L.L.C. ("EKSTB") had ventured into previously has been called off during the financial year due to project feasibility and economic viability. As such, the Company is not expected to share any gain or loss in EKSTB as EKSTB is remained inactive and does not incurred any operating nor administrative cost during the financial year.

Summarised financial information of the Group's associate, TF Emirates Marine Services L.L.C. ("TFEMS") is set out below. The summarised financial information represents the amounts in the MFRS financial statements of the associates and not the Group's share of those amounts.

Notes to the Financial Statements

7. Investment in Associates (Cont'd)

	EKSTB		TFEMS	
	2022	**2021**	**2022**	**2021**
	RM	**RM**	**RM**	**RM**
Summarised statements of financial position				
Non-current assets	-	-	91,316	98,721
Current assets	539,170	539,170	256,158	561,686
Current liabilities	(7,368,417)	(7,360,812)	(1,210,462)	(1,210,462)
Net liabilities	(6,829,247)	(6,821,642)	(862,988)	(550,055)
Interest in associate	49%	49%	49%	49%
Group's share of net assets /(liabilities)	-	-	-	-
Carrying value of the Group's interest in associate	-	-	-	-
Summarised statements of profit or loss and other comprehensive income				
Revenue	-	-	156,132	353,735
Net loss for the financial financial year	(7,605)	-	(312,801)	(62,678)
Total comprehensive loss for the financial year	(7,605)	-	(312,801)	(62,678)

The Group has not recognised accumulated losses related to EKSTB and TFEMS totaling RM3,538,068 (2021: RM3,534,342) and RM582,727 (2021: RM429,455) respectively, since the Group has no obligation in respect of their losses.

There are no commitment nor contingent liabilities relating to the Group's interest in the associates.

8. Investment in Joint Ventures

	Group	
	2022	2021
In Malaysia:	**RM**	**RM**
At Cost		
Unquoted shares	500,001	1,000,001
Less: Share of post acquisition reserve	(500,001)	(1,000,001)
	-	-

Details of the joint ventures are as follows:

Name of company	Country of incorporation	Effective equity interests 2022 %	Effective equity interests 2021 %	Principal activities
Destini Avia Technique Sdn. Bhd. ("DATSB")	Malaysia	-	50	Specialise in maintenance, repair and overhaul for aircraft components and equipment catered to commercial aviation sector
Invation Aero Sdn Bhd. ("IASB")*	Malaysia	50	50	Sale of rotary wing and fixed wing aircraft, supply and provision of maintenance, repair and overhaul services and other related services

** Joint ventures not audited by UHY*

There are no commitment nor contingent liabilities relating to the Group's interest in the joint ventures.

Notes to the Financial Statements

8. **Investment in Joint Ventures (Cont'd)**

Summarised financial information of the Group's joint ventures is set out below. The summarised financial information represents the amounts in the financial statements of joint ventures and not the Group's share of those amounts.

	DATSB		IASB	
	2022 RM	2021 RM	2022 RM	2021 RM
Summarised statements of financial position				
Non-current assets	-	364,078	-	-
Current assets	-	2,320,838	406,559	150,659
Non-current liabilities	-	(44,927)	-	-
Current liabilities	-	(4,312,035)	(2,725,527)	(2,478,047)
Net liabilities	-	(1,672,046)	(2,318,968)	(2,327,388)
Interest in joint ventures	0%	50%	50%	50%
Group's share of net liabilities	-	(836,023)	(1,159,484)	(1,163,694)
Carrying value of the Group's interest in joint ventures	-	(836,023)	(1,159,484)	(1,163,694)
Summarised statements of comprehensive income profit or loss and other				
Revenue	-	5,102,004	-	-
Net profit/(loss) for the financial year, representing total comprehensive income/(loss) for the financial year	-	1,069,366	8,420	(510,702)
Unrecognised share of profit/(losses) of joint ventures:				
The unrecognised share of profit/(losses) of joint ventures	-	534,683	4,210	(255,351)
Cumulative unrecognised share of losses of joint ventures	-	550,216	338,399	334,189

8. **Investment in Joint Ventures (Cont'd)**

(a) Disposal of joint ventures

During the financial year

On 1 November 2022, Destini Aviation Sdn. Bhd., a subsidiary company of the Company has disposed of 450,000 ordinary shares in Destini Avia Tecnique Sdn. Bhd. ("DATSB"), an indirect joint venture of the Company, representing 45% equity interest in DATSB to Avia Technique Limited. for a cash consideration of RM2,975,000.

9. **Investment in Securities**

	Group		Company	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
FVTPL				
Quoted securities at fair value				
- Quoted shares in Malaysia	130,000	180,000	130,000	180,000
Unquoted securities at cost				
- Unquoted shares in Malaysia	50,000	-	-	-
Less: Accumulated impairment loss	(49,999)	-	-	-
	1	-	-	-
	130,001	180,000	130,000	180,000

The quoted securities measured at fair value recurring basis and classified as level 1 of the fair value hierarchy by reference to quoted price at active market.

Notes to the Financial Statements

10. **Intangible Assets**

	Software RM	Brand RM	Goodwill RM	Development costs RM	Total RM
Group					
2022					
At cost					
At 1 January	326,179	1,617,000	193,498,546	12,181,245	207,622,970
Transfer from property, plant and equipment	15,957	-	-	-	15,957
Written off	-	-	-	(134,675)	(134,675)
Exchange differences	-	-	-	172,982	172,982
At 31 December	342,136	1,617,000	193,498,546	12,219,552	207,677,234
Accumulated amortisation					
At 1 January	65,236	539,207	-	7,388,381	7,992,824
Recognised in profit or loss	35,723	-	-	945,394	981,117
Transfer from property, plant and equipment	9,306	-	-	-	9,306
Written off	-	-	-	(34,675)	(34,675)
Exchange differences	-	-	-	(103,625)	(103,625)
At 31 December	110,265	539,207	-	8,195,475	8,844,947
Accumulated impairment losses					
At 1 January	-	1,077,793	126,339,658	1,012,919	128,430,370
Exchange differences	-	-	-	61,952	61,952
At 31 December	-	1,077,793	126,339,658	1,074,871	128,492,322
Carrying amount					
At 31 December	231,871	-	67,158,888	2,949,206	70,339,965

10. **Intangible Assets (Cont'd)**

	Software RM	Brand RM	Goodwill RM	Development costs RM	Total RM
Group					
2021					
At cost					
At 1 January	326,179	1,617,000	193,498,546	11,631,756	207,073,481
Additions	-	-	-	100,000	100,000
Exchange differences	-	-	-	449,489	449,489
At 31 December	326,179	1,617,000	193,498,546	12,181,245	207,622,970
Accumulated amortisation					
At 1 January	32,618	539,207	-	6,060,895	6,632,720
Recognised in profit or loss	32,618	-	-	1,026,360	1,058,978
Exchange differences	-	-	-	301,126	301,126
At 31 December	65,236	539,207	-	7,388,381	7,992,824
Accumulated impairment losses					
At 1 January	-	1,077,793	126,339,658	1,172,690	128,590,141
Reversal during the financial year	-	-	-	(177,338)	(177,338)
Exchange differences	-	-	-	17,567	17,567
At 31 December	-	1,077,793	126,339,658	1,012,919	128,430,370
Carrying amount					
At 31 December	260,943	-	67,158,888	3,779,945	71,199,776

Notes to the Financial Statements

10. **Intangible Assets (Cont'd)**

(a) Description of the intangible assets

Brand

Brand relates to the Techno Fibre Companies brand name of which the fair value of the acquired brand name was established using a form of income approach known as Relief-From-Royalty ("RFR") method of which an independent valuation specialist had been engaged by the Group to value the brand name as part of the purchase price allocation exercise on the acquisition of the Techno Fibre Companies. The brand was fully impaired in the financial year ended 2019 when the recoverable amount arising from value in use determined by discount future cash flows was lower than the carrying amount.

Development costs

1. Product technology

Product technology relates to the Group's new technology on the production of hyperbaric lifeboat. Due to the increased industry regulation and demand for hyperbaric lifeboats, the acquired subsidiary saw a potential for such market and hence had spent two years to develop the new technology. As part of the purchase price allocation exercise on the acquired subsidiary, the Group engaged an independent valuation specialist to value the product technology by using the cash flows projections i.e. multi-period excess earnings method ("MEEM"). In current financial year, the impairment loss on one of the product technologies amounting to RMNil (2021: RM177,338) was reversed and recognised as gain on reversal of impairment loss in profit or loss when the recoverable amount arising from value in use determined by discount future cash flows exceeded the carrying amount due to a new contract entered by a subsidiary company and a contract customer.

2. Development costs

Development costs related to the boats production which consist of license fees, certification fees, review fee on design, interests and workshop costs have a remaining amortisation period of 1 year.

(b) Impairment testing for cash generating units ("CGU") containing goodwill

For impairment testing, goodwill is allocated to the Group's subsidiaries which represent the lowest level of CGU level within the Group at which the goodwill is monitored for internal management proposes. The goodwill allocated to each CGU is impaired during the financial year when the recoverable amount from value in use is higher than the carrying amount.

10. **Intangible Assets (Cont'd)**

(b) Impairment testing for cash generating units ("CGU") containing goodwill (Cont'd)

The aggregate carrying amount of goodwill allocated to each subsidiary is as follows:

	Group	
	2022	**2021**
	RM	**RM**
Destini Oil Services Sdn. Bhd. ("DOSSB")	67,158,888	67,158,888

The recoverable amount of the goodwill allocated to each CGU is determined based on a value-in-use, determined by discounted future cash flows. The impairment of goodwill is recognised when the recoverable amount is estimated at lower than the cost of investment.

The recoverable amount for DOSSB was based on its value-in-use and was determined by discounting the future cash flows generated from the continuing use of those units and was based on the following key assumptions:

(i) Cash flows were projected based on actual operating results and five years business plan for two major sources of income which are tubular running services ("TRS") and Napesco TRS;

(ii) Revenue was projected the management's best estimate of the contract value, taking into consideration of the project timeline set out by Malaysia Petroluem Management, types of projects and scope of works to be conducted and contract sum of the letter of awards from customers and the expected pipeline from customers;

(iii) Expenses were projected at annual increase of approximately 5% - 10% per annum;

(iv) A pre-tax discount rate of 12.72% (2021: 14.11%) was applied in determining the recoverable amount of the respective CGU. The discount rate was estimated based on the weighted average cost of capital of individual CGU; and

(v) A terminal growth rate of 1.00% (2021: 1.86%) was applied in determining the recoverable amount of the CGU, taking into consideration Malaysia's expected Consumer Price Index, the average inflation in Malaysia and other economic or external factors that may directly and indirectly affect the business of CGU.

With regards to the assessments of value-in-use of these CGUs, management believes that no reasonably possible changes in any of the key assumptions would cause the carrying values of these units to differ materially from their recoverable amounts except for the changes in prevailing operating environment which is not ascertainable.

Notes to the Financial Statements

11. Other Receivables

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Non-Current Asset				
Other receivables	14,386,972	12,247,221	13,061,519	12,247,221
Current Assets				
Other receivables	13,798,802	19,696,564	3,442,121	533,597
Deferred cost	3,418,224	3,321,199	-	-
GST receivable	3,639,563	4,109,488	-	294,460
Deposits	1,940,879	2,055,348	134,830	115,330
Prepayments	26,438,983	34,442,506	2,281,884	209,991
	49,236,451	63,625,105	5,858,835	1,153,378
Less: Accumulated impairment losses	(7,968,330)	(1,291,911)	(2,168,260)	(470,156)
	41,268,121	62,333,194	3,690,575	683,222
	55,655,093	74,580,415	16,752,094	12,930,443

Non-current assets

This represented unsecured balance receivables from Safeair Technical Sdn. Bhd., with interest bearing 3% (2021: 3%) and is not expected to be repayable within twelve months.

Movements in allowance for impairment loss of other receivables during the financial year are as follows:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
At 1 January	1,291,911	907,132	470,156	67,539
Impairment loss recognised	6,695,609	425,307	1,698,104	402,617
Impairment loss reversed	-	(40,528)	-	-
Written off	(19,190)	-	-	-
At 31 December	7,968,330	1,291,911	2,168,260	470,156

Other receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments.

12. Other Investment

	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Golf club membership	320,000	320,000	150,000	150,000

This represents investment stated at cost in a local golf club and resort, which entitles the Group's and the Company's management and staff to utilise the facilities.

13. Inventories

	Group 2022 RM	Group 2021 RM
At cost		
Spare parts and consumables	2,333,152	3,691,275
Raw materials	1,727,668	4,671,723
Work-in-progress	3,284,446	1,125,709
Finished goods	5,965,066	2,610,019
	13,310,332	12,098,726
Recognised in profit or loss:		
Inventories recognised as cost of sales	13,131,057	10,497,179

The inventories are written off when it has lost its value and cannot be sold due to damage, theft, loss, or decline in market value.

14. Contract Assets/(Liabilities)

	Group 2022 RM	Group 2021 RM
Current		
Contract assets		
Construction contract	-	94,949,740
Service contract	2,450,952	2,348,444
	2,450,952	97,298,184
Contract liabilities		
Construction contract	-	19,205,728
Service contract	1,763,996	1,054,960
	1,763,996	20,260,688

Notes to the Financial Statements

14. **Contract Assets/(Liabilities) (Cont'd)**

The significant changes in the contract assets and contract liabilities during the financial year relating to change in measure of construction progress.

Construction contracts

	Group	
	2022 **RM**	**2021** **RM**
Contract costs incurred to date	-	1,213,838,884
Attributable profits	-	107,022,715
	-	1,320,861,599
Less: Progress billings		(1,245,117,587)
	-	75,744,012
Presented as:		
Contract assets	-	94,949,740
Contract liabilities	-	(19,205,728)
	-	75,744,012

The contract assets represent the unbilled amount for work completed as at the reporting date. This amount will be transferred to trade receivables when the right to bill becomes unconditional.

The contract liabilities consist of advance billings in excess of revenue recognised overtime during the construction period.

As of the reporting date, revenue expected to be recognised in the future relating to performance obligations that are unsatisfied (or partially unsatisfied) is RMNil (2021: RM14,543,110).

Service contracts

Contract assets represent the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

14. **Contract Assets/(Liabilities) (Cont'd)**

Service contracts (Cont'd)

A contract liability is recognised when the Group bills in advance to customers for supply of goods or services and subsequently released to revenue recognised when the corresponding stage of completion is achieved.

	Group	
	2022	**2021**
	RM	**RM**
Contract liabilities		
At 1 January	1,054,960	1,553,500
Revenue recognised that was included in the contract liability balance at the beginning of the year	(1,054,960)	(1,553,500)
Increases due to cash received, excluding amounts recognised as revenue during the year	1,763,996	1,054,960
At 31 December	1,763,996	1,054,960

As of the reporting date, revenue expected to be recognised in the future relating to performance obligations that are unsatisfied (or partially unsatisfied) is RM1,763,996 (2021: RM1,054,960).

Notes to the Financial Statements

15. Trade Receivables

	Group	
	2022 RM	2021 RM
Trade receivables	79,195,842	97,578,192
Less: Accumulated impairment losses	(35,193,664)	(31,408,478)
	44,002,178	66,169,714

The Group's normal trade credit terms range from 30 to 90 days (2021: 30 to 90 days). Other credit terms are assessed and approved on a case by case basis.

Movements in allowance for impairment loss are as follows:

	Group	
	2022 RM	2021 RM
At 1 January	31,408,478	31,823,415
Impairment loss recognised	19,851,293	1,717,970
Impairment loss reversed	(1,078,646)	(563,816)
Amount written off	(15,028,280)	(1,569,091)
Effect of exchange translation difference	40,819	-
At 31 December	35,193,664	31,408,478

The loss allowance account in respect of trade receivables is used to record loss allowance. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

15. **Trade Receivables (Cont'd)**

The aged analysis of trade receivables as at the end of the reporting period:

Group	Gross amount RM	Loss allowance RM	Net amount RM
2022			
Neither past due nor impaired	9,685,868	(112,052)	9,573,816
Past due not impaired:			
Less than 30 days	2,610,139	(25,279)	2,584,860
31 to 60 days	9,119,634	(248,657)	8,870,977
61 to 90 days	3,134,589	(879)	3,133,710
More than 90 days past due	27,167,204	(7,328,389)	19,838,815
	42,031,566	(7,603,204)	34,428,362
	51,717,434	(7,715,256)	44,002,178
Credit impaired:			
Individual impaired	27,478,408	(27,478,408)	-
	79,195,842	(35,193,664)	44,002,178
2021			
Neither past due nor impaired	15,284,897	(206,118)	15,078,779
Past due not impaired:			
Less than 30 days	3,922,969	(86,034)	3,836,935
31 to 60 days	1,963,376	(17,878)	1,945,498
61 to 90 days	5,256,056	(100,437)	5,155,619
More than 90 days past due	43,880,199	(3,727,316)	40,152,883
	55,022,600	(3,931,665)	51,090,935
	70,307,497	(4,137,783)	66,169,714
Credit impaired:			
Individual impaired	27,270,695	(27,270,695)	-
	97,578,192	(31,408,478)	66,169,714

Trade receivables that are neither past due nor impaired are creditworthy receivables with good payment records with the Group.

As at 31 December 2022, trade receivables of RM34,428,362 (2021: RM51,090,935) were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default.

The trade receivables of the Group that are individually assessed to be impaired amounting to RM27,478,408 (2021: RM27,270,695), related to customers that are in financial difficulties and have defaulted on payments. These balances are expected to be recovered through the debt recovery process.

Notes to the Financial Statements

16. Amount Due from/(to) Subsidiaries

	Company	
	2022 RM	2021 RM
Amount due from subsidiaries	272,513,559	275,180,778
Less: Accumulated impairment losses	(145,687,576)	(15,471,589)
	126,825,983	259,709,189
Amount due to subsidiaries	(21,680,424)	(485,560)

This represents non-trade in nature, unsecured, interest free advances and are repayable on demand.

Movements in allowance for impairment loss are as follows:

	Company	
	2022 RM	2021 RM
At 1 January	15,471,589	15,471,589
Impairment losses recognised	130,215,987	-
At 31 December	145,687,576	15,471,589

17. Amount Due from Joint Ventures

This represents non-trade in nature, unsecured, interest free advances and are repayable on demand.

18. Amount Due from An Associate Company

This represents non-trade in nature, unsecured, interest free advances and are repayable on demand.

19. **Fixed Deposits with Licensed Banks**

The fixed deposits of the Group at amount of RM16,787,513 (2021: RM18,578,083) have been pledged to licensed banks as security for bankers' guarantees issued and banking facilities granted to subsidiaries as disclosed in Note 25.

The interest rates of deposits during the financial year range from 0.15 % to 3.75% (2021: 1.50% to 3.25%) per annum and the maturities of deposits are 5 to 365 days (2021: 5 to 365 days) respectively.

20. **Share Capital**

	Group and Company			
	Number of shares		**Amount**	
	2022 Unit	**2021 Unit**	**2022 RM**	**2021 RM**
Ordinary share with no par value				
Issued and fully paid:				
At 1 January	1,663,531,629	1,525,276,358	479,828,496	453,974,761
Issuance of shares:				
- private shares placement	-	138,255,271	-	25,853,735
At 31 December	1,663,531,629	1,663,531,629	479,828,496	479,828,496

In the previous financial year, the Company issued 138,255,271 ordinary shares pursuant to the private placement exercises at issue price of RM0.187 per share amounting to RM25,853,735 on 8 September 2021.

The new ordinary shares issued for working capital purposes during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regards to the Company's residual assets.

21. **Foreign Currency Translation Reserve**

The exchange translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

Notes to the Financial Statements

22. Deferred Tax Liabilities

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
At 1 January	-	-	-	-
Recognised in profit or loss (Note 30)	(288,982)	-	-	-
Underprovision in prior year	465,618	-	-	-
At 31 December	176,636	-	-	-

The net deferred tax liabilities and assets shown on the statements of financial position after appropriate offsetting are as follows:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Deferred tax liabilities	1,561,904	2,007,738	27,220	30,906
Deferred tax assets	(1,385,268)	(2,007,738)	(27,220)	(30,906)
	176,636	-	-	-

The components and movements of deferred tax liabilities and assets prior to offsetting are as follows:

Group	Accelerated capital allowances RM
Deferred tax liabilities	
At 1 January 2022	2,007,738
Recognised in profit or loss	(445,834)
At 31 December 2022	1,561,904
At 1 January 2021	3,573,481
Recognised in profit or loss	(1,565,743)
At 31 December 2021	2,007,738

22. **Deferred Tax Liabilities (Cont'd)**

The components and movements of deferred tax liabilities and assets prior to offsetting are as follows: (Cont'd)

Group	**Unutilised tax losses RM**	**Unabsorbed capital allowances RM**	**Total RM**
Deferred tax assets			
At 1 January 2022	(1,161,498)	(846,240)	(2,007,738)
Recognised in profit or loss	(223,770)	846,240	622,470
At 31 December 2022	(1,385,268)	-	(1,385,268)
At 1 January 2021	(2,603,401)	(970,080)	(3,573,481)
Recognised in profit or loss	1,441,903	123,840	1,565,743
At 31 December 2021	(1,161,498)	(846,240)	(2,007,738)

	2022 RM	**2021 RM**
Company		
Deferred tax liabilities		
Accelerated capital allowances		
At 1 January	30,906	33,611
Recognised in profit or loss	(3,686)	(2,705)
At 31 December	27,220	30,906
Deferred tax liabilities		
Unabsorbed capital allowances		
At 1 January	(30,906)	(33,611)
Recognised in profit or loss	3,686	2,705
At 31 December	(27,220)	(30,906)

Notes to the Financial Statements

22. Deferred Tax Liabilities (Cont'd)

Deferred tax assets have not been recognised in respect of the following items:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Unutilised tax losses	142,947,436	140,739,866	193,867,977	23,175,909
Unabsorbed capital allowances	14,014,862	13,531,552	500,581	326,311
Other deductible temporary differences	7,861,372	7,894,035	-	-
	164,823,670	162,165,453	194,368,558	23,502,220

Deferred tax assets have not been recognised in respect of these items as they may not have sufficient taxable profits to be used to offset or they have arisen in subsidiary companies that have a recent history of losses.

23. Other Payables

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Non-Current Liability				
Other payables	925,671	739,537	-	-
Current Liabilities				
Other payables	16,946,328	15,721,142	3,038,832	2,140,598
GST payable	29,371,208	28,563,989	-	-
Accruals	12,505,944	10,413,734	1,202,033	147,220
Provision for warranty	453,716	453,716	-	-
SST Payable	369,844	-	-	-
Customer deposits	48,863	-	-	-
	59,695,903	55,152,581	4,240,865	2,287,818
	60,621,574	55,892,118	4,240,865	2,287,818

24. Lease Liabilities

	Group 2022 RM	Group 2021 RM
At 1 January	2,464,601	12,823,746
Additions	1,162,547	5,401,133
Accretion of interest (Note 29)	103,069	778,760
Payments	(1,675,834)	(5,331,792)
Modification to lease	-	(177,906)
Derecognition arising from termination of lease agreement	(36,760)	(6,418,467)
Deconsolidation of subsidiaries	-	(4,797,069)
Exchange difference	25,768	186,196
At 31 December	2,043,391	2,464,601
Presented as:		
Repayable within twelve months	949,896	1,240,335
Repayable after twelve months	1,093,495	1,224,266
	2,043,391	2,464,601

The maturity analysis of lease liabilities of the Group at the end of the reporting period:

	Group 2022 RM	Group 2021 RM
Within one year	1,012,815	1,336,675
Between one to two years	487,400	621,420
Between two to five years	578,708	526,720
More than five years	114,064	179,759
	2,192,987	2,664,574
Less : Future finance charges	(149,596)	(199,973)
Present value of lease liabilities	2,043,391	2,464,601

The Group leases leasehold properties, machinery and equipment, motor vehicles, land use right, warehouse, office and apartments. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions at interest rates ranging from 2.05% to 7.36% per annum. The leases have an average tenure of between 1 to 6 years.

Notes to the Financial Statements

25. Bank Borrowings

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Secured				
Bank overdrafts	665,218	1,468,294	-	-
Invoice financing	894,034	2,730,250	-	-
Term loan I	-	21,788	-	-
Term loan II	92,372	108,410	-	-
Term loan III	6,573,506	6,404,180	6,573,506	6,404,180
Term loan IV	-	1,775,149	-	1,775,149
Term loan V	-	5,222,478	-	-
Term loan VI	3,829,184	6,669,184	3,829,184	6,669,184
Term loan VII	-	79,756,265	-	-
Term loan VIII	4,141,463	-	-	-
Term loan VIIII	620,207	-	-	-
Total bank borrowings	16,815,984	104,155,998	10,402,690	14,848,513

25. **Bank Borrowings (Cont'd)**

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM	**RM**	**RM**	**RM**
Analysed as:				
Repayable within twelve months				
Bank overdrafts	665,218	1,468,294	-	-
Invoice financing	894,034	2,730,250	-	-
Term loan I	-	-	-	-
Term loan II	14,296	13,442	-	-
Term loan III	490,336	746,967	490,336	746,967
Term loan IV	-	392,832	-	392,832
Term loan V	-	1,739,150	-	-
Term loan VI	3,829,184	3,720,000	3,829,184	3,720,000
Term loan VII	-	79,756,265	-	-
Term loan VIIII	620,207	-	-	-
	6,513,275	90,567,200	4,319,520	4,859,799
Repayable after twelve months				
Term loan I	-	21,788	-	-
Term loan II	78,076	94,968	-	-
Term loan III	6,083,170	5,657,213	6,083,170	5,657,213
Term loan IV	-	1,382,317	-	1,382,317
Term loan V	-	3,483,328	-	-
Term loan VI	-	2,949,184	-	2,949,184
Term loan VIII	4,141,463	-	-	-
	10,302,709	13,588,798	6,083,170	9,988,714
Total	16,815,984	104,155,998	10,402,690	14,848,513

Notes to the Financial Statements

25. **Bank Borrowings (Cont'd)**

Term loan I
The bank borrowing of AED99,750 (equivalent to RM112,224) obtained from a local bank bears interest at rate of 7.85% per annum.

Term loan II
The term loan of RM200,000 obtained from a local bank bears interest at rate of 10.60% per annum repayable by 180 monthly installments of RM1,552 each commencing from September 2014.

The term loan is secured against fixed deposit and 70% guarantee coverage by Syarikat Jaminan Pembiayaan Bhd ("SJPP"). It is also jointly and severally guaranteed by certain Directors of the Company.

Term loan III
The term loan is secured by way of a first legal charged on a freehold land and buildings of the Company at carrying amount of RM18,871,359. Interest charged on the facility at BLR plus 1.0% per annum. The term loan is repayable by monthly installments of RM97,934 over 10 years.

Term loan IV
The term loan is secured by way of a first legal charge on a freehold land and buildings of the Company at carrying amount of RM4,814,476. Interest charged on the facility at BLR plus 1.75% per annum. The term loan is repayable by monthly installments of RM32,736 over 10 years.

Term loan V
The term loan is secured by the charge over the land use right and leasehold property of the subsidiary in People's Bank of China ("PRC"). The loan carries interest at 1.305% plus benchmark interest rates of the People's Bank of China and is repriced at interval of 1 month for period of 12 months from September 2021 to September 2022.

Term loan VI
The term loan amounted to RM50,000,000 and bears interest at rate of 1.75% per annum above the bank's cost of funds. The term loan is repayable by 30 monthly instalments commencing from May 2017.

25. **Bank Borrowings (Cont'd)**

Term loan VII
The bank borrowing-Import financing bears interest at rate of cost of fund plus 2.58% per annum and repayable by milestone payment from contract proceeds.

The bank borrowing is secured by ways of:

(a) Deed of assignment of contract proceeds and project account;
(b) Debenture incorporating fixed and floating assets;
(c) Personal guarantee by a Director and a former Director of the Company;
(d) Corporate guarantee by the Company; and
(e) Charge over shares and any future shares of the subsidiary.

Term loan VIII
The term loan is repayable on 27 April 2024. S$289,950 of the team loan bears interest rate of 6.5% (2021: Nil %) per annum below the bank's commercial financing rate and S$975,005 of the term loan bears interest rate of 5.2% per annum below the bank's commercial financing rate. The term loan is unsecured.

Term loan VIIII
The term loan is repayable by 6 monthly instalments. The term loan's interest rate is subject to benchmark interest rate of the People's Bank of China. The term loan is unsecured.

Bank overdrafts
Bank overdrafts are secured by the following:

(a) Fixed deposit pledged to licensed banks; and
(b) Jointly and severally guarantee by certain Directors.

Invoice Financing
Invoice financing is repayable within 180 days (2021: 150 to 180 days). The facilities are secured by corporate guarantee from the Company and personal guarantee of a director

Range of interest rates during the current and prior financial year is as follows:

	Group		**Company**	
	2022	**2021**	**2022**	**2021**
	%	**%**	**%**	**%**
Bank overdrafts	4.33 - 7.79	5.10 - 8.25	-	-
Invoice financing	8.79	1.00	-	-
Term loans	3.22 - 8.22	3.50 - 12.90	5.28 - 8.22	6.95

Notes to the Financial Statements

25. **Bank Borrowings (Cont'd)**

Maturity of bank borrowing is as follows:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM	**RM**	**RM**	**RM**
Within one year	6,513,275	90,567,200	4,319,520	4,859,799
Between one to two years	5,107,117	9,013,364	887,578	8,999,229
Between two to five years	5,195,592	4,541,534	5,195,592	989,485
More than five years	-	33,900	-	-
	16,815,984	104,155,998	10,402,690	14,848,513

26. **Trade Payables**

Credit terms of trade payables of the Group and Company ranged from 30 to 90 days (2021: 30 to 90 days) depending on the terms of the contracts.

27. **Redeemable Preference Shares**

	Group			
	Number of shares		**Amount**	
	2022	**2021**	**2022**	**2021**
	Units	**Units**	**RM**	**RM**
Issued and fully paid:				
At 1 January	250,000	250,000	1,532,212	1,427,487
Interest	-	-	10,397	35,647
Exchange difference	-	-	(185,169)	69,078
At 31 December	250,000	250,000	1,357,440	1,532,212

The redeemable preference shares are issued by a subsidiary, Destini Marine Safety Solutions Ltd. in August 2016. The preference shares holders are entitled to a return of 1% per annum and the shares are redeemable on 31 August 2019. Preference shares have been discounted using an effective interest rate of 10%. As at 31 December 2022, the preference shares have not been redeemed. As the redemption date is over, the Group is in discussion with the holders of the preference shares to redeem the preference shares.

27. **Redeemable Preference Shares (Cont'd)**

The subsidiary company has the right to call for the preference shares at anytime by giving notice in accordance with the agreement.

The main features of the preference shares are as follows:

(i) The preference shares shall confer a right to a fixed non-cumulative preferential dividend at the fixed rate of GBP0.01 per annum. The preferential dividend shall rank for payment in priority to the payment of a dividend on any other shares of the subsidiary.

(ii) The preference shares shall not confer the right to any further or other participation in the profit of the subsidiary.

(iii) The preference shares will be redeemed at GBP1.00 each in a date to be determined later but not later than thirty-six (36) months from the date of issuance.

(iv) The preference shares shall rank in priority in any distribution of assets in the event of liquidation, dissolution or winding-up of the subsidiary.

28. **Revenue**

	Group	
	2022	**2021**
	RM	**RM**
Revenue from contracts with customers:		
-Sales of goods	15,927,871	42,479,306
-Rendering of services	91,420,767	77,996,489
-Contract revenue	78,821,441	53,390,154
	186,170,079	173,865,949
Timing of revenue recognition:		
At a point in time	107,348,638	120,475,795
Over time	78,821,441	53,390,154
	186,170,079	173,865,949

Notes to the Financial Statements

29. Finance Costs

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Interest expenses on:				
Bank overdrafts	35,573	53,088	-	-
Invoice financing	106,494	260,806	-	-
Lease liabilities	103,069	778,760	-	-
Term loans	1,381,080	3,455,846	1,140,389	915,648
Others	85,552	719,032	-	-
	1,711,768	5,267,532	1,140,389	915,648

30. (Loss)/Profit Before Tax

(Loss)/Profit before tax is derived after charging/(crediting):

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Auditors' remuneration				
- Statutory audits	606,997	662,028	125,000	125,000
- Non-audit services	5,000	5,000	5,000	5,000
Amortisation of:				
- Intangible assets	981,117	1,058,978	-	-
Depreciation of:				
- Property, plant and equipment	7,196,973	7,771,566	1,453,632	1,688,483
- Right of use assets	1,913,065	4,352,571	8,510	8,509
Non-Executive Directors remuneration:				
- Fee	155,000	150,000	155,000	150,000
- Other emoluments	34,000	40,500	34,000	40,500
Fair value adjustment on investment in securities	50,000	-	50,000	-
(Gain)/Loss on disposal of:				
- property, plant and equipment	(10,907)	(106,998)	(4,999)	-
- investment in securities	-	606,436	-	606,436
- subsidiaries	-	(14,786,634)	276,674	-
- joint venture	(2,974,999)	-	-	-

30. **(Loss)/Profit Before Tax (Cont'd)**

(Loss)/Profit before tax is derived after charging/(crediting): (Cont'd)

	Group		Company	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
(Gain)/Loss on foreign exchange				
- realised	(134,572)	(44,918)	-	-
- unrealised	(174,772)	-	-	-
Impairment loss on:				
- Trade receivables	19,851,293	1,717,970	-	-
- Other receivables	6,695,609	425,307	1,698,104	402,617
- Investment in subsidiaries	-	-	31,148,349	-
- Amount due from subsidiaries	-	-	130,215,987	-
- Property, plant and equipment	934,185	-	-	-
Grant and subsidies	-	(318,693)	-	-
Interest income from:				
- Licensed banks	(167,111)	(436,947)	-	(29,343)
Derecognition arising from termination of lease agreement	(30,273)	(278,516)	-	-
Modification of lease agreement	-	177,906	-	-
Bad debts written off	432,260	-	294,460	-
Property, plant and equipment written off	114,607	101,418	-	-
Intangible assets written off	100,000	-	-	-
Reversal of impairment loss on:				
- Investment in subsidiaries	-	-	(276,674)	-
- Trade receivables	(1,078,646)	(563,816)	-	-
- Other receivables	-	(40,528)	-	-
- Intangible assets	-	(177,338)	-	-
Lease expenses related to term leases:				
- Equipment	8,943	65,589	-	-
- Motor vehicles	21,600	43,901	-	-
- Premises	101,133	134,586	-	-

Notes to the Financial Statements

31. Taxation

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Tax expenses recognised in profit or loss				
Current year provision:				
- Malaysian income tax	23,164	123,045	-	-
- (Over)/Underprovision in prior years	(589,881)	2,677,079	(341,969)	928,577
	(566,717)	2,800,124	(341,969)	928,577
Deferred tax (Note 31):				
Origination and reversal of temporary differences	(214,009)	-	-	-
Underprovision in prior years	453,857	-	-	-
	239,848	-	-	-
	(326,869)	2,800,124	(341,969)	928,577

Malaysian income tax is calculated at the statutory tax rate of 24% of the estimated assessable profit for the financial year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

31. **Taxation (Cont'd)**

A reconciliation of income tax (credit)/expense applicable to (loss)/profit before tax at the statutory income tax rate to income tax (credit)/expense at the effective income tax rate of the Group and of the Company is as follows:

	Group		Company	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
(Loss)/Profit before tax	(33,157,080)	5,264,629	(177,847,565)	(12,126,548)
Taxation at statutory tax rate of 24%	(7,957,699)	1,263,511	(42,683,416)	(2,910,372)
Effects of tax rates in other countries	413,568	580,416	-	-
Income not subject to tax	(1,197,015)	(1,736,224)	(10,368)	(4,176)
Expenses not deductible for tax purposes	7,912,329	858,253	1,685,863	754,134
Utilisation of previously unrecognised deferred tax assets	(1,634,998)	(4,625,196)	-	-
Deferred tax assets not recognised	2,272,970	3,782,285	41,007,921	2,160,414
Underprovision of deferred tax in prior yea	453,857	-	-	-
(Over)/Underprovision of income tax expense in prior years	(589,881)	2,677,079	(341,969)	928,577
	(326,869)	2,800,124	(341,969)	928,577

The Group and the Company have the following unutilised tax losses and unabsorbed capital allowances available to carry forward to offset against future taxable profits. The said amounts are subjected to approval by the tax authorities.

	Group		Company	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
Unutilised tax losses	146,147,229	145,370,300	102,975,331	23,175,909
Unabsorbed capital allowances	13,397,907	14,291,126	500,581	326,311
	159,545,136	159,661,426	103,475,912	23,502,220

Notes to the Financial Statements

31. **Taxation (Cont'd)**

Pursuant to an amendment to Section 44(5F) of the Income Tax Act 1967, effective from year of assessment 2019 onwards, the unutilised tax losses can be carried forward for a maximum period of ten consecutive years of assessment. The unutilised tax losses accumulated up to year of assessment 2018 can be carried forward for another ten consecutive years of assessment until year of assessment 2028. The other temporary differences do not expire under current tax legislation.

	Group		Company	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
Unutilised losses to be carried forward until:				
- Year of assessment 2028	6,503,392	6,503,392	-	-
- Year of assessment 2029	68,432,766	68,432,766	7,107,084	7,107,084
- Year of assessment 2030	55,850,701	55,850,701	7,141,704	7,141,704
- Year of assessment 2031	14,583,441	14,583,441	8,927,121	8,927,121
- Year of assessment 2032	776,929	-	79,799,422	-
	146,147,229	145,370,300	102,975,331	23,175,909

32. **(Loss)/Earnings Per Share**

Basic (loss)/gains per shares

The basic loss per share is calculated based on the consolidated loss for the financial year attributable to the owners of the parent and the weighted average number of ordinary shares in issue during the financial year as follows:

	Group	
	2022 RM	**2021 RM**
(Loss)/Gain attributable to ordinary shareholders	(30,154,672)	3,008,893
Weighted average number of ordinary shares in issue	1,663,531,629	1,568,576,086
Basic (loss)/gains per ordinary shares (in sen)	(1.81)	0.19

Diluted (loss)/gains per share

The Group and the Company have no dilution in their loss per ordinary share as there are no dilutive potential ordinary shares. There have been no other transactions involving ordinary shares or potential ordinary shares since the end of the financial year and before the authorisation of these financial statements.

33. Staff Costs

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Salaries, wages and other emoluments	26,636,953	27,677,475	5,340,016	5,458,186
Social security contribution	2,020,943	239,044	33,630	30,510
Defined contribution plan	753,132	2,187,848	560,028	606,535
Other benefits	2,626,661	3,835,606	145,523	34,692
	32,037,689	33,939,973	6,079,197	6,129,923

Included in staff costs is aggregate amount of remuneration received and receivable by the Executive Directors of the Group and of the Company are disclosed in Note 35(c) to the financial statements.

34. Reconciliation of Liabilities Arising from Financing Activities

The table below details changes in the liabilities of the Group and of the Company arising from financing activities, including both cash and non-cash changes:

Group	At 1 January RM	Financing cash flows (i) RM	Foreign exchange adjustments RM	Others (ii) RM	At 31 December RM
2022					
Term loans	102,687,704	(86,302,652)	(234,286)	-	16,150,766
Lease liabilities	2,464,601	(410,218)	25,768	(36,760)	2,043,391
	105,152,305	(86,712,870)	(208,518)	(36,760)	18,194,157
2021					
Term loans	104,101,634	(1,413,930)	-	-	102,687,704
Lease liabilities	12,823,746	(4,553,032)	186,196	(5,992,309)	2,464,601
	116,925,380	(5,966,962)	186,196	(5,992,309)	105,152,305

Company	At 1 January RM	Financing cash flows (i) RM	At 31 December RM
2022			
Term loans	14,848,513	(4,445,823)	10,402,690
2021			
Term loans	16,156,179	(1,307,666)	14,848,513

Notes to the Financial Statements

34. **Reconciliation of Liabilities Arising from Financing Activities (Cont'd)**

(i) The financing cash flows include the net amount of proceeds from or repayment of lease liabilities, term loans and subsidiaries in the statements of cash flows.

(ii) Others include addition, modification of lease agreement, derecognition arising from termination of lease agreement and deconsolidation of subsidiaries in the statements of cash flows.

35. **Related Party Disclosures**

(a) Identifying related parties

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

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

(b) Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. In addition to the related party balances disclosed elsewhere in the financial statements.

35. Related Party Disclosures

(c) Compensation of key management personnel

Remuneration of Directors and other members of key management personnel are as follows:

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Short-term employees benefits				
- Salaries and other emoluments	1,754,956	2,362,979	1,445,914	2,122,214
- Fees	155,000	150,000	155,000	150,000
- Defined contribution plan	181,452	260,637	169,116	249,408
	2,091,408	2,773,616	1,770,030	2,521,622
Non-Executive Directors				
Company's Directors				
Director fee	155,000	150,000	155,000	150,000
Other emoluments	34,000	40,500	34,000	40,500
	189,000	190,500	189,000	190,500
Executive Directors				
Company's Directors				
Salaries and other emoluments	1,411,914	2,041,214	1,411,914	2,081,714
Defined contribution	169,116	249,408	169,116	249,408
	1,581,030	2,290,622	1,581,030	2,331,122
Executive Directors				
Subsidiaries' Directors Directors				
Salaries and other emoluments	309,042	281,265	-	-
Defined contribution	12,336	11,229	-	-
	321,378	292,494	-	-
Non-Executive Directors				
Company's Directors	189,000	190,500	189,000	190,500
Executive Directors				
Company's Directors	1,581,030	2,290,622	1,581,030	2,331,122
Subsidiaries' Directors	321,378	292,494	-	-
	2,091,408	2,773,616	1,770,030	2,521,622

Notes to the Financial Statements

36. **Segment Information**

The Group has three reportable segments, as described below, which are the Group's strategic business units. For each of the strategic business units, the Group's Chief Executive Officer reviews internal management reports at least on a quarterly basis. The following summary describes the main business segments and respective business activity of each segment of the Group's reportable segments:

Maintenance, repair, overhaul and training	Maintenance, repair and overhaul of aviation, automobile and safety and tabular handling equipment and providing training for the use of safety equipment
Marine construction	Shipbuilding, and restoration and maintenance of vessels

Performance is measured based on segment loss before taxation, interest, depreciation and amortisation, as included in the internal management reports that are reviewed by the Group's Chief Executive Officer, who is the Group's chief operating decision maker. Segment loss is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Segment assets

The total of segment asset is measured based on all assets of a segment, as included in the internal management reports that are reviewed by the Group's Chief Executive Officer. Segment total asset is used to measure the return of assets of each segment.

36. **Segment Information (Cont'd)**

2022	**Aviation defense RM**	**Marine services and construction RM**	**Mobility RM**	**Energy RM**	**Others RM**	**Total segment RM**	**Adjustments and eliminations RM**	**Consolidated RM**
Revenue								
External customers	83,521,330	63,602,978	-	38,905,007	140,764	186,170,079	-	186,170,079
Inter-segment sales	673,661	-	-	-	-	673,661	(673,661)	-
Total revenue	84,194,991	63,602,978	-	38,905,007	140,764	186,843,740	(673,661)	186,170,079
Results								
Interest income	167,111	-	-	-	-	167,111	-	167,111
Finance costs	(35,751)	(493,272)	-	(42,356)	(1,140,389)	(1,711,768)	-	(1,711,768)
Depreciation of property, plant and equipment	(572,286)	(1,788,606)	(197,360)	(3,148,221)	(1,490,500)	(7,196,973)	-	(7,196,973)
Amortisation of intangible assets	(948,499)	-	-	(32,618)	-	(981,117)	-	(981,117)
Amortisation of right-of-use assets	(234,654)	(922,696)	-	(747,205)	(8,510)	(1,913,065)	-	(1,913,065)
Other non-cash items	(84,429,981)	(110,563,328)	(4,193,748)	(38,267,845)	(176,613,894)	(414,068,796)	206,377,449	(207,691,347)
Loss before taxation	(1,859,069)	(50,164,924)	(4,391,108)	(3,333,238)	(179,112,529)	(238,860,868)	205,703,788	(33,157,080)
Taxation	(2,960)	(12,140)	-	-	341,969	326,869	-	326,869
Segment loss	(1,862,029)	(50,177,064)	(4,391,108)	(3,333,238)	(178,770,560)	(238,533,999)	205,703,788	(32,830,211)
Segment assets	370,051,151	127,548,295	22,493,844	46,869,910	282,269,899	849,233,099	(568,672,108)	280,560,991

Notes to the Financial Statements

36. **Segment Information (Cont'd)**

2022	**Aviation defense RM**	**Marine services and construction RM**	**Mobility RM**	**Energy RM**	**Others RM**	**Total segment RM**	**Adjustments and eliminations RM**	**Consolidated RM**
Included in the measurement of segment assets are:								
Capital expenditure	94,208	1,918,955	-	305,267	8,751	2,327,181	-	2,327,181
Segment liabilities	366,012,267	363,055,064	25,942,822	51,509,616	52,272,558	858,792,327	(700,911,025)	157,881,302

36. **Segment Information (Cont'd)**

2022	Aviation defense RM	Marine services and construction RM	Mobility RM	Energy RM	Others RM	Total segment RM	Adjustments and eliminations RM	Consolidated RM
Other non-cash income/ (expenses)								
Gain on disposal of:								
- joint venture	2,525,000	-	-	-	-	2,525,000	-	2,525,000
Impairment loss on:								
- Trade receivables	-	(19,609,263)	(13,500)	(173,986)	(54,544)	(19,851,293)	-	(19,851,293)
- Other receivables	(160,416)	(4,832,868)	(4,221)	-	(1,698,104)	(6,695,609)	-	(6,695,609)
Property, plant and equipment written off	(4)	(114,603)	-	-	-	(114,607)	-	(114,607)
Reversal of impairment loss on:								
- Trade receivables	528,100	256,800	-	293,746	-	1,078,646	-	1,078,646

Notes to the Financial Statements

36. **Segment Information (Cont'd)**

2021	**Aviation defense RM**	**Marine services and construction RM**	**Mobility RM**	**Energy RM**	**Others RM**	**Total segment RM**	**Adjustments and eliminations RM**	**Consolidated RM**
Revenue								
External customers	81,336,105	61,559,885	34,500	29,745,944	1,189,515	173,865,949	-	173,865,949
Inter-segment sales	35,074,547	-	-	-	-	35,074,547	(35,074,547)	-
Total revenue	116,410,652	61,559,885	34,500	29,745,944	1,189,515	208,940,496	(35,074,547)	173,865,949
Results								
Interest income	2,408,109	340,903	-	57,534	29,368	2,835,914	(2,398,967)	436,947
Finance costs	(5,066,151)	(1,490,187)	(120)	(46,925)	(919,623)	(7,523,006)	2,255,474	(5,267,532)
Depreciation of property, plant and equipment	(582,513)	(1,923,595)	(218,900)	(3,327,230)	(1,719,328)	(7,771,566)	-	(7,771,566)
Amortisation of intangible assets	-	(1,026,360)	-	(32,618)	-	(1,058,978)	-	(1,058,978)
Amortisation of right-of-use assets	(137,809)	(3,347,180)	-	(769,036)	(98,546)	(4,352,571)	-	(4,352,571)
Other non-cash items	(106,930,524)	(56,520,225)	(1,173,387)	(20,931,263)	(12,566,324)	(198,121,723)	47,534,103	(150,587,620)
Loss before taxation	6,101,764	(2,406,759)	(1,357,907)	4,696,406	(14,084,938)	(7,051,434)	12,316,063	5,264,629
Taxation	(578,012)	(786,600)	(506,935)	-	(928,577)	(2,800,124)	-	(2,800,124)
Segment gain/(loss)	5,523,752	(3,193,359)	(1,864,842)	4,696,406	(15,013,515)	(9,851,558)	12,316,063	2,464,505
Segment assets	264,201,853	236,725,906	27,037,541	60,943,168	443,275,901	1,032,184,369	(585,758,207)	446,426,162

36. **Segment Information (Cont'd)**

2021	**Aviation defense RM**	**Marine services and construction RM**	**Mobility RM**	**Energy RM**	**Others RM**	**Total segment RM**	**Adjustments and eliminations RM**	**Consolidated RM**
Included in the measurement of segment assets are:								
Capital expenditure	78,956	1,957,528	-	29,860	102,895	2,169,239	-	2,169,239
Segment liabilities	258,300,940	416,120,433	26,095,411	62,249,637	49,262,557	812,028,978	(524,609,037)	287,419,941

Notes to the Financial Statements

36. **Segment Information (Cont'd)**

2021	**Aviation defense RM**	**Marine services and construction RM**	**Mobility RM**	**Energy RM**	**Others RM**	**Total segment RM**	**Adjustments and eliminations RM**	**Consolidated RM**
Other non-cash income/ (expenses)								
Gain on disposal of:								
- property, plant and equipment	106,998	-	-	-	-	106,998	-	106,998
- investment in securities	(606,436)	-	-	-	-	(606,436)	-	(606,436)
- subsidiaries	12,800,020	1,986,614	-	-	-	14,786,634	-	14,786,634
Impairment loss on:								
- Trade receivables	(645,853)	(272,225)	(799,892)	-	-	(1,717,970)	-	(1,717,970)
- Other receivables	-	-	-	-	(425,307)	(425,307)	-	(425,307)
Property, plant and equipment written off	(101,418)	-	-	-	-	(101,418)	-	(101,418)
Reversal of impairment loss on:								
- Trade receivables	-	563,816	-	-	-	563,816	-	563,816
- Other receivables	40,528	-	-	-	-	40,528	-	40,528
- Intangible assets	-	(177,338)	-	-	-	(177,338)	-	(177,338)

36. **Segment Information (Cont'd)**

(a) Adjustments and eliminations

Capital expenditure consists of additions of property, plant and equipment, intangible assets and including assets from the acquisition of subsidiaries.

Inter-segment revenues and transactions are eliminated on consolidation.

(b) Geographical segments

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenue		**Non-current assets**	
	2022	**2021**	**2022**	**2021**
	RM	**RM**	**RM**	**RM**
Group				
Malaysia	144,896,438	122,110,985	129,845,494	134,702,927
Singapore	41,273,641	51,754,964	12,182,721	13,031,734
	186,170,079	173,865,949	142,028,215	147,734,661

Non-current assets information presented above consist of the following items as presented in the statements of financial position:

	2022	**2021**
	RM	**RM**
Group		
Property, plant and equipment	37,166,759	43,162,227
Right-of-use assets	19,684,518	20,625,437
Investment in securities	130,001	180,000
Intangible assets	70,339,965	71,199,776
Other receivables	14,386,972	12,247,221
Other investment	320,000	320,000
	142,028,215	147,734,661

Notes to the Financial Statements

36. Segment Information (Cont'd)

(c) Major customer

The following is the major customer with revenue 10% equal or more than ten percent of Group revenue:

	Revenue 2022 RM	Revenue 2021 RM	Segment
Customer A	19,205,728	7,013,472	Marine construction
Customer B	25,252,939	45,823,281	Aviation & Defence
	44,458,667	52,836,753	

37. Contingent Liabilities

	Company 2022 RM	Company 2021 RM
Unsecured		
Corporate guarantee		
Corporate guarantee given to licensed banks for banking facilities granted to subsidiaries	148,000	129,324,531

38. Financial Instruments

(a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 3 describe how the classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised.

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

38. **Financial Instruments (Cont'd)**

(a) Classification of financial instruments (Cont'd)

	At FVTPL RM	At Amortised Cost RM	Total RM
Group			
2022			
Financial Assets			
Investment in securities	130,001	-	130,001
Trade receivables	-	44,002,178	44,002,178
Other receivables and deposits	-	25,576,547	25,576,547
Amount due from an associate company	-	6,255,486	6,255,486
Fixed deposits with licensed banks	-	16,787,513	16,787,513
Cash and bank balances	-	10,787,668	10,787,668
	130,001	103,409,392	103,539,393
Financial Liabilities			
Trade payables	-	53,302,246	53,302,246
Other payables	-	30,796,650	30,796,650
Lease liabilities	-	2,043,391	2,043,391
Bank borrowings	-	16,815,984	16,815,984
Redeemable preference shares	-	1,357,440	1,357,440
	-	104,315,711	104,315,711
2021			
Financial Assets			
Investment in securities	180,000	-	180,000
Trade receivables	-	66,169,714	66,169,714
Other receivables and deposits	-	36,028,421	36,028,421
Amount due from joint venture	-	500,000	500,000
Amount due from an associate company	-	6,247,881	6,247,881
Fixed deposits with licensed bank	-	20,578,083	20,578,083
Cash and bank balances	-	29,832,222	29,832,222
	180,000	159,356,321	159,536,321
Financial Liabilities			
Trade payables	-	77,115,461	77,115,461
Other payables	-	27,328,129	27,328,129
Lease liabilities	-	2,464,601	2,464,601
Bank borrowings	-	104,155,998	104,155,998
Redeemable preference shares	-	1,532,212	1,532,212
	-	212,596,401	212,596,401

Notes to the Financial Statements

38. **Financial Instruments (Cont'd)**

(a) Classification of financial instruments (Cont'd)

	At FVTPL RM	At Amortised Cost RM	Total RM
Company			
2022			
Financial Assets			
Investment in securities	130,000	-	130,000
Other receivables and deposits	-	14,470,210	14,470,210
Amount due from subsidiaries	-	126,825,983	126,825,983
Cash and bank balances	-	5,094,326	5,094,326
	130,000	146,390,519	146,520,519
Financial Liabilities			
Other payables	-	4,240,865	4,240,865
Amount due to subsidiaries	-	21,680,424	21,680,424
Bank borrowings	-	10,402,690	10,402,690
	-	36,323,979	36,323,979
2021			
Financial Assets			
Investment in securities	180,000	-	180,000
Other receivables and deposits	-	12,425,992	12,425,992
Amount due from subsidiaries	-	259,709,189	259,709,189
Fixed deposits with licensed banks	-	2,000,000	2,000,000
Cash and bank balances	-	1,189,905	1,189,905
	180,000	275,325,086	275,505,086
Financial Liabilities			
Other payables	-	2,287,818	2,287,818
Amount due to subsidiaries	-	485,560	485,560
Bank borrowings	-	14,848,513	14,848,513
	-	17,621,891	17,621,891

38. **Financial Instruments (Cont'd)**

(b) Financial risk management objectives and policies

The Group's and the Company's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group and of the Company operations whilst managing its financial risks, including credit, liquidity, foreign currency, interest rate and market price risks. The Group and the Company operate within clearly defined guidelines that are approved by the Board and the Group's and of the Company's policy is not to engage in speculative transactions.

The following sections provide details regarding the Group's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

(i) Credit risk

Credit risk is the risk of a financial loss to the Group and to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's and the Company's exposure to credit risk arises principally from its receivables from customers and deposits with banks and financial institutions. 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.

The Group and the Company have adopted a policy of only dealing with creditworthy counterparties. Management has a credit policy in place to control credit risk by dealing with creditworthy counterparties and deposit with banks and financial institutions with good credit rating. The exposure to credit risk is monitored on an ongoing basis and action will be taken for long outstanding debts.

Notes to the Financial Statements

38. **Financial Instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(i) Credit risk (Cont'd)

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

The gross carrying amounts of credit impaired trade receivables and contract assets are written off (either partial 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, trade receivables and contract assets that are written off could still be subject to enforcement activities.

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the financial year represent the Group's and the Company's maximum exposure to credit risk except for financial guarantees provided to banks for banking facilities granted to certain subsidiaries. The Company's maximum exposure in this respect is RM65,598 (2021: RM111,428,300), representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period. There was no indication that any subsidiary would default on repayment as at the end of the reporting period.

Financial guarantee

The Group provides secured bankers' guarantee in favour of the local authorities and third parties in respect of contracts entered into by subsidiary companies. The maximum exposure of credit risk amounted to RM13,641,259 (2021: RM129,324,531). There was no indication that the guarantee will be called upon.

Intercompany loan advances

The Company provides unsecured loans and advances to subsidiaries. The Company monitors the results of the subsidiaries regularly. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

As at the end of the reporting period, there was no indication that the loans and advances to the subsidiaries are not recoverable. The Company does not specifically monitor the ageing of current advances to the subsidiaries.

38. **Financial Instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk

Liquidity risk refers to the risk that the Group or the Company will encounter difficulty in meeting its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group's and the Company's funding requirements and liquidity risk is managed with the objective of meeting business obligations on a timely basis. The Group and the Company finance their liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available.

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay.

	On demand within 1 year RM	1 - 2 years RM	2 - 5 years RM	> 5 years RM	Total contractual cash flows RM	Total carrying amount RM
Group						
2022						
Non-derivative financial liabilities						
Trade payables	53,302,246	-	-	-	53,302,246	53,302,246
Other payables	30,796,650	-	-	-	30,796,650	30,796,650
Lease liabilities	1,012,815	487,400	578,708	114,064	2,192,987	2,043,391
Bank borrowings	8,703,490	2,065,541	8,980,419	13,393	19,762,843	16,815,984
Redeemable preference shares	1,357,440	-	-	-	1,357,440	1,357,440
	95,172,641	2,552,941	9,559,127	127,457	107,412,166	104,315,711

Notes to the Financial Statements

38. **Financial Instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

	On demand within 1 year RM	**1 - 2 years RM**	**2 - 5 years RM**	**> 5 years RM**	**Total contractual cash flows RM**	**Total carrying amount RM**
Group						
2021						
Non-derivative financial liabilities						
Trade payables	77,115,461	-	-	-	77,115,461	77,115,461
Other payables	27,328,129	-	-	-	27,328,129	27,328,129
Lease liabilities	1,336,675	621,420	526,720	179,759	2,664,574	2,464,601
Bank borrowings	91,333,741	9,554,207	4,604,456	33,900	105,526,304	104,155,998
Redeemable preference shares	1,532,212	-	-	-	1,532,212	1,532,212
	198,646,218	10,175,627	5,131,176	213,659	214,166,680	212,596,401

38. **Financial Instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(iii) Liquidity risk (Cont'd)

	On demand or within 1 year RM	1 - 2 years RM	2 - 5 years RM	Total contractual cash flows RM	Total carrying amount RM
Company					
2022					
Non-derivative financial liabilities					
Other payables	4,240,865	-	-	4,240,865	4,240,865
Amount due to subsidiaries	21,680,424	-	-	21,680,424	21,680,424
Bank borrowings	4,823,468	1,200,000	5,630,000	11,653,468	10,402,690
Corporate guarantee *	148,000	-	-	148,000	-
	30,892,757	1,200,000	5,630,000	37,722,757	36,323,979
2021					
Non-derivative financial liabilities					
Other payables	2,287,818	-	-	2,287,818	2,287,818
Amount due to subsidiaries	485,560	-	-	485,560	485,560
Bank borrowings	5,621,518	9,535,583	1,043,468	16,200,569	14,848,513
Corporate guarantee *	129,324,531	-	-	129,324,531	-
	137,719,427	9,535,583	1,043,468	148,298,478	17,621,891

* *Based on the maximum amount that can be called for under the financial guarantee contract.*

Notes to the Financial Statements

38. **Financial Instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risks

(a) Foreign currency risk

The Group is exposed to foreign currency risk on transactions that are denominated in currencies other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily United States Dollar ("USD"), Euro ("EUR"), Singapore Dollar ("SGD"), Pound Sterling ("GBP"), Chinese Renminbi ("RMB"), United Arab Emirates Dirham ("AED"), Australian Dollar ("AUD"), Saudi Arabian Riyals ("SAR") and Japanese Yen ("JPY").

The Group has not entered into any derivative instruments for hedging or trading purposes as the net exposure to foreign currency risk is not significant. Where possible, the Group will apply natural hedging by selling and purchasing in the same currency. However, the exposure to foreign currency risk is monitored from time to time by management.

Exposure to foreign currency risk

The carrying amounts of the Group's foreign currency denominated financial assets and financial liabilities which have RM functional currency at the end of the reporting period are as follows:

	Denominated in	
	USD	**EUR**
	RM	**RM**
Group		
2022		
Trade receivables	3,511,878	-
Cash and bank balances	30,253	-
	3,542,131	-
2021		
Trade receivables	1,823,054	-
Cash and bank balances	151,299	-
Trade payables	(8,831,232)	(11,387,948)
	(6,856,879)	(11,387,948)

38. **Financial Instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risks (Cont'd)

(a) Foreign currency risk (Cont'd)

Exposure to foreign currency risk (Cont'd)

The carrying amounts of the Group's foreign currency denominated financial assets and financial liabilities which have SGD functional currency at the end of the reporting period are as follows: (Cont'd)

	Denominated in								
	USD RM	**EUR RM**	**GBP RM**	**RMB RM**	**AED RM**	**MYR RM**	**AUD RM**	**SAR RM**	**JPY RM**
Group									
2022									
Trade and other receivables	3,243,863	-	106,867	351,533	16,193,725	7,193	1,657,351	242,924	-
Cash and bank balances	62,402	-	500,771	86,741	323,982	989	522,039	218,942	-
Trade and other payables	(1,950,797)	(53,081)	(177,451)	(4,205,974)	(2,730,539)	(263,803)	(1,303,153)	(1,853,988)	(1,581)
	1,355,468	(53,081)	430,187	(3,767,700)	13,787,168	(255,621)	876,237	(1,392,122)	(1,581)

Notes to the Financial Statements

38. **Financial Instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risks (Cont'd)

(a) Foreign currency risk (Cont'd)

Exposure to foreign currency risk (Cont'd)

The carrying amounts of the Group's foreign currency denominated financial assets and financial liabilities which have SGD functional currency at the end of the reporting period are as follows: (Cont'd)

	Denominated in						
	USD RM	**EUR RM**	**GBP RM**	**RMB RM**	**AED RM**	**MYR RM**	**AUD RM**
Group							
2021							
Trade receivables	4,206,279	308,814	486,299	180,487	2,430,988	6,778	331,266
Cash and bank balances	18,163	-	2,375,514	8,765	569,034	87,659	395,582
Trade and other payables	(2,083,907)	(62,919)	(598,159)	(2,634,458)	(520,277)	(132,205)	(436,622)
	2,140,535	245,895	2,263,654	(2,445,206)	2,479,745	(37,768)	290,226

38. **Financial Instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risks (Cont'd)

(a) Foreign currency risk (Cont'd)

Currency risk sensitivity analysis

Foreign currency risk arises from Group entities mainly have RM and SGD functional currencies. The exposure to currency risk of Group entities other than RM and SGD functional currencies is not material and hence, sensitivity analysis is not presented.

The following demonstrates the sensitivity of the Group's profit after tax to a reasonably possible change in the USD, EUR, SGD, GBP, CAD, THB, KYAT and NOK exchange rates against RM as well as in the USD, EUR, GBP, RMB, AED, MYR and AUD exchange rates against SGD, with all other variables held constant:

	Change in currency rate	Effect on profit before tax RM
Group		
2022		
USD/SGD	Strengthened 10%	135,547
	Weakened 10%	(135,547)
EUR/SGD	Strengthened 10%	(5,308)
	Weakened 10%	5,308
GBP/SGD	Strengthened 10%	43,019
	Weakened 10%	(43,019)
RMB/SGD	Strengthened 10%	(376,770)
	Weakened 10%	376,770
AED/SGD	Strengthened 10%	1,378,717
	Weakened 10%	(1,378,717)
MYR/SGD	Strengthened 10%	(25,562)
	Weakened 10%	25,562
AUD/SGD	Strengthened 10%	87,624
	Weakened 10%	(87,624)
SAR/SGD	Strengthened 10%	(139,212)
	Weakened 10%	139,212
JPY/SGD	Strengthened 10%	(158)
	Weakened 10%	158
USD/RM	Strengthened 10%	354,213
	Weakened 10%	(354,213)

Notes to the Financial Statements

38. **Financial Instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risks (Cont'd)

(a) Foreign currency risk (Cont'd)

Currency risk sensitivity analysis

The following demonstrates the sensitivity of the Group's loss after tax to a reasonably possible change in the USD, EUR, SGD, GBP, CAD, THB, KYAT and NOK exchange rates against RM as well as in the USD, EUR, GBP, RMB, AED, MYR and AUD exchange rates against SGD, with all other variables held constant: (Cont'd)

	Change in currency rate	**Effect on loss before tax RM**
Group		
2021		
USD/SGD	Strengthened 10%	214,054
	Weakened 10%	(214,054)
EUR/SGD	Strengthened 10%	24,590
	Weakened 10%	(24,590)
GBP/SGD	Strengthened 10%	226,365
	Weakened 10%	(226,365)
RMB/SGD	Strengthened 10%	(244,521)
	Weakened 10%	244,521
AED/SGD	Strengthened 10%	247,975
	Weakened 10%	(247,975)
MYR/SGD	Strengthened 10%	(3,777)
	Weakened 10%	3,777
AUD/SGD	Strengthened 10%	29,023
	Weakened 10%	(29,023)
USD/RM	Strengthened 10%	(685,688)
	Weakened 10%	685,688
EUR/RM	Strengthened 10%	(1,138,795)
	Weakened 10%	1,138,795

38. **Financial Instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risks (Cont'd)

(b) Interest rate risk

The Group's and the Company's fixed rate deposits placed with licensed banks and borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's and the Company's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates.

The Group and the Company manage the interest rate risk of its deposits with licensed financial institutions by placing them at the most competitive interest rates obtainable, which yield better returns than cash at bank and maintaining a prudent mix of short and long term deposits.

The Group and the Company manage its interest rate risk exposure from interest bearing borrowings by obtaining financing with the most favourable interest rates in the market. The Group and the Company constantly monitor its interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained. The Group and the Company do not utilise interest swap contracts or other derivative instruments for trading or speculative purposes.

The carrying amounts of the Group's and of the Company's financial instruments that are exposed to interest rate risk are as follows:

	2022 RM	**2021 RM**
Group		
Financial Assets		
Fixed rate instruments		
Other receivables	14,386,972	12,247,221
Fixed deposits with licensed banks	16,787,513	20,578,083
	31,174,485	32,825,304
Financial Liabilities		
Fixed rate instruments		
Lease liabilities	2,043,391	2,464,601
Floating rate instruments		
Bank borrowings	16,815,984	104,155,998

Notes to the Financial Statements

38. **Financial Instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risks (Cont'd)

(b) Interest rate risk (Cont'd)

	2022 RM	2021 RM
Company		
Financial Assets		
Fixed rate instruments		
Other receivables	13,061,519	12,247,221
Fixes deposits with licensed banks	-	2,000,000
	13,061,519	14,247,221
Financial Liabilities		
Floating rate instruments		
Bank borrowings	10,402,690	14,848,513

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for floating rate instruments

A change in 0.25% interest rate at the end of the reporting period would have increased the Group's and the Company's loss before tax by RM42,040 (2021: RM260,390) and RM26,007(2021: RM37,121) respectively, arising mainly as a result of higher interest expense on floating rate loans and borrowings. This analysis assumes that all other variables remain constant. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

38. **Financial Instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risks (Cont'd)

(c) Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market prices (other than interest or foreign exchange rates).

The Group and the Company are exposed to equity price risk arising from its investment in quoted instrument. This investment is listed on Bursa Malaysia and is classified as fair value through profit or loss.

Management of the Group and the Company monitors the value of the equity investments by considering the movements in the quoted price. The buy and sell decisions are approved by the Risk Management Committee of the Group.

<u>Market price risk sensitivity analysis</u>

At the reporting date, if the stock indices had been 10% higher/lower, with all other variables held constant, the Group's and the Company's loss before tax would have been RM13,000 (2021: RM18,000) lower/higher, arising as a result of higher/lower fair value gain on held for trading investment in equity instrument.

Notes to the Financial Statements

38. **Financial Instruments (Cont'd)**

(c) Fair values of financial instruments (Cont'd)

The carrying amounts of short-term receivables and payables, cash and cash equivalents and short-term borrowings approximate their fair value due to the relatively short-term nature of these financial instruments and/or insignificant impact of discounting.

	Fair value of financial instruments carried at fair value				Total	Carrying
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	fair value RM	amount RM
Group						
2022						
Financial Asset						
Investment in securities	130,000	-	-	130,000	130,000	130,000
2021						
Financial Asset						
Investment in securities	180,000	-	-	180,000	180,000	180,000
Company						
2022						
Financial Asset						
Investment in securities	130,000	-	-	130,000	130,000	130,000
2021						
Financial Asset						
Investment in securities	180,000	-	-	180,000	180,000	180,000

38. **Financial Instruments (Cont'd)**

(c) Fair values of financial instruments (Cont'd)

The carrying amount of long-term floating rate loans approximate their fair value as the loans will be re-priced to market interest rate on or near reporting date.

The fair value of lease liability is estimated based on future contractual cash flows discounted at incremental borrowing rate for similar type of borrowing at the end of the reporting period.

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

There were no transfers between levels during current and previous financial years.

39. **Capital Management**

The Group's management manage its capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern and maintains an optimal capital structure, so as to maximise shareholders value. The management reviews the capital structure by considering the cost of capital and the risks associated with the capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital using a gearing ratio. The Group's policy is to maintain a prudent level of gearing ratio that complies with debt covenants and regulatory requirements. The gearing ratios at end of the reporting period are as follows

	2022 RM	**2021 RM**
Total loans and borrowings	18,859,375	106,620,599
Less: Deposits, bank and cash balances	(27,575,181)	(50,410,305)
Net debt	(8,715,806)	56,210,294
Total equity	126,078,204	161,101,920
Gearing ratio	#	35%

Gearing ratio may not provide a meaningful indicator of the risk of borrowings.

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

The Group is not subject to any externally imposed capital requirements.

Notes to the Financial Statements

40. Comparative Information

Certain comparatives were reclassed to conform with current financial year's presentation. There was no significant impact to the financial performance in relation to the financial year ended 31 December 2021.

The following reclassifications were made to the financial statement of prior year to be consistent with current year presentation.

	As previously stated RM	Reclassification RM	As reclassed RM
Statement of Financial Position as at 31 December 2021			
Non-Current Assets			
Other receivables	-	12,247,221	12,247,221
Current Assets			
Other receivables	74,580,415	(12,247,221)	62,333,194
Current Liabilities			
Other payables	56,947,078	(1,054,960)	55,892,118
Contract liabilities	19,205,728	1,054,960	20,260,688
Statement of Cash Flows as at 31 December 2021			
Cash Flows From Operating Activities			
Changes in working capital:			
Contract assets/liabilities	37,941,206	1,054,960	38,996,166
Payables	(49,203,601)	(1,054,960)	(50,258,561)

41. Date of Authorisation for Issue

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 19 April 2023.

List of Properties Owned

As at 31 December 2022

Location	Description (sqm)	Current Use	Tenure	Age of Building	Audited Net Book Value as at 31.12.2022	Date of Acquisition
Pt 10495 (Plot T9), L/K Kawasan Perusahaan, Kampung Acheh, 32000 Sitiawan, Perak	4,049	-	Leasehold for a period of 99 years expiring on 9th May 2105 (unexpired term of about 91 years)	-	RM732,242.00	10.07.2006
Lot 61768 (No. 10), Jalan Jurunilai U1/20, Hicom Glenmarie Industrial Park, Section U1, 40150 Shah Alam, Selangor Darul Ehsan	4,180	Office and Workshop	Grant-in-perpetuity (commonly referred to as freehold)	16 years	RM14,591,346.00	04.06.2013
San Yu Town, Nantong Tongzhou City Industry Park, Jiangsu Province, China	11,608	Office and Factory	Leasehold expiring on 1 March 2059 (unexpired term of about 42 years)	12 years	RM1,939,727.00	01.01.2011
No. 10, Jln Cempedak 3, Taman Kota Masai, 81750 Masai, Johor	1,189	Office and Workshop	Freehold	7 years	RM590,933	20.03.2013
PN 9102, Lot 60195, Mukim Teluk Kalung, Kemaman, Terengganu	Land area: 1,797 Built up: 311	Office and Workshop	Leasehold for a period of 60 years (expiring on 22 Jan 2062)	-	RM1,596,791	09.10.2014
No. 4, Jalan Kerawang U8/108, Kawasan Perindustrian Tekno Jelutong, 40150 Shah Alam, Selangor Darul Ehsan	Land area: 1,091 Built up: 663	Office and Workshop	Freehold	1 year	RM4,316,011	10.09.2014
Lot 15747, NKS Industrial Area, Jalan Pelabuhan Utara, 42000 Pelabuhan Klang, Selangor Darul Ehsan	Land area: 23,160 Built up: 6,361	Office and Factory	Leasehold for a period of 99 years expiring on 27 June 2073	20 years	RM13,248,486	01.12.2016

Statistic of Shareholdings

As at 31 March 2023

A. Share Capital

Total Number of Shares	:	1,663,531,629
Issued Share Capital	:	RM479,827,956.56
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote for each ordinary share held

B. Distribution of Shareholdings

Size of Holding	No. of Shareholders	%	No. of Shares Held	%
Less than 100	138	2.11	1,927	0.00
100 – 1,000	863	13.21	368,516	0.02
1,001 – 10,000	2,084	31.90	13,194,619	0.79
10,001 – 100,000	2,671	40.89	105,149,655	6.32
100,001 and below 5% of issued shares	773	11.83	1,142,866,579	68.70
5% and above of issued shares	3	0.05	401,950,333	24.16
Total	6,532	100	1,663,531,629	100

C. Directors' Shareholdings as at 31 March 2023

No.	Name of Director	Direct Interest		Indirect Interest	
		No. of Shares	%	No. of Shares	%
1.	Abdul Rahman Bin Mohamed Rejab	100,000	0.010	-	-
2.	Professor Datin Dr Suzana Binti Sulaiman @ Mohd Suleiman	-	-	-	-
3.	Dato' Mohd Zahir Bin Zahur Hussain	-	-	-	-
4.	Dr Nurwahida Binti Mohd Yaakub	-	-	-	-
5.	Syaiful Hafiz Bin Moamat Mastam	-	-	-	-

Statistic of Shareholdings

D. Substantial shareholders' Shareholdings as at 31 March 2023

No.	Name of Director	Direct Interest		Indirect Interest	
		No. of Shares	%	No. of Shares	%
1.	Dato' Rozabil @ Rozamujib Abdul Rahman	103,626,500	6.23	158,500,333 (1)	9.53
2.	Aroma Teraju Sdn. Bhd.	200,000,000(2)	12.02	0	0.00
3.	Pitahaya (M) Sdn. Bhd.	110,000,000	6.61	0	0.00
4.	Utarasama Marine Sdn. Bhd.	96,000,333	5.77	0	0.00
5.	Mr Lim Beng Guan	-	-	110,000,000(3)	6.61
6.	Ciruela Sdn Bhd	-	-	110,000,000(3)	6.61

Notes:
(1) *Deemed interested under Section 8 of the Companies Act 2016 by virtue of his shareholdings in BPH Capital Sdn. Bhd., Utarasama Marine Sdn. Bhd. and Zaleeha Capital Sdn. Bhd.*
(2) *The ultimate shareholder of Aroma Teraju Sdn. Bhd. is the Ministry of Finance Malaysia.*
(3) *Deemed interested under Section 8 of the Act by virtue of their shareholdings in Pitahaya (M) Sdn. Bhd.*

E. List of 30 Largest Securities Account Holders as at 31 March 2023

NO	NAME OF SHAREHOLDERS	SHARES HELD	%
1	AROMA TERAJU SDN. BHD.	200,000,000	12.02
2	KENANGA NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY: PLEDGED SECURITIES ACCOUNT FOR PITAHAYA (M) SDN. BHD.	110,000,000	6.61
3	KENANGA NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR UTARASAMA MARINE SDN. BHD.	91,950,333	5.53
4	MIRUS HOLDINGS SDN.BHD.	69,227,200	4.16
5	LINC SHARED SERVICES SDN. BHD.	64,398,300	3.87
6	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY: PLEDGED SECURITIES ACCOUNT FOR ROZABIL @ ROZAMUJIB BIN ABDUL RAHMAN	53,978,600	3.24
7	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY: PLEDGED SECURITIES ACCOUNT FOR ZALEEHA CAPITAL SDN. BHD.	51,683,200	3.11
8	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY: URUSHARTA JAMAAH SDN. BHD.	46,204,333	2.78
9	M & A NOMINEE (ASING) SDN. BHD. BENEFICIARY: FOR WINFIELDS DEVELOPMENT PTE. LTD.	41,741,371	2.51
10	CGS-CIMB NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY: PLEDGED SECURITIES ACCOUNT FOR LIM NYUK SANG @ FREDDY LIM (MQ0423)	35,743,000	2.15
11	KENANGA NOMINEES (ASING) SDN. BHD. BENEFICIARY: EXEMPT AN FOR GUOTAI JUNAN SECURITIES (HONG KONG) LIMITED (CLIENT ACCOUNT)	35,256,300	2.12

NO	NAME OF SHAREHOLDERS	SHARES HELD	%
12	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY: CIMB FOR LIM CHEE HWA (PB)	28,239,100	1.70
13	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY: PLEDGED SECURITIES ACCOUNT FOR LIM FEI NEE (7000197)	26,765,800	1.61
14	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY: LIM NYUK SANG @ FREDDY LIM	26,095,966	1.57
15	M&A NOMINEE (ASING) SDN. BHD. BENEFICIARY: FOR POSITIVE BOOM LIMITED	21,521,000	1.29
16	MAYBANK NOMINEES (TEMPATAN) BENEFICIARY: PLEDGED SECURITIES ACCOUNT FOR DATO' ABD AZIZ BIN SHEIKH FADZIR	19,500,000	1.17
17	KAMARUDIN BIN MERANUN	17,600,000	1.06
18	EILEEN EDWARD	16,453,900	0.99
19	PUBLIC NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY: PLEDGED SECURITIES ACCOUNT FOR LIM FEI NEE (E-SDK)	16,352,400	0.98
20	RHB CAPITAL NOMINEES(TEMPATAN) SDN. BHD. BENEFICIARY: PLEDGED SECURITIES ACCOUNT FOR TAN CHEE CHUAN	12,909,800	0.78
21	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY: PLEDGED SECURITIES ACCOUNT FOR DOH TEE LEONG (7001921)	11,987,100	0.72
22	YAYASAN POK DAN KASSIM	10,760,000	0.65
23	CGS-CIMB NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR KOH CHENG KEONG (MM1289)	10,000,000	0.60
24	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY: PLEDGED SECURITIES ACCOUNT FOR DAYATAHAN SDN. BHD.	9,800,000	0.59
25	ALLIANCEGROUP NOMINEES(TEMPATAN) SDN. BHD. BENEFICIARY: PLEDGED SECURITIES ACCOUNT FOR TEH AIK SIN (7004024)	9,276,912	0.56
26	POSITIVE BOOM LIMITED	8,600,000	0.52
27	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY: PLEDGED SECURITIES ACCOUNT FOR TEOH TENG GUAN (7002735)	8,082,000	0.49
28	AZLAN BIN MAN	7,695,000	0.46
29	PHILLIP NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY: PLEDGED SECURITIES ACCOUNT FOR BATU BARA RESOURCES CORPORATION SDN. BHD.	7,690,000	0.46
30	CHOE MUN KEAT	7,049,500	0.42

Notice of Nineteenth Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Nineteenth (19th) Annual General Meeting ("AGM") of Destini Berhad ("Destini" or "the Company") will be conducted on a fully virtual basis through live streaming and Remote Participation and Voting ("RPV") Facilities from the online meeting platform at https://web.vote2u.my (Domain Registration Numbers with MYNIC D6A471702) on Tuesday, 20 June 2023, at 10.00 a.m. or any adjournment thereof for the purpose of transacting the following businesses:

1.	To receive the Audited Financial Statements for the financial year ended 31 December 2022 together with the Reports of the Directors and Auditors thereon.	(Please refer to Explanatory Note 1)
2.	To re-elect Abdul Rahman Bin Mohamed Rejab who is retiring pursuant to Clause 115(1) of the Company's Constitution and being eligible, has offered himself for re-election.	(Ordinary Resolution 1)
3.	To re-elect Dr Nurwahida Binti Mohd Yaakub who is retiring pursuant to Clause 125 of the Company's Constitution, and being eligible, has offered herself for re-election.	(Ordinary Resolution 2)
4.	To approve the payment of Directors' fees payable to directors of the Company for the financial year ending 31 December 2023 and other benefits payable of up to RM500,000.00 to be divided amongst the Directors in such manner as the Directors may determine for the period commencing from the conclusion of the 19th AGM until the conclusion of the next Annual General Meeting of the Company.	(Ordinary Resolution 3)
5.	To re-appoint Messrs UHY as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration.	(Ordinary Resolution 4)

As Special Business:

6. To consider and, if thought fit, to pass the following resolutions: (Ordinary Resolution 5)

Authority to Allot Shares Pursuant to Sections 75 and 76 of the Companies Act 2016

"THAT approval be and is hereby given to waive the statutory pre-emptive rights to be offered new shares ranking equally to the existing issued shares of the Company pursuant to Section 85 of the Companies Act, 2016 ("the Act") read together with Clause 70 of the Company's Constitution.

THAT pursuant to Sections 75 and 76 of the Act and subject to the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered to issue shares in the capital of the Company from time to time and upon such terms and conditions and for such purposes as the Directors, may in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company or such higher percentage as Bursa Malaysia Securities Berhad ("Bursa Securities") allowed for the time being and that the Directors be and are hereby also empowered to obtain approval from Bursa Securities for the listing and quotation of the additional shares so issued and that such authority shall continue to be in force until the conclusion of the next AGM of the Company."

7. **Proposed Renewal of Share Buy-Back Authority for the Purchase of Its Own Ordinary Shares** (Ordinary Resolution 6)

   "THAT subject to the Act, the provisions of the Constitution of the Company, the Listing Requirements of Bursa Securities and the approvals of all relevant governmental and/or regulatory authorities, the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase such amount of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:-

   i. the aggregate number of shares purchased or held as treasury shares does not exceed 10% of the total number of issued and paid-up shares of the Company as quoted on Bursa Securities as at the point of purchase;
   ii. the maximum fund to be allocated by the Company for the purpose of purchasing its own shares shall not exceed the aggregate of the retained profits of the Company based on the latest audited financial statements available at the time of the purchase, upon such terms and conditions as set out in the Circular to Shareholders dated 28 April 2023; and
   iii. the Directors of the Company may decide either to retain the shares purchased as treasury shares, or cancel the shares, or retain part of the shares so purchased as treasury shares and cancel the remainder, or resell the shares, or transfer the shares or distribute the shares as dividends.

   AND THAT the authority conferred by this resolution will commence after the passing of this ordinary resolution and will continue to be in force until:

   i. the conclusion of the next AGM at which time it shall lapse unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions; or
   ii. the expiration of the period within which the next AGM of the Company is required by law to be held; or
   iii. revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting;

   whichever occurs first.

   AND THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary or expedient to implement or to effect the purchase(s) of the shares with full power to assent to any condition, modification, variation and/or amendment as may be imposed by the relevant authorities and to take all such steps as they may deem necessary or expedient in order to implement, finalise and give full effect in relation thereto."

8. To transact any other business of the Company for which due notice shall have been given.

BY ORDER OF THE BOARD

TAN TONG LANG (MAICSA 7045482/ SSM PC NO. 202208000250)
THIEN LEE MEE (LS0010621/ SSM PC NO. 201908002254)
Company Secretaries

Kuala Lumpur
Date: 28 April 2023

Notice of Nineteenth Annual General Meeting

Notes:

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote in his/her stead. A proxy may but need not be a member of the Company.

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

3. Where a member of the Company is an exempt authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provision of subsection 25A(1) of the Central Depositories Act 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 exempt authorised nominee may appoint in respect of each omnibus account it holds.

4. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorised in writing, or if the appointor is a corporation, either under the corporation's common seal or under the hand of an officer or attorney duly authorised.

5. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, must be deposited at Insurban Corporate Services Sdn Bhd's office, 149, Jalan Aminuddin Baki, Taman Tun Dr Ismail, 60000 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the Annual General Meeting or any adjourned meeting, at which the person named in the instrument, proposes to vote or, in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll, and in default, the instrument of proxy shall not be treated as valid, PROVIDED ALWAYS that the Company may by written notice waive the prior lodgement of the above instrument appointing a proxy and the power of attorney or other authority. The lodging of the Form of Proxy shall not preclude you from attending, participating, speaking and voting in person at the Annual General Meeting should you subsequently wish to do so.

6. For the purpose of determining a member who shall be entitled to attend the Nineteenth (19th) Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to issue a General Meeting Record of Depositors as at 12 June 2023. Only members whose name appears on the Record of Depositors as at 12 June 2023 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.

7. All the resolutions set out in this Notice of Meeting will be put to vote by poll.

8. The 19th AGM will be conducted on fully virtual basis via the online meeting platform at https://web.vote2u.my. Members of the company are advised to refer to the Administrative Guide on the registration and voting process for the Meeting.

EXPLANATORY NOTES

1. **Audited Financial Statements for the Financial Year Ended 31 December 2022**

   The Agenda No. 1 is meant for discussion only as Section 340(1)(a) of the Companies Act, 2016 provide that the audited financial statements are to be laid in the general meeting and do not require a formal approval of the shareholders. Hence, this Agenda item is not put forward for voting.

2. **Ordinary Resolution No. 1 & 2: Re-election of Directors who retire by rotation in accordance with Clause 115(1) and 125 of the Company's Constitution**

   Clause 115(1) of the Company's Constitution provides that an election of Directors shall take place each year at the annual general Rotation and meeting of the Company, where one-third (1/3) of the Directors for the time Retirement of 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 and be eligible for re- election, PROVIDED ALWAYS that Directors shall retire from office once at least in each three (3) years but shall be eligible for re-election. A retiring Director shall retain office until the close of the meeting at which he retires.

   Clause 125 of the Company's Constitution provides that the directors shall have power at any time, and from time to time, to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors, but the total number of Directors shall not at any time exceed the maximum number fixed in accordance with the Constitution. Any Director so appointed shall hold office only until the next following annual general meeting and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at that meeting.

   Encik Abdul Rahman Bin Mohamed Rejab and Dr Nurwahida Binti Mohd Yaakub are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election.

   For the purpose of determining the eligibility of the Directors to stand for re-election at the 19th AGM, the Nomination and Remuneration Committee ("NRC") has considered and recommended Encik Abdul Rahman Bin Mohamed Rejab and Dr Nurwahida Binti Mohd Yaakub for re-election pursuant to Clause 115(1) and Clause 125 of the Company's Constitution respectively.

3. **Ordinary Resolution 3: To Approve the Payment of Directors' Fees and Other Benefits Payable**

   The Directors' benefits payable comprises of meeting attendance allowances and other claimable benefits.

   In determining the estimated total amount of Directors' benefits, the Board has considered various factors, among others, the estimated claimable benefits and estimated number of meetings for the Board and Board Committees held for the period commencing from the conclusion of the 19th AGM until the next Annual General Meeting of the Company.

4. **Ordinary Resolution 5: Authority to Allot Shares Pursuant to Sections 75 and 76 of the Companies Act 2016**

   The proposed Ordinary Resolution 5, if passed, is a general mandate to empower the Directors to issue and allot shares up to an amount not exceeding 10% of the total number of issued share of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company.

   After having considered all aspects of the 10% General Mandate, the Board is of the opinion that the adoption of the 10% General Mandate would be in the best interest of the Company and its shareholders, on the basis that it is the most optimum and cost-efficient method of fundraising for the Company.

   As at the date of this Notice, no new shares were issued by the Company pursuant to the General Mandate granted to the Directors at the 18th AGM held on held on 21 June 2022 and which will be lapse at the conclusion of the 19th AGM.

5. **Ordinary Resolution 6: Proposed Renewal of Share Buy-Back Authority for the Purchase of its Own Ordinary Shares**

   The Ordinary Resolution 6, if passed, will renew the authority given to the Directors of the Company to purchase Company's shares of up to 10% of the total number of issued shares of the Company by utilising the funds allocated which shall not exceed the total amount of the retained profits of the Company based on the latest audited financial statements and/or the latest management accounts (where applicable) available at the time of purchase of the Proposed Share Buy-Back. The Company has not purchased any of its own shares since obtaining the said mandate from its shareholders at the last Eighteenth (18th) Annual General Meeting held on 21 June 2022.

Further information on the proposed renewal of authority to purchase its own shares is set out in the Circular to Shareholders dated 28 April 2023.

Statement Accompanying Notice of Annual General Meeting

No notice of nomination has been received to date from any member nominating any individual for election as a Director at the AGM of the Company. There is therefore no individual standing for election as Director, save for the above Directors who are standing for re-election.

Further details of Directors standing for re-election as Directors are set out in their respective profiles which appear in the Board of Directors' Profile of this Annual Report and the details of their interests in the securities of the Company are disclosed in the Statistics of Shareholdings of this Annual Report.

Please refer to Explanatory Note 4 for information relating to general mandate for issue of securities.

No. of ordinary shares	CDS account no. of authorised Nominee

DESTINI

PROXY FORM

FOR DESTINI BERHAD'S NINETEENTH (19TH) ANNUAL GENERAL MEETING

I/We ____

[Full Name in Block Letters]

NRIC No. / Passport No. / Registration No.____________________of____________________

[Full Address],____

[Email Address],________________________________[Contact No.]____________________

being a member(s) of DESTINI BERHAD ("DESTINI" OR "THE COMPANY"), hereby appoint

Full Name in Block Letters		Proportion of shareholdings to be presented %
Email Address		
NRIC No. / Passport No.		
Full Address		
Contact No.		
Full Name in Block Letters		Proportion of shareholdings to be presented %
Email Address		
NRIC No. / Passport No.		
Full Address		
Contact No.		
		100%

or failing him/her the Chairman of the meeting as my/our proxy to vote and act on my/our behalf at the Nineteenth (19th) Annual General Meeting of Destini Berhad ("Destini" or "the Company") will be conducted on a fully virtual basis through live streaming and Remote Participation and Voting ("RPV") Facilities from the online meeting platform at https://web.vote2u.my (Domain Registration Numbers with MYNIC D6A471702) on Tuesday, 20 June 2023 at 10.00 a.m. or any adjournment thereof for the purpose of transacting the following businesses:

NO.	RESOLUTIONS	FOR	AGAINST
1.	To re-elect Abdul Rahman Bin Mohamed Rejab as Director.		
2.	To re-elect Dr Nurwahida Binti Mohd Yaakub as Director.		
3.	To approve the payment of Directors' fees payable to directors of the Company for the financial year ending 31 December 2023 and other benefits payable of up to RM500,000.00 to be divided amongst the Directors in such manner as the Directors may determine for the period commencing from the conclusion of the 19th AGM until the conclusion of the next Annual General Meeting of the Company.		
4.	To re-appoint Messrs UHY as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration.		
5.	As Special Business: Authority to allot shares pursuant to Sections 75 and 76 of the Companies Act 2016.		
7.	Proposed Renewal of Share Buy-Back Authority for the Purchase of Its Own Ordinary Shares.		

(Please indicate with 'X' how you wish to cast your vote. In the absence of specific directions, the proxy may vote or abstain from voting on the resolutions as he/she may think fit.)

Dated this ____________________day of____________________, 2023.

Signature: ________________________________

(If shareholder is a corporation, this form should be executed under seal)

The proportions of my/our holdings to be represented by my/our proxies are as follows: -

First Proxy

No. of Shares :________

Percentage :________%

Second Proxy

No. of Shares :________

Percentage :________%

NOTES:

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote in his/her stead. A proxy may but need not be a member of the Company.
2. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her shareholdings to be represented by each proxy.
3. Where a member of the Company is an exempt authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provision of subsection 25A(1) of the Central Depositories Act 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 exempt authorised nominee may appoint in respect of each omnibus account it holds.
4. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorised in writing, or if the appointor is a corporation, either under the corporation's common seal or under the hand of an officer or attorney duly authorised.
5. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, must be deposited at Insurban Corporate Services Sdn Bhd's office, 149, Jalan Aminuddin Baki, Taman Tun Dr Ismail, 60000 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the Annual General Meeting or any adjourned meeting, at which the person named in the instrument, proposes to vote or, in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll, and in default, the instrument of proxy shall not be treated as valid, PROVIDED ALWAYS that the Company may by written notice waive the prior lodgement of the above instrument appointing a proxy and the power of attorney or other authority. The lodging of the Form of Proxy shall not preclude you from attending, participating, speaking and voting in person at the Annual General Meeting should you subsequently wish to do so.
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8. The 19th AGM will be conducted on fully virtual basis via the online meeting platform at https://web.vote2u.my. Members of the company are advised to refer to the Administrative Guide on the registration and voting process for the Meeting.

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AFFIX
STAMP

DESTINI BERHAD [Registration No. 200301030845 (633265-K)]
c/o Insurban Corporate Services Sdn. Bhd.
[Registration No. 198101010136 (76260-W)]
149, Jalan Aminuddin Baki
Taman Tun Dr. Ismail
60000 Kuala Lumpur

2nd fold here

www.destinigroup.com

DESTINI BERHAD (633265-K)
No. 10, Jalan Jurunilai U1/20,
Hicom Glenmarie Industrial Park,
40150 Shah Alam,
Selangor Darul Ehsan

Tel : 03-5567 0333
Fax : 03-5569 1233
Email : info@destinigroup.com