

CORPORATE GOVERNANCE REPORT

STOCK CODE : 5141
COMPANY NAME : DAYANG ENTERPRISE HOLDINGS BHD
FINANCIAL YEAR : December 31, 2025

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board recognizes that its primary role is to protect and promote the interests of shareholders while ensuring long-term sustainability and resilience of the Group. In doing so, the Board is responsible for setting the strategic direction of the Group, overseeing the effective implementation of business plans, and ensuring that appropriate governance frameworks, resources and controls are in place to achieve the Group's objectives.</p> <p>The Board actively reviews and approves the Group's strategic plans, taking into consideration key business risks, operational priorities and market developments. Management's performance is regularly monitored against approved strategies, financial targets and key performance indicators to ensure accountability and effective execution.</p> <p>There is a clear division of responsibilities between the Chairman, Managing Director, Executive Directors, Independent Non-Executive Directors and Non-Independent Non-Executive Director, which ensures a balance of power and authority.</p> <p>The Chairman leads the Board and is responsible for ensuring its effectiveness, proper conduct and governance, while fostering constructive engagement among Directors. The Managing Director and Executive Directors are responsible for the day-to-day management of the Group's operations and the implementation of Board-approved strategies.</p> <p>Independent Non-Executive Directors provide objective judgement, independent perspectives and constructive challenge to Management, and play a key role in safeguarding the interests of shareholders and other stakeholders.</p>

	<p>Senior Management is responsible for implementing the strategies and decisions of the Board, while the Board retains overall oversight of Management’s performance and the achievement of the Group’s strategic objectives.</p> <p>To support the effective discharge of its responsibilities, the Board has established the following Board Committees, each operating within clearly defined Terms of Reference:</p> <ul style="list-style-type: none"> i) Audit Committee (“AC”); ii) Joint Remuneration & Nomination Committee (“JRNC”); iii) Risk Management Committee (“RMC”); iv) Anti-Bribery & Corruption Compliance Committee (“ABCCC”); and v) Corporate Sustainability Committee (“CSC”). <p>Each Board Committee provides focused oversight within its respective scope and reports to the Board on key matters deliberated. Matters are reviewed at the Committee level before being escalated to the Board for consideration and approval. Notwithstanding the delegation of specific responsibilities, the Board retains overall accountability for all decision.</p> <p>The Risk Management Committee assists the Board in overseeing the Group’s enterprise risk management framework, including the identification, assessment and monitoring of key risks. The Audit Committee reviews the adequacy and effectiveness of the Group’s internal control systems and financial reporting processes to safeguard the Group’s assets and shareholders’ investments.</p> <p>The Joint Remuneration & Nomination Committee supports the Board in matters relating to Board composition, appointment and re-election of Directors, as well as Board and Board Committee effectiveness assessments. The Committee evaluates candidates based on a range of criteria, including skills, experience, integrity and independence, in line with the Directors’ Fit and Proper Policy.</p> <p>The Anti-Bribery & Corruption Compliance Committee provides oversight of the Group’s anti-bribery and corruption framework, ensuring compliance with applicable laws, regulations and internal policies.</p> <p>The Corporate Sustainability Committee assists the Board in overseeing the Group’s sustainability strategies, initiatives and disclosures, including environmental, social and governance (“ESG”) and climate-related matters, which are increasingly integral to the Group’s long-term value creation and resilience.</p>
<p>Explanation for departure</p>	<p>:</p>

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

Measure :		
Timeframe :		

Intended Outcome

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

Practice 1.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is led by the Executive Chairman, Datuk Hasmi Bin Hasnan, who is responsible for providing leadership to the Board and ensuring its effectiveness in discharging its responsibilities.</p> <p>The Chairman plays a pivotal role in promoting high standards of corporate governance and fostering a culture of accountability, transparency and constructive engagement within the Board. In carrying out his duties, the Chairman ensures that the Board functions effectively and that Directors are able to contribute meaningfully to deliberations and decision-making.</p> <p>The key responsibilities of Chairman include, amongst others, the following:</p> <ul style="list-style-type: none">a) Representing the Board to shareholders and presiding over Board and general meetings to ensure their orderly and effective conduct;b) Leading Board discussions and encouraging active participation from all Directors, while allowing for constructive challenge and the expression of independent views;c) Setting the Board agenda in consultation with Management and the Company Secretary, and ensuring that Directors receive complete, accurate and timely information to facilitate informed decision-making;d) Leading the Board in the adoption and implementation of sound corporate governance practices across the Group;e) Managing the interface between the Board and Management to ensure effective communication, accountability and organisational effectiveness;f) Ensuring effective communication with shareholders and the other stakeholders, and that their views are appropriately conveyed to the Board, andg) Performing such other responsibilities as may be assigned by the Board from time to time.
Explanation for departure	:	

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

Measure :		
Timeframe :		

Intended Outcome

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

Practice 1.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The positions of Chairman and Managing Director of Dayang are held by separate individuals, ensuring a clear division of responsibilities and a balance of power and authority within the leadership structure of the Company.</p> <p>The roles and responsibilities of the Chairman and Managing Director are clearly defined in Clause 4.2 of the Board Charter, which is available on the Company's website at www.desb.net under Investor Relations- Corporate Governance – Board Charter.</p> <p>The Chairman is Datuk Hasmi Bin Hasnan, while the position of Chief Executive Officer is assumed by the Managing Director, Tengku Dato' Yusof Bin Tengku Ahmad Shahrudin.</p> <p>The separation of roles ensures that no individual has unfettered decision-making powers and reinforces appropriate checks and balances within the Board and Management structure.</p> <p>The Chairman is responsible for providing leadership to the Board, ensuring its effectiveness, and overseeing the overall governance and strategic direction of the Group. This includes facilitating effective Board deliberations, promoting high standards of corporate governance, and monitoring Management's performance.</p> <p>The Managing Director is responsible for the overall management of the Group's business operations, including the implementation of strategies and policies approved by the Board, as well as ensuring the Group's operational and financial objectives are achieved.</p> <p>The clear segregation of roles between the Chairman and Managing Director supports a well-defined governance structure, enabling the Board to exercise effective oversight over Management while allowing Management to focus on operational execution and value creation for stakeholders.</p>
Explanation for departure	:	

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

Measure :		
Timeframe :		

Intended Outcome

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

Practice 1.4

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

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>	
Application	: Applied
Explanation on application of the practice	: The Company adopts a clear governance structure to ensure appropriate independence in the functioning of the Board Committees. The Chairman of the Board, Datuk Hasmi Bin Hasnan is not a member of the Audit Committee ("AC") and the Joint Remuneration & Nomination Committee ("JRNC"), in line with the Malaysia Code on Corporate Governance ("MCCG"). This ensures that the Board Committees are able to discharge their duties objectively and independently, with appropriate checks and balances within the Group's governance framework.
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:
Timeframe	:

Intended Outcome

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

Practice 1.5

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is supported by a suitably qualified and competent Company Secretary, Ms. Chee Su Ling, who plays an integral role in supporting the Board's effectiveness and ensuring adherence to governance requirements.</p> <p>She is a member of the Malaysian Institute of Accountants ("MIA"), a qualification recognised under Section 235(2) of the Companies Act 2016 ("CA2016"). She is also registered with the Companies Commission of Malaysia pursuant to Section 241 of the CA2016 and holds a practising certificate issued by the Registrar of Companies.</p> <p>The Company Secretary advises the Board on matters relating to corporate governance, compliance with Main Market Listing Requirements of Bursa Malaysia Securities Berhad and other applicable laws and regulations. She ensures that Board procedures are followed and that all applicable rules and requirements are complied with.</p> <p>All Directors have unrestricted access to the advice and services of the Company Secretary to enable them to discharge their duties effectively. Directors are also entitled to seek independent professional advice at the Company's expense, where necessary, in the course of their duties.</p> <p>The Company Secretary attends all Board and Board Committee meetings and ensures that deliberations and decisions are accurately recorded. Matters arising from Board meetings are tracked and followed up with Management until they are satisfactorily resolved.</p> <p>The Company Secretary also keeps abreast of relevant regulatory developments and continuously enhances her professional knowledge by attending training programmes to ensure the provision of effective governance support to the Board.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 1.6

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

Application	: Applied
Explanation on application of the practice	<p>The Board meets on a quarterly basis and additionally as and when required. An annual meeting calendar is prepared and circulated to the Directors at the beginning of each financial year to facilitate effective planning. The calendar includes scheduled dates for Board meetings, the Annual General Meeting, as well as the closed periods for dealings in securities by Directors in accordance with the targeted dates of the Group's quarterly results announcements.</p> <p>Prior to each Board Meetings, Directors are provided with the meeting agenda together with relevant Board papers containing comprehensive information on financial, operational and corporate matters. These materials are circulated in advance, normally five (5) days prior to the meetings, to allow sufficient time for review, deliberation and to seek clarification from Management or Company Secretary, where necessary.</p> <p>All deliberations and decisions of the Board are properly recorded in the minutes of meetings. The minutes are circulated to all Directors in a timely manner for their review and confirmation. Directors may request clarification or propose amendments to the minutes prior to confirmation.</p> <p>To facilitate more focused and independent deliberations, the Board Committees meet separately from the Board to consider matters within their respective scope. The Board is supported by the following Committees:</p> <ul style="list-style-type: none">i) Audit Committee ("AC");ii) Joint Remuneration & Nomination Committee("JRNC");iii) Risk Management Committee("RMC");iv) Anti-Bribery & Corruption Compliance Committee ("ABCCC"); andv) Corporate Sustainability Committee ("CSC") <p>The Chairman of each Committee reports to the Board on key matters deliberated, including any recommendations requiring the Board's consideration and approval.</p> <p>The Company Secretary ensures that action items arising from Board and Board Committee meetings are tracked and followed up with</p>

	Management. Such matters remain as matters arising in subsequent meetings until they are satisfactorily resolved.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 2.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is guided by a formal Board Charter, which sets out the roles, responsibilities and authority of the Board, Board Committees, individual Directors and Management. The Board Charter is available on the Company's website at www.desb.net under INVESTOR RELATIONS - Corporate Governance-Board Charter.</p> <p>The Board Charter serves as a key governance document in ensuring clarity in the division of responsibilities and accountability across the Group. It clearly defines the matters reserved for the Board, including strategic direction, oversight of financial and operational performance, risk management, internal controls and sustainability-related matters.</p> <p>The roles and responsibilities of the Chairman, Managing Director, Senior Independent Non-Executive Director, Executive Directors and Non-Executive Directors are also clearly articulated in the Board Charter, ensuring a clear demarcation of duties and effective functioning of the Board.</p> <p>The Board has established Board Committees, namely the Audit Committee ("AC"), Joint Remuneration & Nomination Committee ("JRNC"), Risk Management Committee ("RMC") Anti-Bribery & Corruption Compliance Committee ("ABCCC") and Corporate Sustainability Committee ("CSC") each operating within clearly defined Terms of Reference. These Committees assist the Board in discharging of its responsibilities, while the Board retains overall accountability for all decisions.</p> <p>The Senior Independent Non-Executive Director serves as a designated point of contact for shareholders and other stakeholder to convey concerns, and his/her contact details are disclosed in the Company's Annual Report.</p> <p>The Chairman of each Board Committee reports to the Board on key matters deliberated at the respective Committee meetings, including</p>

	<p>any recommendations requiring the Board's consideration and approval.</p> <p>The Board Charter was first adopted on 22 February 2017 and subsequently revised on 10 April 2019. During the financial year under review, the Board has further reviewed and updated the Board Charter on 11 February 2026 to ensure that it remains relevant and aligned with applicable laws, regulatory requirements, and evolving corporate governance practices, including sustainability and climate-related governance expectations.</p>	
<p>Explanation for departure</p>	<p>:</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>	<p>:</p>	
<p>Timeframe</p>	<p>:</p>	

Intended Outcome

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

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

Practice 3.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is committed to promoting a culture of integrity, transparency and ethical conduct across the Group. In this regard, the Board has established a Code of Conduct and Ethics for Directors, which forms part of the Board Charter and sets out the principles and standards expected of Directors in discharging their duties.</p> <p>The Code of Conduct and Ethics outlines key requirements relating to, among others, conflict of interest, confidentiality of information, insider trading, protection of the Group's assets, and compliance with applicable laws and regulations. It serves as a guiding framework to ensure that Directors uphold the highest standards of personal and professional conduct.</p> <p>In addition, the Group has established a Code of Ethics applicable to employees, which governs day-to-day business conduct and reinforces the importance of ethical behaviour across all levels of the organisation. Directors and employees are expected to observe high standards of integrity and to comply with all applicable laws, rules and regulations in the performance of their duties.</p> <p>To further strengthen its governance framework, the Group has implemented the following policies and procedures:</p> <ul style="list-style-type: none">• Anti-Bribery and Corruption Policy, adopted on 28 May 2020, in line with Section 17A of the Malaysian Anti-Corruption Commission Act 2009 (as amended in 2018), which sets out the Group's commitment to preventing bribery and corruption and outlines the expected standards of conduct;• Conflict of Interest Policy, adopted on 21 November 2024, which provides guidance on the identification, disclosure and management of actual, potential or perceived conflicts of interest; and

	<ul style="list-style-type: none"> • Whistleblowing Policy, which provides a platform for employees and stakeholders to report improper conduct in a confidential manner, with appropriate safeguards in place. <p>The Group communicates these policies to employees through training, awareness programmes and internal communications. Newly appointed employees are briefed on the relevant policies and are required to acknowledge their understanding and commitment.</p> <p>The Code of Conduct and Ethics, together with the above policies, are available on the Company’s website at www.desb.net under Investor Relations – Corporate Governance.</p>	
Explanation for departure :		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure :		
Timeframe :		

Intended Outcome

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

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

Practice 3.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company has established a Whistleblowing Policy which provides a formal and transparent mechanism for employees and external stakeholders to report any improper conduct within the Group.</p> <p>The Policy is designed to encourage the reporting of concerns in good faith and ensures that such disclosures are treated with strict confidentiality and fairness. The Group is committed to protecting whistle-blowers against any form of retaliation or adverse consequences arising from disclosures made in good faith.</p> <p>The Whistleblowing Policy provides a confidential avenue for reporting matters which include, among others:</p> <ul style="list-style-type: none">i) criminal offences, unlawful acts, fraud, corruption and bribery;ii) non-compliance with legal or regulatory requirements;iii) misuse of the Group's funds or assets;iv) acts or omissions that may endanger the health, safety of employees, the public or the environment;v) unsafe work practices or improper use of the Group's resources;vi) abuse of power or authority; andvii) deliberate concealment of information, including the provision of false or misleading information. <p>Reports may be made on a confidential or anonymous basis. While anonymous disclosures may be more difficult to investigate, the Group will consider and assess such reports appropriately.</p> <p>All reported cases are assessed and handled in a fair and equitable manner, with appropriate actions taken based on the nature and severity of the allegation.</p> <p>To ensure independence and objectivity, the whistleblowing channel allows reports to be escalated directly to the Chairman of the Audit Committee, who is also an Independent Non-Executive Director. This strengthens the integrity of the reporting and investigation process.</p>

	The Whistleblowing Policy was adopted by the Board on 10 April 2019 and subsequently revised on 21 August 2025. The Policy is available on the Company's website at www.desb.net under Investor Relations – Corporate Governance.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.1

The board together with management takes responsibility for the governance of sustainability in the company including setting the company's sustainability strategies, priorities and targets.

The board takes into account sustainability considerations when exercising its duties including among others the development and implementation of company strategies, business plans, major plans of action and risk management.

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board recognises that sustainability, including environmental, social and governance ("ESG") considerations, is integral to the Group's long-term value creation, resilience and overall business strategy.</p> <p>The Board has ultimate responsibility for the governance of sustainability and ensures that sustainability considerations are embedded into the Group's strategic direction. This includes overseeing the establishment of appropriate governance structures, as well as the setting of sustainability strategies, priorities and targets.</p> <p>In discharging its responsibilities, the Board takes into account sustainability considerations when reviewing and approving the Group's strategies, business plans and risk management framework. Sustainability-related risks and opportunities, including environmental and social considerations, are integrated into the Group's enterprise risk management processes.</p> <p>The Board is supported by the Corporate Sustainability Committee ("CSC"), which oversees the Group's sustainability strategies, initiatives, stakeholder engagement and disclosures, including climate-related matters, and makes recommendations to the Board. The Risk Management Committee ("RMC") complements this by overseeing the identification, assessment and monitoring of sustainability and climate-related risks within the Group's risk management framework.</p> <p>The development and implementation of sustainability strategies, initiatives and targets are driven by Management, who are responsible for executing the Board's direction and integrating sustainability considerations into the Group's operations and decision-making processes.</p>

	<p>The Group formalised its Sustainability Policy on 22 February 2024, which was subsequently reviewed and revised by the Board on 11 February 2026 to ensure its continued relevance and alignment with evolving regulatory requirements and sustainability practices. Guided by this Policy, the Group has established an ESG Management Framework to provide structured guidance on sustainability governance, processes, performance monitoring and stakeholder engagement.</p> <p>The Sustainability Policy and ESG Management Framework support the Group’s ongoing efforts to strengthen its sustainability practices and enhance its sustainability-related disclosures in line with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and evolving regulatory expectations.</p>	
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board ensures that the Group's sustainability strategies, priorities, targets and performance are appropriately communicated to both internal and external stakeholders.</p> <p>The oversight of sustainability is supported by a governance structure established by the Board, which ensures that sustainability considerations are aligned with the Group's long-term strategy and value creation. The Board, together with Management, is responsible for setting sustainability strategies, priorities and targets, and monitoring performance against these targets.</p> <p>The Group adopts a structured approach to stakeholder engagement through various communication channels to facilitate effective two-way communication. These engagements enable the Group to better understand stakeholders' interests and concerns, including sustainability-related matters, and to incorporate such feedback into the Group's strategic decision-making processes.</p> <p>The Group communicates its sustainability strategies, priorities, targets and performance to stakeholders through multiple channels. For internal stakeholders, including employees, the Group utilises formal and informal communication platforms such as internal policies, corporate intranet and meetings to ensure alignment and awareness of sustainability initiatives.</p> <p>For external stakeholders, including business partners and vendors, relevant policies and expectations, including sustainability-related requirements, are communicated as part of engagement processes. Where applicable, sustainability-related matters such as environmental and labour practices are taken into account in managing business relationship and engagements.</p> <p>The Group also communicates its sustainability performance and initiatives through its Annual Report, Sustainability Statement and corporate website, providing transparency to shareholders and the wider stakeholder community on its approach to managing sustainability matters.</p>

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

Intended Outcome

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

Practice 4.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board recognises the importance of staying informed on sustainability matters, including environmental, social and climate-related risks and opportunities relevant to the Group’s operations and industry.</p> <p>In line with the Group’s Sustainability Policy, the Group adopts a proactive approach in managing sustainability matters, including compliance with applicable environmental and social laws and regulations, responsible resource utilisation, and the incorporation of climate-related considerations into its business operations and long-term strategies.</p> <p>At the operational level, Management conducts regular reviews of business performance, which include monitoring compliance with environmental regulatory requirements. Environmental Regulatory Compliance Monitoring (“ERCM”) reporting is performed on a monthly basis to facilitate close monitoring of environmental performance, as well as to identify and address environmental issues and regulatory developments in a timely manner.</p> <p>Internal audits are also carried out periodically to assess the adequacy and effectiveness of internal controls relating to environmental compliance and performance.</p> <p>The Board is regularly updated on the outcomes of these sustainability and environmental management initiatives. In addition, the Board is briefed on sustainability matters, including emerging trends, regulatory developments and industry-related issues, to enhance its understanding and oversight of sustainability-related risks and opportunities, including climate-related considerations.</p> <p>The Executive Directors, who are involved in the day-to-day management of the Group, are continuously exposed to sustainability-related matters and provide updates to the Board during deliberations.</p> <p>The Board also ensures that Directors’ training needs are assessed on an ongoing basis, including training on sustainability-related topics where relevant. Directors are kept informed through briefings by Management, external auditors and consultants on developments in</p>

	the industry, emerging risks and new regulatory requirements, including those relating to sustainability and climate-related matters.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.4

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board, through the Joint Remuneration & Nomination Committee ("JRNC"), undertakes an annual evaluation of the Board, Board Committees and individual Directors. The evaluation framework includes assessments on, among others, Directors' contribution and performance, understanding of the Group's business and risks, and the effectiveness of Board Committees.</p> <p>In this regard, sustainability-related considerations are embedded within the evaluation process, particularly through the assessment of the effectiveness of the Corporate Sustainability Committee ("CSC") in overseeing the Group's sustainability strategies, initiatives and key performance indicators, as well as the Board's overall oversight of risk management and business sustainability.</p> <p>The evaluation of the Board and Board Committees also considers aspects such as understanding of business risks, effectiveness of processes and procedures, and the discharge of roles and responsibilities, which encompass sustainability and climate-related considerations as part of the Group's overall risk management and governance framework.</p> <p>At the Management level, the Managing Director and Deputy Managing Director, together with relevant Management personnel, are responsible for overseeing the management of the Group's material sustainability matters. This includes the implementation of sustainability strategies and initiatives, as well as ensuring that sustainability-related risks and opportunities are identified, assessed and integrated into the Group's risk management processes.</p> <p>The performance of Senior Management is assessed based on, among others, the effective execution of the Group's strategies, including sustainability-related initiatives and the management of key risks and opportunities.</p>
Explanation for departure	:	

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

Measure :		
Timeframe :		

Intended Outcome

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

Practice 4.5- Step Up

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

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 5.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board, through the Joint Remuneration & Nomination Committee ("JRNC"), undertakes an annual review of the composition of the Board to ensure that it comprises an appropriate mix of skills, knowledge, experience, independence and diversity required to meet the current and future needs of the Group.</p> <p>In line with its Terms of Reference, the JRNC assesses the effectiveness of the Board as a whole, the Board Committees and individual Directors on an annual basis. The evaluation includes, among others, Directors' contribution, performance, calibre and ability to discharge their responsibilities effectively.</p> <p>The re-election of Directors at the Annual General Meeting is contingent upon satisfactory evaluation of their performance and contribution, as assessed by the JRNC. This ensures that only Directors who continue to demonstrate effectiveness and commitment remain on the Board.</p> <p>In accordance with Article 93 of the Company's Constitution, one-third (1/3) of the Directors shall retire by rotation at each Annual General Meeting and are eligible for re-election. The JRNC reviews the Directors who are due for retirement and makes recommendations to the Board, taking into consideration their performance, contribution and tenure.</p> <p>The tenure of Independent Non-Executive Directors is also reviewed by the JRNC in line with the Malaysian Code on Corporate Governance, which recommends a cumulative term limit of nine (9) years. Any continuation beyond this period is subject to the appropriate justification and approval, where applicable.</p> <p>The Board has also established a Directors' Fit and Proper Policy ("FPP"), adopted on 30 June 2022, which sets out the criteria to ensure that Directors possess the necessary character, integrity, competence, experience and time commitment to effectively discharge their roles. The FPP is applied in the appointment, re-election and evaluation of Directors.</p>

	The Directors' Fit and Proper Policy is available on the Company's website at www.desb.net under Investor Relations – Corporate Governance.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.2

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

Application	:	Departure															
Explanation on application of the practice	:																
Explanation for departure	:	<p>The present composition of the Board complied with Paragraph 15.02(1) of the Listing Requirements of Bursa Malaysia Securities Berhad which requires at least 2 directors or one-third (1/3) of the board of directors of a listed issuer, whichever is higher, are independent directors.</p> <p>The current composition of the Board complies with Paragraph 15.02(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, which requires at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, to be independent.</p> <p>However, the Board acknowledges that it does not meet the recommended practice under the Malaysian Code on Corporate Governance, which requires at least half of the Board to comprise Independent Directors.</p> <p>As at 21 April 2026, the composition of the Board is as follows:</p> <table border="1"><thead><tr><th>Designation</th><th>Number of Directors</th><th>Percentage (%)</th></tr></thead><tbody><tr><td>Executive Directors</td><td>5</td><td>45</td></tr><tr><td>Independent Non-Executive Directors</td><td>5</td><td>45</td></tr><tr><td>Non-Independent Non-Executive Director</td><td>1</td><td>10</td></tr><tr><td>Total</td><td>11</td><td>100</td></tr></tbody></table>	Designation	Number of Directors	Percentage (%)	Executive Directors	5	45	Independent Non-Executive Directors	5	45	Non-Independent Non-Executive Director	1	10	Total	11	100
Designation	Number of Directors	Percentage (%)															
Executive Directors	5	45															
Independent Non-Executive Directors	5	45															
Non-Independent Non-Executive Director	1	10															
Total	11	100															
		<p>Notwithstanding the above, the Board ensures that independent judgement and objectivity in decision-making are preserved through the following measures:</p> <ul style="list-style-type: none">The presence of five (5) Independent Non-Executive Directors, representing 45% of the Board, provides a strong independent															

	<p>element capable of exercising objective judgement and effective oversight over Management;</p> <ul style="list-style-type: none"> • Independent Directors actively participate in Board deliberations and provide constructive challenge to Management to ensure that decisions are made in the best interests of the Company and its stakeholders; • Key Board Committees, namely the Audit Committee (“AC”) and Joint Remuneration & Nomination Committee (“JRNC”), are composed exclusively or predominantly of Independent Non-Executive Directors, ensuring independent oversight over financial reporting, governance, Board composition and remuneration matters; • The Chairman of the Audit Committee is an Independent Director, providing an additional layer of independence in overseeing the integrity of financial reporting and internal control systems; • The Board, through the JRNC, undertakes annual evaluations of the Board, Board Committees and individual Directors to ensure continued effectiveness, independence and objectivity in decision-making; and • The Board maintains a balanced composition of skills, experience and perspectives, which supports robust deliberation and sound decision-making. <p>The Board is of the view that the current composition remains effective in ensuring objective and independent decision-making, while continuing to review its composition from time to time to align with evolving governance expectations.</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure</p>	<p>: Please explain the measure(s) the company has taken or intend to take to adopt the practice.</p>
<p>Timeframe</p>	<p>: Choose an item.</p>

Intended Outcome

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

Practice 5.3

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

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

Application	:	Applied										
Explanation on application of the practice	:	<p>The Board recognises the importance of maintaining independence and objectivity in its composition. In line with the Malaysian Code on Corporate Governance, the tenure of Independent Non-Executive Directors is monitored to ensure it does not exceed a cumulative term limit of nine (9) years.</p> <p>As at 31 March 2026, all Independent Non-Executive Directors of the Company have served on the Board for less than nine (9) years. Accordingly, no Independent Director has exceeded the recommended tenure limit, and there is no requirement for re-designation or shareholders’ approval for retention as Independent Directors.</p> <p>The tenure of Independent Directors is reviewed annually by the Joint Remuneration & Nomination Committee (“JRNC”) as part of the Board evaluation process to ensure that their independence, objectivity and effectiveness are not compromised.</p> <p>The Directors’ length of service is disclosed in the profiles of the Board of Directors in this Annual Report and is summarised as follows:</p> <table border="1"> <thead> <tr> <th>Years of Service (#)</th> <th>0 < # ≤ 1</th> <th>1 < # ≤ 3</th> <th>3 < # ≤ 6</th> <th>6 < # ≤ 9</th> </tr> </thead> <tbody> <tr> <td>Number of Directors</td> <td>0</td> <td>3</td> <td>0</td> <td>2</td> </tr> </tbody> </table>	Years of Service (#)	0 < # ≤ 1	1 < # ≤ 3	3 < # ≤ 6	6 < # ≤ 9	Number of Directors	0	3	0	2
Years of Service (#)	0 < # ≤ 1	1 < # ≤ 3	3 < # ≤ 6	6 < # ≤ 9								
Number of Directors	0	3	0	2								
Explanation for departure	:											
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>												
Measure	:											

Timeframe	:		
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Intended Outcome

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

Practice 5.4 - Step Up

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

Note: To qualify for adoption of this Step Up practice, a listed issuer must have a formal policy which limits the tenure of an independent director to nine years without further extension i.e. shareholders' approval to retain the director as an independent director beyond nine years.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 5.5

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

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

Application	: Applied						
Explanation on application of the practice	<p data-bbox="571 745 1385 871">: The Board, through the Joint Remuneration & Nomination Committee (“JRNC”), ensures that appointments to the Board and Senior Management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.</p> <p data-bbox="571 913 1385 1102">In recommending candidates for appointment or re-election, the JRNC undertakes a comprehensive assessment in accordance with the Directors’ Fit and Proper Policy. The assessment includes, among others, the candidate’s integrity, character, competence, experience, independence, time commitment and ability to effectively discharge their roles and responsibilities.</p> <p data-bbox="571 1144 1385 1375">The assessment is conducted based on a combination of annual performance evaluation results, self and peer assessments, as well as relevant declarations by the Directors. The JRNC also considers the Directors’ contribution to the Board and Board Committees, including their participation in deliberations, quality of input and understanding of the Group’s business and operations, prior to making its recommendations to the Board.</p> <p data-bbox="571 1417 1385 1543">The Board continuously reviews its composition to ensure an appropriate balance of skills, knowledge, experience and independence to support the effective discharge of its responsibilities and the Group’s long-term strategic objectives.</p> <p data-bbox="571 1585 1385 1648">The current Board comprises individuals with diverse backgrounds and expertise. The collective skills and competencies of the Board include:</p> <table border="1" data-bbox="571 1680 1365 1883"> <thead> <tr> <th data-bbox="578 1688 873 1719">Skill/Competence</th> <th data-bbox="873 1688 1365 1719">Description</th> </tr> </thead> <tbody> <tr> <td data-bbox="578 1719 873 1785">Leadership</td> <td data-bbox="873 1719 1365 1785">Overall stewardship, business leadership and experience in public listed companies</td> </tr> <tr> <td data-bbox="578 1785 873 1883">Strategy and Entrepreneurial Acumen</td> <td data-bbox="873 1785 1365 1883">Business development, project management and evaluation of opportunities</td> </tr> </tbody> </table>	Skill/Competence	Description	Leadership	Overall stewardship, business leadership and experience in public listed companies	Strategy and Entrepreneurial Acumen	Business development, project management and evaluation of opportunities
Skill/Competence	Description						
Leadership	Overall stewardship, business leadership and experience in public listed companies						
Strategy and Entrepreneurial Acumen	Business development, project management and evaluation of opportunities						

	Sustainability and Stakeholder Management	Corporate governance, investor relations, stakeholder engagement and regulatory matters																								
	Technical	Oil and gas, construction, contracting, procurement, information technology and related fields																								
	Finance and Corporate	Accounting, audit, legal, corporate finance and risk management																								
	<p>The Board also recognises the importance of diversity and maintains an appropriate mix in terms of ethnicity, age and gender, as set out below:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th colspan="4">Race/Ethnicity</th> </tr> <tr> <th></th> <th>Malay</th> <th>Chinese</th> <th>Others</th> </tr> </thead> <tbody> <tr> <td>Number of Directors</td> <td>5</td> <td>5</td> <td>1</td> </tr> </tbody> </table> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Score Range</th> <th>≥ 75</th> <th>70 – 74</th> <th>60 – 69</th> <th>50 – 59</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>No. of Directors</td> <td>1</td> <td>2</td> <td>2</td> <td>6</td> <td>11</td> </tr> </tbody> </table> <p>Appointments to Senior Management are also made based on merit and objective criteria, taking into account diversity in skills, experience and background to support the Group’s operational and strategic requirements.</p> <p>The profiles of the Directors and Senior Management are disclosed in this Annual Report.</p>		Race/Ethnicity					Malay	Chinese	Others	Number of Directors	5	5	1	Score Range	≥ 75	70 – 74	60 – 69	50 – 59	Total	No. of Directors	1	2	2	6	11
Race/Ethnicity																										
	Malay	Chinese	Others																							
Number of Directors	5	5	1																							
Score Range	≥ 75	70 – 74	60 – 69	50 – 59	Total																					
No. of Directors	1	2	2	6	11																					
Explanation for departure	:																									
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>																										
Measure	:																									
Timeframe	:																									


Intended Outcome




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

Practice 5.6

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board, through the Joint Remuneration & Nomination Committee (“JRNC”), is responsible for identifying and recommending suitable candidates for appointment to the Board, taking into consideration the required mix of skills, experience, competence and diversity to support the Group’s strategic objectives.</p> <p>In assessing potential candidates, the JRNC applies the Directors’ Fit and Proper Policy, which includes evaluation of the candidate’s character, integrity, competence, experience, independence, time commitment and ability to effectively discharge their roles and responsibilities.</p> <p>The sourcing of candidates is not limited to recommendations from existing Directors, Management or major shareholders. While such recommendations may be considered, the JRNC also has the flexibility to utilise independent sources, including external professional networks and industry contacts, to identify suitably qualified candidates where appropriate.</p> <p>During the financial year, the JRNC undertook a structured assessment process, which included evaluation based on performance criteria, self and peer assessments and consideration of the candidate’s contribution, participation and understanding of the Group’s business, prior to making recommendations to the Board.</p> <p>The process adopted by the Group for the appointment of Directors is as follows:</p> <p style="text-align: center;">Nomination of a new director</p> <p style="text-align: center;"></p> <p style="text-align: center;">Evaluation & assessment of the candidate by Joint Remuneration & Nomination Committee</p>

	<p style="text-align: center;">  Meeting the candidate, if necessary  If suitable, JRNC recommends the appointment of the candidate to the Board  Board shall appoint the candidates as director, if deemed fit. The Board is satisfied that the current process ensures that the selection of candidates is conducted in an objective and structured manner, taking into account a wide range of considerations and not solely dependent on recommendations from internal sources. </p>		
Explanation for departure :			
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure :			
Timeframe :	<table border="1" style="width: 100%; height: 40px;"> <tr> <td style="width: 50%;"></td> <td style="width: 50%;"></td> </tr> </table>		

Intended Outcome

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

Practice 5.7

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board ensures that shareholders are provided with sufficient and relevant information to enable them to make informed decisions on the appointment and re-appointment of Directors.</p> <p>The profiles of Directors are disclosed in the Annual Report and on the Company's website, which include, among others, their age, gender, tenure, qualifications, experience, directorships in other companies, shareholdings in the Company, as well as any conflict of interest or potential competing interest.</p> <p>For Independent Non-Executive Directors, the Board also assesses and discloses their independence, taking into consideration their ability to exercise objective judgement and act in the best interests of the Company.</p> <p>The appointment and re-election of Directors are based on the recommendation of the Joint Remuneration & Nomination Committee ("JRNC"), following a comprehensive assessment in accordance with the Directors' Fit and Proper Policy adopted on 30 June 2022.</p> <p>In assessing Directors for re-election at the forthcoming Annual General Meeting ("AGM"), the JRNC takes into consideration, among others:</p> <ol style="list-style-type: none">1. the Directors' performance and contribution based on the annual Board evaluation, including self and peer assessments;2. the Directors' level of participation and quality of input in Board and Board Committee deliberations;3. the Directors' independence, where applicable, and their ability to act in the best interests of the Company;4. the Directors' character, integrity, competence and experience in line with the Fit and Proper criteria; and5. the Directors' time commitment and ability to effectively discharge their responsibilities.

	<p>Based on the assessment undertaken, the Board, having considered the recommendations of the JRNC, is satisfied that the Directors who are standing for re-election continue to demonstrate the necessary commitment, competence and independence, and supports their re-election at the forthcoming AGM.</p> <p>In accordance with Clause 93(a) of the Company's Constitution, one-third (1/3) of the Directors shall retire by rotation at each AGM and are eligible for re-election. Newly appointed Directors shall hold office until the next AGM and shall then be eligible for re-election.</p> <p>Details of the Directors standing for election and re-election are set out in the Notice of AGM.</p>	
<p>Explanation for departure</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>		
<p>Timeframe</p>		

Intended Outcome

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

Practice 5.8

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Joint Remuneration & Nomination Committee (“JRNC”) is chaired by Encik Zahirudin Khan Bin Asghar Khan, who is an Independent Non-Executive Director of the Company.</p> <p>This arrangement ensures that the nomination process is led by an independent member of the Board, thereby promoting objectivity in the assessment, selection and recommendation of candidates for appointment to the Board.</p> <p>The profile of Encik Zahirudin Khan Bin Asghar Khan is set out in this Annual Report.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.9

The board comprises at least 30% women directors.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board recognises the importance of gender diversity in enhancing the effectiveness of Board deliberations and decision-making.</p> <p>As at the date of this report, the Company has eleven (11) Directors, of whom five (5) are female Directors, representing approximately 45% of the Board, thereby exceeding the 30% threshold recommended under the Malaysian Code on Corporate Governance.</p> <p>The female Directors on the Board are as follows:</p> <ol style="list-style-type: none"> 1) Mdm Jeanita Anak Gamang 2) Datu Hasmawati Binti Sapawi 3) Puan Siti Nazrah Binti Ahmad Zaiden 4) Professor Dr Ho Poh Ling 5) Ms. Wong Ping Eng <p>The Board remains committed to maintaining an appropriate level of gender diversity and will continue to consider diversity, including gender, as part of its succession planning and Board composition review.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.10

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Board acknowledges the recommendation of the Malaysian Code on Corporate Governance for the establishment and disclosure of a formal gender diversity policy for the Board and Senior Management.</p> <p>While the Company does not currently have a formalised gender diversity policy, the Board is committed to promoting diversity and inclusion as part of its overall approach to Board composition and succession planning.</p> <p>As at the date of this report, the Board comprises five (5) female Directors, representing approximately 45% of the Board, which exceeds the 30% threshold recommended under the Malaysian Code on Corporate Governance.</p> <p>In the appointment and re-election of Directors and Senior Management, the Board, through the Joint Remuneration & Nomination Committee ("JRNC"), adopts a merit-based approach, taking into consideration a range of factors including skills, experience, competence, character, integrity, time commitment and diversity, including gender, to ensure an appropriate balance and effective composition of the Board.</p> <p>The Board is of the view that this approach has enabled the Company to achieve a diverse Board composition while maintaining high standards of governance. The Board will continue to assess the need to formalise a gender diversity policy as part of its ongoing efforts to enhance its governance practices.</p> <p>Please provide an alternative practice and explain how the alternative practice meets the intended outcome.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.

Timeframe	:	Choose an item.	
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Intended Outcome

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

Practice 6.1

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

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

<i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i>	
Application	: Applied
Explanation on application of the practice	: <p>The Board, through the Joint Remuneration & Nomination Committee ("JRNC"), undertakes an annual formal and objective evaluation to assess the effectiveness of the Board, Board Committees and individual Directors.</p> <p>The evaluation is conducted using structured and customised questionnaires, which include self and peer assessments. The assessment covers, among others, the Board's structure, operations, roles and responsibilities, effectiveness of Board Committees, leadership of the Chairman, as well as the performance, contribution and participation of each Director.</p> <p>In addition, the JRNC undertakes specific evaluations including:</p> <ul style="list-style-type: none">i) the performance of the Audit Committee and its members, covering composition, independence, quality of deliberations and effectiveness of oversight; andii) the assessment of the independence of Independent Non-Executive Directors. <p>The Directors' self and peer assessments also consider the mix of skills, experience and the ability of each Director to contribute effectively and exercise independent judgement in Board deliberations.</p> <p>Based on the annual evaluation conducted for the financial year 2025, the JRNC and the Board were satisfied that the Board, Board Committees and individual Directors have effectively discharged their duties and responsibilities and continue to demonstrate the necessary commitment and capability in carrying out their roles.</p> <p>The results of the evaluation were also considered by the JRNC in reviewing the composition of the Board, including the re-election of</p>

	<p>Directors, to ensure that the Board continues to comprise individuals with the appropriate mix of skills, experience and independence.</p> <p>The evaluation process is conducted internally by the Company. The Board will consider engaging an independent external expert to facilitate the evaluation process periodically, where appropriate, in line with best corporate governance practices.</p>	
<p>Explanation for departure</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>		
<p>Timeframe</p>		

Intended Outcome

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

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

Practice 7.1

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>While the Company does not have a formalised remuneration policy, the Board, through the Joint Remuneration & Nomination Committee ("JRNC"), adopts a structured and transparent approach in determining the remuneration of Directors and Senior Management.</p> <p>The JRNC reviews and recommends the remuneration packages of Executive Directors for the Board's approval, taking into consideration, among others, the demands, complexities and performance of the Group, as well as the skills, experience, responsibilities and contributions of the individual.</p> <p>The remuneration of Non-Executive Directors, including Directors' fees and meeting allowances, is recommended by the Board and subject to shareholders' approval at the Annual General Meeting ("AGM").</p> <p>The remuneration structure reflects the different roles and responsibilities of Directors:</p> <ul style="list-style-type: none">• Executive Directors The remuneration package comprises both fixed and variable components, including salary, incentives, bonuses and other benefits, which are linked to performance and contribution to the Group's long-term objectives.• Non-Executive Directors Non-Executive Directors receive Directors' fees and meeting allowances commensurate with their responsibilities and experience. They do not participate in performance-based

	<p>incentive schemes to preserve their independence and objectivity.</p> <p>The Board ensures that remuneration decisions are made through an objective and independent process, where no Director is involved in determining their own remuneration.</p> <p>The Board will consider formalising a remuneration policy as part of its continuous efforts to enhance its corporate governance practices.</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>	<p>:</p>	<p>Please explain the measure(s) the company has taken or intend to take to adopt the practice.</p>
<p>Timeframe</p>	<p>:</p>	<p>Choose an item.</p>

Intended Outcome

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

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

Practice 7.2

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has established a Joint Remuneration & Nomination Committee ("JRNC") to assist the Board in reviewing and recommending matters relating to the remuneration of Directors and Senior Management.</p> <p>The JRNC operates within its Terms of Reference ("TOR"), which sets out its roles, responsibilities and authority, including the review and recommendation of remuneration packages for Executive Directors and Senior Management to the Board for approval.</p> <p>During the financial year under review, the JRNC comprised three (3) Independent Non-Executive Directors, thereby ensuring that remuneration decisions are deliberated independently and objectively.</p> <p>In discharging its responsibilities, the JRNC considers, among others, the performance of the Group, individual contributions, level of responsibilities, market competitiveness and alignment with the Group's long-term objectives in recommending appropriate remuneration packages.</p> <p>The TOR of the JRNC is available on the Company's website at www.desb.net under Investor Relations – Corporate Governance.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 8.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company provides detailed disclosure of the remuneration of individual Directors on a named basis in the Annual Report.</p> <p>The remuneration of each Director is disclosed with a breakdown by component, which includes, where applicable, Directors' fees, salaries, bonuses, benefits-in-kind and other emoluments.</p> <p>This disclosure enables shareholders and stakeholders to assess the remuneration of Directors in relation to their roles, responsibilities and performance, taking into consideration the performance of the Group.</p>

No	Name	Directorate	Company ('000)							Group ('000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	Datuk Hasmi Bin Hasnan	Executive Director	693.4	72.0	1,049.3	2,500	-	435.4	4,750.1	693.4	72.0	1,049.3	2,500	-	435.4	4,750.1
2	Datuk Ling Suk Kiong	Executive Director	693.4	72.0	1,049.3	4,537.7	-	0.8	6,353.2	693.4	72.0	1,049.3	4,537.7	-	0.8	6,353.2
3	Tengku Dato' Yusof Bin Tengku Ahmad Shahrudin	Executive Director	693.4	72.0	1,051.3	4,537.7	-	679.3	7,033.7	693.4	72.0	1,051.3	4,537.7	-	679.3	7,033.7
4	Joe Ling Siew Loung@ Lin Shou Long	Executive Director	385.2	-	1,355.9	4,537.7	-	708.6	6,987.4	385.2	-	1,355.9	4,537.7	-	708.6	6,987.4
5	Jeanita Anak Gamang	Executive Director	72.0	-	-	-	-	-	72.0	72.0	18.0	278.1	66.7	-	42.9	477.7
6	Chin Hsiun	Independent Director	72.0	7.5	-	-	-	-	79.5	72.0	7.5	-	-	-	-	79.5
7	Ho Poh Ling	Independent Director	66.0	7.0	-	-	-	-	73.0	66.0	7.0	-	-	-	-	73.0
8	Koh Ek Chong	Independent Director	9.8	1.5	-	-	-	-	11.3	9.8	1.5	-	-	-	-	11.3
9	Datu Hasmawati Binti Sapawi	Independent Director	72.0	7.0	-	-	-	-	79.0	72.0	7.0	-	-	-	-	79.0
10	Siti Nazrah Binti Ahmad Zaiden	Independent Director	72.0	3.5	-	-	-	-	75.5	72.0	3.5	-	-	-	-	75.5
11	Wong Ping Eng	Non-Executive Non-Independent Director	61.9	5.5	-	-	-	-	67.4	61.9	5.5	-	-	-	-	67.4
12	Zahirudin Khan Bin Asghar Khan	Independent Director	61.9	2.5	-	-	-	-	64.4	61.9	2.5	-	-	-	-	64.4
13	Input info here	Independent Director	Input info here	Input info here	-	-	-	-	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
14	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

15	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
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Intended Outcome

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

Practice 8.2

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

Application	: Departure
Explanation on application of the practice	
Explanation for departure	<p>: The Board acknowledges the recommendation of the Malaysian Code on Corporate Governance to disclose the remuneration of the top five (5) Senior Management personnel on a named basis.</p> <p>For the purpose of this disclosure, Senior Management refers to key management personnel of the Group, who are not members of the Board, and who are responsible for the day-to-day operations and implementation of the Group's strategies, as disclosed in this Annual Report.</p> <p>However, the Company has not adopted this practice as the Board is of the view that the disclosure of Senior Management's remuneration on a named basis may give rise to confidentiality concerns, including potential implications on staff morale, retention and internal sensitivities.</p> <p>Notwithstanding the above, the Board ensures that there is a robust and structured process in place for determining the remuneration of Senior Management. The remuneration framework is reviewed by the Joint Remuneration & Nomination Committee ("JRNC"), taking into consideration, among others, individual performance, responsibilities, experience, as well as market competitiveness and the overall performance of the Group.</p> <p>The Board is satisfied that the current level of disclosure, together with the internal governance processes in place, provides sufficient transparency on the remuneration practices of the Company while safeguarding the confidentiality and stability of the organisation.</p> <p>Please provide an alternative practice and explain how the alternative practice meets the intended outcome.</p>

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

Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

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

Intended Outcome

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

Practice 8.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

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

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Chairman of the Audit Committee ("AC") is not the Chairman of the Board.</p> <p>During the financial year under review, the AC is chaired by Professor Dr Ho Poh Ling, who is an Independent Non-Executive Director, while the Chairman of the Board is Datuk Hasmi Bin Hasnan. This separation ensures that the objectivity of the Board's review of the AC's findings and recommendations is not impaired.</p> <p>The AC comprises four (4) members, of whom three (3) are Independent Non-Executive Directors and one (1) is a Non-Independent Non-Executive Director. The AC is therefore predominantly independent.</p> <p>The Chairman of the AC, Professor Dr Ho Poh Ling, is a Fellow of CPA Australia and a member of the Malaysian Institute of Accountants ("MIA"), bringing the necessary financial expertise to lead the Committee effectively.</p> <p>The Chairman of the Board is not a member of the AC, which is consistent with Practice 1.4 of the Malaysian Code on Corporate Governance.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board recognises the importance of safeguarding the independence of the Audit Committee.</p> <p>In this regard, the Company has adopted a policy whereby a former key audit partner of the external audit firm is required to observe a cooling-off period of at least three (3) years before being eligible for appointment as a member of the Audit Committee.</p> <p>During the financial year under review, none of the members of the Audit Committee were former key audit partners of the external auditors of the Company.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board recognises the importance of maintaining high standards of audit quality and ensuring the independence, objectivity and effectiveness of the external auditors in safeguarding the integrity and reliability of the Group's financial statements.</p> <p>The Audit Committee ("AC") has in place policies and procedures to assess the suitability, objectivity and independence of the external auditors.</p> <p>The AC conducts an annual assessment of the external auditors, which includes evaluation of, among others, their independence, objectivity, professional competence, audit quality, adequacy of resources, engagement team and overall effectiveness in carrying out the statutory audit.</p> <p>During the financial year under review, the external auditors, Messrs. KPMG PLT, presented their audit plan to the AC, outlining the audit scope, engagement team, timeline and key areas of audit focus.</p> <p>The AC also reviewed the performance of the external auditors in accordance with Paragraph 15.21(1)(j) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.</p> <p>In safeguarding the independence of the external auditors, the AC reviews the nature and scope of non-audit services ("NAS") provided by the external auditors. All NAS engagements are reviewed by the AC to ensure that such services do not impair the independence and objectivity of the external auditors, and are approved by the AC prior to being recommended to the Board for approval.</p> <p>Based on the assessment undertaken, the AC was satisfied with the suitability, objectivity and independence of KPMG PLT and recommended their re-appointment as external auditors of the Company for the ensuing financial year, subject to shareholders' approval at the forthcoming Annual General Meeting.</p>

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

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.5

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Audit Committee (“AC”) comprises members who collectively possess the necessary mix of skills, experience and knowledge to effectively discharge their roles and responsibilities. All members of the AC are financially literate and are able to understand and analyse matters relating to financial reporting, internal controls and audit processes.</p> <p>The Chairman of the AC is a member of a recognised professional accounting body, while the other members bring with them relevant industry, financial and commercial expertise, enabling the AC to effectively oversee the Group’s financial reporting process and related matters.</p> <p>The AC members are committed to continuous professional development and regularly attend relevant training programmes, seminars and conferences to keep themselves abreast of developments in accounting standards, auditing practices, regulatory requirements and corporate governance.</p> <p>In line with Paragraph 15.20 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Joint Remuneration & Nomination Committee (“JRNC”) undertakes an annual assessment on the performance and effectiveness of the AC and its members.</p> <p>Based on the evaluation conducted for the financial year 2025, the JRNC was satisfied that the AC had effectively discharged its duties in accordance with its Terms of Reference and recommended that its members be retained.</p>
Explanation for departure	:	

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

Intended Outcome

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

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

Practice 10.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board acknowledges its responsibility for maintaining a sound system of risk management and internal control to safeguard the Group’s assets and shareholders’ interests.</p> <p>The Group has established a Risk Management Framework and internal control system to manage risks affecting its business and operations. These systems are designed to manage, rather than eliminate, risks and therefore provide reasonable but not absolute assurance against material misstatements, losses or fraud.</p> <p>The Board is supported by the Audit Committee (“AC”), Risk Management Committee (“RMC”), Anti-Bribery and Corruption Compliance Committee (“ABCCC”) and Corporate Sustainability Committee (“CSC”) in overseeing the effectiveness of the Group’s risk management and internal control systems.</p> <p>A structured enterprise-wide risk management process is in place, whereby risk owners identify, assess and manage risks using risk registers and risk assessment tools, including impact and likelihood matrices.</p> <p>The Group’s risk management framework covers key risk areas, including strategic, operational, financial, regulatory and compliance, human resource, Health, Safety Security, and Environment, as well as sustainability and climate-related risks.</p> <p>The effectiveness of the framework is supported by ongoing monitoring and periodic reporting to the Board and its Committees, as set out in the Statement on Risk Management and Internal Control in this Annual Report.</p>
Explanation for departure	:	

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

Measure :		
Timeframe :		

Intended Outcome

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

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

Practice 10.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board, through the Risk Management Committee (“RMC”), oversees the Group’s risk management framework, including the identification, assessment, monitoring and mitigation of significant risks.</p> <p>The Group’s risk management and internal control framework incorporates structured processes, including the use of risk registers, risk assessment methodologies and defined risk ownership, to ensure risks are managed in a consistent and systematic manner.</p> <p>The Board receives regular updates on the effectiveness of the Group’s internal control systems, which encompass financial, operational and compliance controls, as well as risk management practices.</p> <p>The Audit Committee (“AC”) assists the Board in evaluating the adequacy and effectiveness of the internal control system by reviewing internal and external audit reports, including findings, recommendations and Management’s responses, to ensure that identified issues are addressed in a timely manner.</p> <p>The Board is satisfied that the Group’s risk management and internal control framework is adequate and effective in managing risks and safeguarding the Group’s assets. Further details of the features of the framework are set out in the Statement on Risk Management and Internal Control in the Company’s 2025 Annual Report.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	

Timeframe	:		
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Intended Outcome

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

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

Practice 10.3 - Step Up

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

Application :	Not Adopted
Explanation on adoption of the practice :	

Intended Outcome

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

Practice 11.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Audit Committee (“AC”) ensures that the internal audit function is effective and operates independently.</p> <p>The Group’s internal audit function is outsourced to an independent professional firm, Baker Tilly Consulting Sdn. Bhd., which provides independent and objective assurance to the AC on the adequacy and effectiveness of the Group’s governance, risk management and internal control processes.</p> <p>The internal audit function reports directly to the AC, thereby maintaining its independence from Management. The AC reviews and approves the internal audit plan, which is developed using a risk-based approach, and ensures that the scope, resources and competency of the internal audit function are adequate to discharge its responsibilities effectively.</p> <p>Internal audit reviews are conducted in accordance with the approved audit plan, and findings, recommendations and Management’s responses are reported to the AC. Follow-up reviews are also carried out to ensure that agreed corrective actions are implemented in a timely manner.</p> <p>Through these processes, the AC is satisfied that the internal audit function is effective and continues to provide independent assurance on the Group’s internal control environment.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 11.2

The board should disclose–

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Group’s internal audit function is outsourced to an independent professional firm, Baker Tilly Consulting Sdn. Bhd. (“Internal Audit”), which reports functionally to the Audit Committee (“AC”). This reporting line ensures that the internal audit function operates independently of Management and is free from any relationships or conflicts of interest that could impair its objectivity and independence.</p> <p>The internal audit function is staffed by qualified personnel from Baker Tilly, led by a designated engagement manager, with relevant professional qualifications and experience. The Audit Committee is satisfied that the internal audit team possesses the necessary expertise, competency and resources to effectively discharge its responsibilities.</p> <p>The internal audit activities are guided by a risk-based annual internal audit plan, which is reviewed and approved by the AC. The internal audit function is carried out in accordance with Baker Tilly’s internal audit methodology, which is aligned with the International Professional Practices Framework (“IPPF”) of the Institute of Internal Auditors.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 12.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board recognises the importance of maintaining effective, transparent and timely communication with shareholders and other stakeholders to facilitate informed decision-making and mutual understanding.</p> <p>The Company ensures regular dissemination of information through various communication channels, including Annual Reports, quarterly financial results, press releases and announcements on material corporate developments, in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.</p> <p>The Annual General Meeting ("AGM") serves as the principal platform for dialogue between the Board and shareholders. During general meetings, the Chairman encourages active participation from shareholders and provides opportunities for questions and clarifications, enabling shareholders to gain a better understanding of the Group's performance, governance and business direction.</p> <p>The Group's investor relations function is led by the Managing Director, Tengku Dato' Yusof Bin Tengku Ahmad Shahrudin, together with the Head of Corporate Affairs, Zaim Husni Bin Omar, who engage with shareholders, investors, analysts and the investment community.</p> <p>The Company also maintains a corporate website at www.desb.net, which provides accessible and up-to-date information on the Group's business, financial performance, corporate governance practices and Board and Management profiles.</p> <p>In addition, shareholders and stakeholders may raise concerns directly with the Senior Independent Non-Executive Director, Professor Dr Ho Poh Ling, who serves as an independent point of contact to address matters where direct communication with Management may not be appropriate.</p>
Explanation for departure	:	

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

Intended Outcome

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

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

Practice 12.2

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

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

Intended Outcome

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

Practice 13.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company provides its shareholders with adequate notice of general meetings to facilitate informed participation and decision-making.</p> <p>For the 19th Annual General Meeting (“AGM”), the Notice of AGM was issued to shareholders at least twenty-eight (28) days prior to the meeting and was also published in a national daily newspaper. This provided shareholders with sufficient time to consider the resolutions, attend the meeting or appoint proxies to attend and vote on their behalf.</p> <p>All items of special business included in the Notice of AGM were accompanied by explanatory notes to enable shareholders to make informed decisions.</p> <p>The Notice of the forthcoming 20th AGM, scheduled to be held on 21 May 2026, will likewise be issued at least twenty-eight (28) days in advance. Shareholders who are unable to attend the AGM in person are entitled to appoint proxy/proxies to attend, participate, speak and vote on their behalf.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 13.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board is committed to ensuring effective engagement with shareholders at general meetings, which serve as an important platform for dialogue between the Board, Management and shareholders.</p> <p>At the 19th Annual General Meeting (“AGM”) of the Company held on 22 May 2025, all Directors participated in the meeting, either physically or via appropriate means, demonstrating their commitment to engaging with shareholders.</p> <p>The Chairman of the meeting ensured that shareholders were given adequate opportunity and time to raise questions and express their views. Members of the Board, including the Chairpersons of the Audit Committee, Joint Remuneration & Nomination Committee, Risk Management Committee and other relevant Board Committees, were present to respond to questions addressed to them, providing meaningful and relevant clarifications to shareholders.</p> <p>The proceedings of the AGM were properly recorded, and the minutes of the meeting were made available on the Company’s website at www.desb.net within two (2) weeks after the meeting for shareholders’ reference.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 13.3

Listed companies should leverage technology to facilitate–

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

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Board acknowledges the recommendation of the Malaysian Code on Corporate Governance to leverage technology to facilitate voting, including voting in absentia and remote shareholders' participation at general meetings.</p> <p>Currently, the Company conducts its general meetings through physical attendance, where shareholders are entitled to attend, participate, speak and vote either in person or via proxy. The Company issues an Administrative Guide together with the Notice of AGM, which provides detailed information to shareholders on meeting arrangements, participation rights and proxy procedures.</p> <p>Shareholders who are unable to attend the AGM in person are allowed to appoint proxy/proxies to attend, participate, speak and vote on their behalf. A proxy need not be a member of the Company.</p> <p>The Board has considered the adoption of fully virtual or hybrid meeting arrangements and electronic voting facilities. At this juncture, the Board is of the view that the current mode of conducting general meetings remains effective in facilitating shareholder participation, taking into consideration the size and profile of the Company's shareholder base.</p> <p>Nevertheless, the Board remains open to leveraging appropriate technology, including electronic voting and remote participation, where suitable, and will continue to evaluate such initiatives as part of its efforts to enhance shareholder engagement.</p> <p>In ensuring good governance practices, the Company remains mindful of the importance of maintaining appropriate data privacy and security measures in the conduct of its general meetings and shareholder communications.</p>

	Please provide an alternative practice and explain how the alternative practice meets the intended outcome.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
Timeframe	:	Choose an item.

Intended Outcome

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

Practice 13.4

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

Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board, through the Chairman, ensures that general meetings provide an effective platform for meaningful engagement between the Board, Senior Management and shareholders.</p> <p>At the 19th Annual General Meeting (“AGM”) of the Company held on 22 May 2025, the Chairman facilitated an interactive meeting environment by encouraging active participation and ensuring that sufficient time was allocated for shareholders to raise questions and express their views.</p> <p>Members of the Board and Senior Management were present at the AGM to respond to queries raised by shareholders. No questions were submitted in advance, including from the Minority Shareholders Watch Group (“MSWG”).</p> <p>Shareholders, proxies and corporate representatives attending the AGM were also given the opportunity to raise questions during the meeting, all of which were addressed by the Board and Management in a clear and meaningful manner.</p> <p>The external auditors, Messrs. KPMG PLT, were present at the AGM in accordance with Section 285 of the Companies Act 2016 to respond to questions relating to the audit of the financial statements.</p>
Explanation for departure	:	

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

Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 13.5

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

Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.

Application	:	Not applicable – only physical general meetings were conducted in the financial year	
Explanation on application of the practice	:		
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 13.6

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

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>	
Application	: Applied
Explanation on application of the practice	: The Company ensures timely dissemination of the minutes of general meetings to shareholders. The Minutes of the 19th Annual General Meeting (“AGM”) held on 22 May 2025 were made available on the Company’s website at www.desb.net under Investor Relations within two (2) weeks after the AGM, which is within the recommended thirty (30) business days, allowing shareholders to have access to the proceedings of the meeting.
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:
Timeframe	:

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

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

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