**DAGANG NEXCHANGE BERHAD (REGISTRATION NO. 197001000738 (10039-P))**
**QUARTERLY REPORT ON CONSOLIDATED RESULTS**
**FOR THE FIRST QUARTER ENDED 31 MARCH 2024**

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DAGANG NEXCHANGE BERHAD
(Registration No. 197001000738 (10039-P))
Incorporated in Malaysia

## Quarterly Report On Consolidated Results For The First Quarter Ended 31 March 2024

**THE FIGURES HAVE NOT BEEN AUDITED**

### I CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| | INDIVIDUAL QUARTER | CUMULATIVE QUARTER |
|---|---|---|
| | Current year quarter 31/3/2024 RM'000 | Three months to 31/3/2024 RM'000 |
| **Revenue** | 309,818 | 309,818 |
| Cost of sales | (239,310) | (239,310) |
| Gross profit | 70,508 | 70,508 |
| Other income | 5,496 | 5,496 |
| Expenses | (57,482) | (57,482) |
| Foreign exchange loss | (3,882) | (3,882) |
| Finance cost | (14,235) | (14,235) |
| **Profit before income tax** | 405 | 405 |
| Income tax credit (Note 14) | 1,426 | 1,426 |
| Profit for the period | 1,831 | 1,831 |
| Loss attributable to non-controlling interest | 12,630 | 12,630 |
| **Profit attributable to owners of the Company** | 14,461 | 14,461 |
| **Earnings per share** | | |
| Basic | 0.46 sen | 0.46 sen |
| Diluted | 0.46 sen | 0.46 sen |

## Quarterly Report On Consolidated Results For The First Quarter Ended 31 March 2024

### I CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

| | INDIVIDUAL QUARTER | CUMULATIVE QUARTER |
|---|---|---|
| | Current year quarter 31/3/2024 RM'000 | Three months to 31/3/2024 RM'000 |
| **Other comprehensive income for the period, net of tax** | | |
| **Items that are or may be reclassified subsequently to profit or loss** | | |
| Profit for the period | 1,831 | 1,831 |
| Foreign currency translation differences for foreign operations | 60,941 | 60,941 |
| Total comprehensive income | 62,772 | 62,772 |
| Total comprehensive loss attributable to non-controlling interest | 12,630 | 12,630 |
| **Total comprehensive income attributable to owners of the Company** | 75,402 | 75,402 |

There is no comparative for the quarter ended 31 March 2024, due to the change in the financial year end from 30 June to 31 December. The condensed consolidated statement of Profit or Loss and Other Comprehensive Income for the current quarter ended 31 March 2024, being the first quarter of the financial year ending 31 December 2024 is not comparable with that of the first quarter of the previous financial year ended 31 December 2023.

The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying explanatory notes and the audited financial statements for the financial period ended 31 December 2023.

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**Quarterly Report On Consolidated Results For The First Quarter Ended 31 March 2024**

**REMARKS TO CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME:**

| | INDIVIDUAL QUARTER Current year quarter 31/3/2024 RM'000 | CUMULATIVE QUARTER Three months to 31/3/2024 RM'000 |
|---|---|---|
| **Loss before income tax is arrived at after charging/(crediting):** | | |
| Interest income | (3,790) | (3,790) |
| Net impairment gains on receivables | 2,180 | 2,180 |
| Reversal of impairment of property, plant & equipment | (893) | (893) |
| Interest expense | 14,235 | 14,235 |
| Depreciation and amortisation | 49,180 | 49,180 |
| Net realised and unrealised foreign exchange loss | 3,882 | 3,882 |

There is no comparative for the quarter ended 31 March 2024, due to the change in the financial year end from 30 June to 31 December. The condensed consolidated statement of Profit or Loss and Other Comprehensive Income for the current quarter ended 31 March 2024, being the first quarter of the financial year ending 31 December 2024 is not comparable with that of the first quarter of the previous financial year ended 31 December 2023.

The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying explanatory notes and the audited financial statements for the financial period ended 31 December 2023.

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**Quarterly Report On Consolidated Results For The First Quarter Ended 31 March 2024**

## II CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | Unaudited As at 31/3/2024 RM'000 | Audited As at 31/12/2023 RM'000 |
|---|---|---|
| **ASSETS** | | |
| Non-current assets | | |
| Property, plant and equipment | 2,249,114 | 2,231,263 |
| Right-of-use assets | 56,525 | 58,091 |
| Intangible assets | 1,203,814 | 1,162,318 |
| Deferred tax assets | 51,748 | 50,268 |
| Trade and other receivables | 4,946 | 11,091 |
| Cash and cash equivalents (restricted) | 288,363 | 258,913 |
| | 3,854,510 | 3,771,944 |
| Current assets | | |
| Inventories | 119,314 | 125,219 |
| Contract assets | 19,746 | 9,132 |
| Trade and other receivables | 310,966 | 316,530 |
| Current tax assets | 9,007 | 8,023 |
| Cash and cash equivalents | 342,197 | 411,041 |
| | 801,230 | 869,945 |
| **Total assets** | **4,655,740** | **4,641,889** |
| **EQUITY AND LIABILITIES** | | |
| Equity attributable to Owners of the Company | | |
| Share capital | 1,017,403 | 1,017,403 |
| Share option reserve | 23,278 | 22,330 |
| Translation reserve | 146,984 | 86,043 |
| Retained earnings | 658,325 | 643,864 |
| | 1,845,990 | 1,769,640 |
| Non-controlling Interests | 391,032 | 403,662 |
| **Total equity** | 2,237,022 | 2,173,302 |
| Non-current liabilities | | |
| Deferred tax liabilities | 816,013 | 828,026 |
| Loan and borrowings (secured) | 12,436 | 14,015 |
| Long term obligations and provision | 2,914 | 4,501 |
| Lease liabilities | 1,120 | 1,430 |
| Provision for decommissioning costs | 499,207 | 485,524 |
| Contract liabilities | 279,590 | 287,587 |
| | 1,611,280 | 1,621,083 |
| Current liabilities | | |
| Contract liabilities | 266,504 | 317,027 |
| Trade and other payables | 263,337 | 231,918 |
| Loan and borrowings (secured) | 239,923 | 283,388 |
| Lease liabilities | 1,492 | 1,606 |
| Current tax liabilities | 36,182 | 13,565 |
| | 807,438 | 847,504 |
| Total liabilities | 2,418,718 | 2,468,587 |
| **Total equity and liabilities** | **4,655,740** | **4,641,889** |
| **Net assets per share attributable to Owners of the Company (RM)** | **0.58** | **0.69** |

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying explanatory notes and the audited financial statements for the financial period ended 31 December 2023.

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**Quarterly Report On Consolidated Results For The First Quarter Ended 31 March 2024**

## III CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

| | Unaudited As at 31/3/2024 RM'000 |
|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | |
| Cash receipts from customers | 317,275 |
| Cash payments to suppliers | (195,123) |
| Cash payments to employee and other expenses | (33,906) |
| Cash generated from operations | 88,246 |
| Income tax paid (net) | (8,443) |
| **Net cash generated from operating activities** | 79,803 |
| **CASH FLOWS FOR INVESTING ACTIVITIES** | |
| Purchase of property, plant and equipment, and intangible assets | (53,529) |
| Interest received | 3,168 |
| **Net cash used in investing activities** | (50,361) |
| **CASH FLOWS FOR FINANCING ACTIVITIES** | |
| Bank borrowings and others (net) | (67,239) |
| Payment of finance cost | (15,643) |
| Payment of lease liabilities | (40) |
| Increase in pledged deposits and restricted cash | (10,190) |
| **Net cash used in financing activities** | (93,112) |
| **Net Change in Cash and Cash Equivalents** | (63,670) |
| Cash and cash equivalents as at beginning of financial period | 322,011 |
| Effect of exchange rate fluctuations on cash held | 14,109 |
| **Cash and cash equivalents as at end of financial period** (a) | 272,450 |

**(a)**

| | 31/3/2024 RM'000 |
|---|---|
| Cash and deposits with licensed banks | |
| Unrestricted | 273,409 |
| Restricted and pledged | 357,151 |
| | 630,560 |
| Less: Cash and cash equivalents pledged as security | (357,151) |
| Less: Bank overdrafts | (959) |
| Cash and cash equivalents as at end of financial period | 272,450 |

There is no comparative for the quarter ended 31 March 2024, due to the change in the financial year end from 30 June to 31 December. The Condensed Consolidated Statement of Cash Flows for the current quarter ended 31 March 2024, being the first quarter of the financial period ended 31 December 2024 is not comparable with that of the first quarter of the previous financial year ended 31 December 2023.

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the accompanying explanatory notes and the audited financial statements for the financial period ended 31 December 2023.

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**Quarterly Report On Consolidated Results For The First Quarter Ended 31 March 2024**

## IV CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

| In RM'000 | Attributable to Owners of the Company | | | | | | |
|---|---|---|---|---|---|---|---|
| | Non-distributable | | | Distributable | | | |
| | Share capital | Share option reserve | Translation reserve | Retained earnings | Total | Non-controlling interests | Total equity |
| **Three months to 31 March 2024** | | | | | | | |
| Balance as at 1 Jan 2024 | 1,017,403 | 22,330 | 86,043 | 643,864 | 1,769,640 | 403,662 | 2,173,302 |
| Profit/(loss) for the period | - | - | - | 14,461 | 14,461 | (12,630) | 1,831 |
| Foreign currency translation differences for foreign operations | - | - | 60,941 | - | 60,941 | - | 60,941 |
| Total comprehensive income/(loss) for the period | - | - | 60,941 | 14,461 | 75,402 | (12,630) | 62,772 |
| Share options expenses | - | 948 | - | - | 948 | - | 948 |
| Total transaction with owners of the Company | - | 948 | - | - | 948 | - | 948 |
| Balance as at 31 March 2024 | 1,017,403 | 23,278 | 146,984 | 658,325 | 1,845,990 | 391,032 | 2,237,022 |

There is no comparative for the quarter ended 31 March 2024, due to the change in the financial year end from 30 June to 31 December. The Condensed Consolidated Statement of Cash Flows for the current quarter ended 31 March 2024, being the first quarter of the financial period ended 31 December 2024 is not comparable with that of the first quarter of the previous financial year ended 31 December 2023.

The Condensed Consolidated Statement of Changes in Total Equity should be read in conjunction with the accompanying explanatory notes and the audited financial statements for the financial period ended 31 December 2023.

## V NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 1 Basis of preparation

These condensed consolidated interim financial statements are unaudited and have been prepared in accordance with MFRS 134 *Interim Financial Reporting* and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**"). These condensed consolidated interim financial statements also comply with IAS 34 *Interim Financial Reporting* issued by the International Accounting Standards Board. These quarterly financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2023.

### 2 Change of Financial Year End

As announced on 17 August 2023, the Group changed its financial year end from 30 June to 31 December. Due to the change, the Condensed Consolidated Statement Comprehensive Income, Condensed Consolidated Statement of Changes in Equity and Condensed Consolidated Statement of Cash Flow for the current quarter ended 31 March 2024, being the first quarter of the current financial year ending 31 December 2024, is not comparable with that of the first quarter of the previous financial period ended 31 December 2023. As such, no comparative figures are presented.

### 3 Significant accounting policies

The accounting policies adopted in the preparation of the condensed consolidated interim financial statements are consistent with those adopted for the audited financial statements for the financial year ended 31 December 2023 except as described below:

#### 3.1 Adoption of Amendments to Standards

The Group has applied the following amendments for the first time for the financial year beginning on 1 January 2024:

Amendments to MFRS 16: Lease Liability in a Sale and Leaseback

Amendments to MFRS 101: Classification of Liabilities as Current or Non-current

Amendments to MFRS 101: Non-current Liabilities with Covenants

Amendments to MFRS 107 and MFRS 7: Supplier Finance Arrangements

The adoption of the above amendments did not have any material impact on the financial statements of the Group.

#### 3.2 Standards issued but not yet effective

| | **Effective for financial periods beginning on or after** |
|---|---|
| Amendments to MFRS 121: Lack of Exchangeability | 1 January 2025 |
| Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an investor and its Associate or Joint Venture | Deferred |

The Group will adopt the above standards and amendments when they become effective in the respective financial periods.

**4 Auditors' Report on preceding annual financial statement**

The auditor' report on the Group's audited financial statements for the financial year ended 31 December 2023 was not subject to any qualification.

**5 Seasonal or cyclical factors**

The Group's operations were not materially affected by any seasonal or cyclical factors during the current period.

**6 Unusual items due to their nature, size or incidence**

There were no items affecting assets, liabilities, equity, net income, or cash flows that were unusual because of their nature, size or incidence in the current period.

**7 Material changes in estimates used**

There were no changes in estimates of amounts reported in prior financial years that have a material effect in the current period.

**8 Debt and equity securities**

The Group did not undertake any issuance and/or repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the period ended 31 March 2024.

**9 Dividend**

The Board of Directors does not recommend the payment of any dividend for the current quarter ended 31 March 2024.

## 10 Segmental information for the current period

The Group's current activity is mainly from the Technology, Energy and Information Technology industries.

| **Business segment** **2024** | **Technology** **RM'000** | **Energy** **RM'000** | **Information Technology** **RM'000** | **Corporate** **RM'000** | **Eliminations** **RM'000** | **Consolidated** **RM'000** |
|---|---|---|---|---|---|---|
| Revenue from external customers | 137,956 | 105,930 | 65,932 | - | - | 309,818 |
| Inter-segment revenue | - | - | 6,601 | 3,900 | (10,501) | - |
| **Total revenue** | 137,956 | 105,930 | 72,533 | 3,900 | (10,501) | 309,818 |
| **Segment result** | | | | | | |
| (Loss)/profit from operations | (6,346) | 59,935 | 11,922 | (294) | (3,900) | 61,317 |
| Depreciation and amortisation | (24,197) | (21,831) | (3,017) | (135) | - | (49,180) |
| (Impairment)/reversal on receivables | (2,850) | 542 | 128 | - | - | (2,180) |
| Reversal on impairment of property, plant & equipment | - | - | 893 | - | - | 893 |
| Finance costs | (41) | (13,031) | (428) | (735) | - | (14,235) |
| Finance income | 553 | 2,775 | 188 | 274 | - | 3,790 |
| (Loss)/profit before tax | (32,881) | 28,390 | 9,686 | (890) | (3,900) | 405 |
| Income tax credit | | | | | | 1,426 |
| Net profit after tax | | | | | | 1,831 |
| Net loss attributable to non-controlling interest | | | | | | 12,630 |
| Net profit attributable to owners of the Company | | | | | | 14,461 |
| **Segment assets** | 2,021,047 | 2,871,572 | 594,291 | 915,729 | (1,746,899) | 4,655,740 |
| **Segment liabilities** | 899,822 | 1,991,779 | 610,038 | 58,696 | (1,141,617) | 2,418,718 |

## 11 Changes in the composition of the Group

There are no significant changes in the composition of the Group for the current period including business combinations, acquisitions or disposals of subsidiaries and long-term investments, restructuring or discontinued operations.

## 12 Contingent liabilities

There are no material contingent liabilities as at the date of this announcement.

## 13 Capital commitments

There are no material capital commitments as at the date of this announcement other than capital commitments on Property, Plant and Equipment, authorised and contracted of RM0.5 million as at 31 March 2024.

## Quarterly Report On Consolidated Results For The First Quarter Ended 31 March 2024

### 14 Income tax

| | INDIVIDUAL QUARTER | CUMULATIVE QUARTER |
|---|---|---|
| | Current year quarter 31/3/2024 RM'000 | Three months to 31/3/2024 RM'000 |
| Malaysian and foreign income tax: | | |
| Current tax expense | | |
| - Current year | (27,547) | (27,547) |
| Deferred tax credit | | |
| - Current year | 28,973 | 28,973 |
| Total tax expense | 1,426 | 1,426 |

The Group's effective tax rates are reflective of the various tax legislations within which the Group operates. For the financial period ended 31 March 2024, the taxation arose mainly from certain profit-making subsidiary companies.

In the current quarter, the net deferred tax credit includes reversal of deferred tax liabilities of RM24.2 million due to re-measurement of EPL temporary differences. On 14 July 2022, UK Government introduced a temporary levy Energy Profit Levy ("EPL"), The EPL was set at 25% for profits arising from 26 May 2022 to 31 December 2022 and 35% for profits arising from 1 January 2023 to 31 March 2028.

## 15 Status of corporate proposals announced but not completed as at the date of this announcement

There are no announced corporate proposals that are not completed as at the date of this report, other than disclosed below:

(a) The Company had on 13 September 2023 announced that the Company proposes to undertake a private placement of up to 10% of the total number of issued shares of the Company to third party investor(s) to be identified later at an issue price to be determines later in accordance with the general mandate pursuant to Sections 75 and 76 of the Companies Act 2016 ("Proposed Private Placement").

On 22 September 2023, the Company announced that the listing application in relation to the Proposed Private Placement has been submitted to Bursa Malaysia Securities Berhad ("Bursa Securities").

On 27 September 2023, the Company announced that the listing application was subsequently approved by Bursa Securities for up to 321,531,043 Placement Shares to be issued pursuant to the Proposed Private Placement.

On 6 March 2024, the Company submitted the application to Bursa Securities to seek its approval for an extension of time for the Company to implement and complete the Proposed Private Placement.

On 13 March 2024, Bursa Malaysia Securities Berhad had, vide its letter dated 12 March 2024, resolved to grant the Company an extension of time of 6 months from 26 March 2024 to 26 September 2024 to complete the Proposed Private Placement.

On 6 May 2024, the Board resolved to fix the issue price for the Proposed Private Placement at RM0.36 per Placement Share. The issue price of RM0.36 per Placement Share represents a discount of 10.00% to the 5-day volume weighted average market price of DNeX Shares up to and including 3 May 2024, being the last traded day of DNeX Shares immediately preceding the price-fixing date, of RM0.400 per DNeX Share.

On 15 May 2024, The Board announced that 31,000,000 Placement Shares issued pursuant to the Private Placement were listed and quoted on the Main Market of Bursa Securities.

On 17 May 2024, the Board resolved to fix the issue price for the Private Placement at RM0.3616 per Proposed Placement Share. The issue price of RM0.3616 per Placement Share represents a discount of 9.98% to the 5-day volume weighted average market price of DNeX Shares up to and including 16 May 2024, being the last traded day of DNeX Shares immediately preceding the price-fixing date, of RM0.4017 per DNeX Share.

## 16 Derivatives

There are no derivatives as at the date of this announcement.

## 17 Classification of financial assets

For period ended 31 March 2024, there was no change in the classification of financial assets as a result of a change in the purpose or use of those assets.

## 18 Material litigation

The Company and its subsidiaries have no material litigation as at the date of this announcement other than disclosed below:

a) Nuraslina binti Zainal Abidin vs Dagang Net Technologies Sdn. Bhd. ("Dagang Net"), Dagang NeXchange Berhad ("The Company") and Genaxis Group Sdn. Bhd. ("Genaxis") (Dagang Net, the Company and Genaxis shall collectively be referred to as "Defendants").

The Company had on 11 October 2021 announced that the Company and its wholly-owned subsidiary Dagang Net were informed by their solicitors, Messrs Azmi & Associates, that the solicitors had received a sealed copy of the Originating Summons dated 6 October 2021 ("Legal Suit") from Messrs. Bahari & Bahari, the solicitors who act on behalf of Puan Nuraslina binti Zainal Abidin ("Plaintiff") and an affidavit in support of the Plaintiff dated 27 September 2021.

In the Legal Suit, the Plaintiff is seeking amongst others, the following reliefs:

1. A declaration that Dagang Net and DNeX have conducted the affairs of Genaxis in a manner oppressive, prejudicial and in complete disregard to the interest of the Plaintiff as member of Genaxis;

2. A declaration that the Plaintiff is relieved of and is not liable to any profit guarantee given by the Plaintiff in the Shareholders Agreement in Genaxis;

3. An Order that Dagang Net purchase all the Plaintiff's shares in Genaxis at a fair value to be determined by the Court or an independent valuer appointed by the Court.

DNeX denies the allegations made by the Plaintiff and has been vigorously defending the claim.

On 21 September 2022, the Company has received a copy of unsealed notice of appeal dated 19 September 2022 from the Plaintiff in respect of the appeal filed by the Plaintiff against the decision made by the Judicial Commissioner which had dismissed the Plaintiff's petition for minority oppression.

Hearing of the appeal is fixed on 10 July 2024 differed from earlier date of 29 September 2023.

**18 Material litigation (continued)**

The Company and its subsidiaries have no material litigation as at the date of this announcement other than disclosed below: (continued)

b) Dagang NeXchange Berhad ("The Company"), Dagang Net Technologies Sdn. Bhd. ("Dagang Net"), DNeX Telco Services Sdn. Bhd. ("DTS"), PT Dagang Samudera Hutama ("PT DSH") and PT DNeX Telco Indonesia ("PT DTI") (The Company, Dagang Net, DTS, PT DSH and PT DTI shall collectively be referred to as "the Group" or "the Plaintiffs") vs Mohd Ismail Khan bin Wazir Khan, the former Chief Executive Officer of DTS ('the Defendant").

The Company had on 11 November 2022 announced that the Group via its solicitor, Messrs. Chooi & Company + Cheang & Ariff ("CCA"), filed a legal action against the Defendant in the Kuala Lumpur High Court.

The Group is seeking for the following reliefs against the Defendant:

1. A declaration that the Defendant had breached his fiduciary duty, trust, duty of care, skill and diligence, duty of fidelity and duty of trust and confidence towards the Plaintiffs, in regards to the acquisition of a remotely operated vehicle ("ROV");
2. A declaration that USD1,335,000 and/or all secret profits and/or other benefits obtained by the Defendant through the ROV acquisition are held on constructive trust for the Plaintiffs;
3. An account of profits obtained by the Defendant for the sum of USD1,335,000 and/or all secret profits and/or other benefits procured through the ROV acquisition;
4. Special damages in the sum of USD1,250,000 and IDR23,764,196,250 to be paid by the Defendant to the Plaintiffs;
5. Aggravated damages against the Defendant to be assessed by the Court;
6. Exemplary damages against the Defendant to be assessed by the Court;
7. Pre-judgement interest on the sums adjudged by the Court at the rate of 5% per annum from the date of the statement of claim until the date of the judgement.
8. Post-judgement interest on the sums adjudged by the Court at the rate of 5% per annum from the date of the judgement until its full realisation;
9. Costs on an indemnity basis; and
10. Any further and/or other relief than the Court deems fit and proper.

The trial continued for 4 days and was completed on 31 January 2024.

The Judge has fixed 28 June 2024 for oral submissions.

**18 Material litigation (continued)**

The Company and its subsidiaries have no material litigation as at the date of this announcement other than disclosed below: (continued)

c) Material litigation between Dagang NeXchange Berhad, DNeX Semiconductor Sdn. Bhd., Mimastronics Technologies Company Limited and Tethystronics Technologies Company Limited

i. Arbitration proceeding against Mimastronics Technologies Company Limited ("MIMAS").

The Company had on 17 November 2022 announced that DNeX Semiconductor Sdn. Bhd. ("DNeX Semi"), a wholly-owned subsidiary of the Company, had on 17 November 2022 issued and served a Notice of Arbitration to commence arbitration proceedings against Mimastronics Technologies Company Limited ("MIMAS") under rules 5.3 and 22.4 of the Asian International Arbitration Centre Arbitration Rules, 2021. MIMAS is wholly owned by Tethystronics Technologies Company Limited ("TTCL") a special purpose vehicle ultimately owned by Beijing Integrated Circuit Advanced Manufacturing and High-End Equipment Equity Investment Fund Center (Limited Partnership) ("CGP"), which also held 40% equity interest in SilTerra Malaysia Sdn. Bhd. ("SilTerra"). SilTerra is a 60% owned subsidiary of DNeX Semi which in turn is a subsidiary of the Company.

DNeX and CGP had respectively acquired, through DNeX Semi and TTCL, 60% and 40% of the shareholding of SilTerra from Khazanah Nasional Berhad ("Khazanah") pursuant to a Share Sale and Purchase Agreement dated 31 March 2021 between DNeX, CGP and Khazanah ("SilTerra SSPA").

DNeX Semi and TTCL aimed to continue with the operations of SilTerra. This necessitated compliance with the conditions imposed on the manufacturing licence ("the Licence") issued to SilTerra pursuant to the Industrial Co-ordination Act 1975. Amongst other things, it was a condition that at least 55% of the shareholding of SilTerra was to be owned by a Malaysian entity. A breach of this condition would trigger a possible revocation of the Licence.

In order to fulfil commitments made by DNeX Semi and TTCL under the SilTerra SSPA, it was necessary for DNeX Semi to raise a sum of RM120 million in SilTerra for the purposes specified in Schedule 4(I) of the SilTerra SSPA.

Various discussions were held between the parties to deliberate on the option of financial instruments to be used for purpose of raising the aforementioned funds. Of the options discussed, the parties had sought to opt for the possible issuance of Irredeemable Convertible Preference Shares ("ICPS") in DNeX Semi amounting to RM100 million to be issued to and subscribed by MIMAS ("Proposed Investment"). The Proposed Investment forms the subscription exercise that was the subject of the Subscription Agreement dated 21 January 2022 entered between DNeX Semi, MIMAS and DNeX ("SSA") by which MIMAS would become a 33.33% shareholder of DNeX Semi in return for a payment of RM100 million. The rights of the DNeX Semi and MIMAS as shareholders was to be regulated by the Shareholders Agreement dated 21 January 2022 entered between DNeX Semi, MIMAS and DNeX ("SHA").

The execution of the SSA and SHA was done in accordance with a protocol which stipulates that wet-ink versions of the signing pages were only required for the purposes of stamping. Nonetheless upon executing the two agreements, DNeX reached out to MIMAS to delay the stamping as DNeX will need to seek greater clarity on the matter from the relevant authorities in fear that it might potentially breach any regulatory conditions duly imposed by the Government of Malaysia.

Accordingly, DNeX and CGP had sought clarification with the Ministry of International Trade and Industry ("MITI") in relation to the possible breach of any regulatory conditions pursuant to the Proposed Investment.

**18 Material litigation (continued)**

The Company and its subsidiaries have no material litigation as at the date of this announcement other than disclosed below: (continued)

c) Material litigation between Dagang NeXchange Berhad, DNeX Semiconductor Sdn. Bhd., Mimastronics Technologies Company Limited and Tethystronics Technologies Company Limited. (continued)

i. Arbitration proceeding against Mimastronics Technologies Company Limited ("MIMAS"). (continued)

Vide MITI's letter dated 28 February 2022, DNeX and CGP learned that the prior approval of MITI was required in relation to the Proposed Investment. Despite the clarification letter from MITI, MIMAS purported to stamp the SSA and SHA, utilising scanned copies of the signing pages of the said agreements on which DNeX and DNeX Semi signed. This was despite the understanding of the parties that only wet ink copies would be stamped. At all material times, the original wet ink copies of the SSA and SHA are kept in trust by DNeX's solicitors and have not been released to CGP, MIMAS or its solicitors.

MIMAS took, and still takes, the position that such approval was not required and maintains that the SSA and the SHA are valid and enforceable. It is, further, MIMAS's position that these agreements should not be understood as being conditional upon such approval.

DNeX and DNeX Semi, however, consider such approval as necessary, more so in light of the terms and conditions of the SSA and the SHA which provide for MIMAS becoming a shareholder upon the issuance of the ICPS and not their conversion. If so, this puts the Licence, and thus the operations of SilTerra, at risk. This is also after taking into account the MITI's letter dated 28 February 2022 which stipulates that the prior approval of MITI was required in relation to the Proposed Investment.

It is the position of DNeX and DNeX Semi that the SSA and the SHA are void by reason of Section 21, Contracts Act 1950 as the parties were under a mistake as to a matter of fact essential to the said agreements.

In view of the foregoing, DNeX and DNeX Semi demand that the dispute be referred to arbitration pursuant to the Arbitration Agreements in accordance with the Asian International Arbitration Centre Arbitration Rules, 2021.

DNeX and DNeX Semi will seek the necessary relief to have the SSA and SHA declared null and void.

ii. Commencement of Originating Summons by TTCL against DNeX Semi and SilTerra in relation to a shareholders' agreement dated 8 July 2021 entered between TTCL and DNeX Semi.

The Company had on 15 December 2022 announced that the Company's subsidiaries namely, DNeX Semi and SilTerra (collectively referred to as "**the Group**" or "**the Defendants**"), were served with an Originating Summons together with notice of Application (ex-parte) for injunctive relief against the Defendants via its solicitors Messrs Rahmat Lim & Partners. The cause papers were served at the registered office of the Defendants on 12 December 2022. As a result of inadvertent clerical error, the cause papers were not brought to the attention of the management of the Defendants. The notice of application sought among others, injunctive relief and remedies against the Defendants.

## 18 Material litigation (continued)

The Company and its subsidiaries have no material litigation as at the date of this announcement other than disclosed below: (continued)

c) Material litigation between Dagang NeXchange Berhad, DNeX Semiconductor Sdn. Bhd., Mimastronics Technologies Company Limited and Tethystronics Technologies Company Limited. (continued)

ii. Commencement of Originating Summons by TTCL against DNeX Semi and SilTerra in relation to a shareholders' agreement dated 8 July 2021 entered between TTCL and DNeX Semi. (continued)

The notice of application was heard before the High Court on 14 December 2022. As a result of explanation given by the Defendants' counsel, the court granted an interim injunction pending hearing of the Plaintiff and Defendants on 22 February 2023.

The Company does not expect any material financial impact by reason of the relief and remedy sought by TTCL arising from the originating summon other than legal cost to be incurred. No material operational impact is expected arising from the originating summon.

The Company had on 10 January 2023 announced, a Consent Order ("Consent Order") was recorded on 9 January 2023 in the High Court of Kuala Lumpur in relation to the Originating Summons No. WA-24NCC(ARB)-55-12/2022 ("OS") on mutual agreement between Tethystronics Technologies Company Limited ("TTCL"), DNeX Semiconductor Sdn. Bhd. ("DNeX Semi") and SilTerra Malaysia Sdn. Bhd. ("SilTerra"). Among others, the Consent Order provides that:-

1) The Ad Interim Order dated 14 December 2022 ("Interim Injunction") was discharged;

2) The Board of SilTerra shall not deliberate on matters in respect of the proceeding of the OS and impending arbitrations;

3) The Board of SilTerra is entitled to convene subsequent meetings in respect of other matters related to SilTerra, and that SilTerra shall remain a nominal party in the OS proceedings;

4) TTCL and DNeX Semi shall ensure that their respective nominee directors of SilTerra abide by the terms of the Consent Order and that such directors shall continue to act in the best interest of SilTerra;

5) The composition of the Board of SilTerra shall remain as at the composition prior to 21 November 2022; and

6) The Consent Order shall be effective and enforceable until the disposal of the OS. The Consent Order shall be discharged upon the disposal of the OS.

The Consent Order will not have any material financial impact other than legal cost to be incurred and no material operational impact is expected arising from the Consent Order. In contrary, the Consent Order will allow the Board of SilTerra to operate their business as usual with a functional Board.

**18 Material litigation (continued)**

The Company and its subsidiaries have no material litigation as at the date of this announcement other than disclosed below: (continued)

c) Material litigation between Dagang NeXchange Berhad, DNeX Semiconductor Sdn. Bhd., Mimastronics Technologies Company Limited and Tethystronics Technologies Company Limited. (continued)

iii. Commencement of Arbitration by TTCL against DNeX Semi and SilTerra. (continued)

The Company had on 15 December 2022 announced that it had on 14 December 2022, received a Notice of Arbitration from TTCL ("the Claimant") via its solicitors Messrs Rahmat Lim & Partners to commence arbitration proceedings against the Company's subsidiaries namely, DNeX Semi ("1st Respondent") and SilTerra ("2nd Respondent") (collectively referred to as "the Group" or "the Respondents") under the Asian International Arbitration Centre Arbitration Rules, 2021 ("AIAC Rules").

(a) Background

TTCL had entered into the Shareholders' Agreement dated 8 July 2021 ("SHA") with DNeX Semi. SilTerra become party to the SHA pursuant to the Joinder Agreement TTCL ("JA"), the Company and SilTerra dated 18 February 2022.

Disputes and differences have raised between TTCL, DNeX Semi and SilTerra (collectively, "the Parties") in relation to or arising out of the SHA ("the Disputes"). Disputes between TTCL, DNeX Semi and SilTerra arise from the SHA, read with the JA and a further agreement as contained in a letter dated 8 July 2021 between DNeX Semi and the Company on the one part and TTCL, Beijing Integrated Circuit Advance Manufacturing and High-End Equipment Equity Investment Fund Centre (Limited Partnership) and Mimastronics Technologies Company Limited, on the other part ("Collateral Agreement"). The Collateral Agreement was entered into in connection with the SHA. In connection with the SHA, the Collateral Agreement was entered into for the purposes of, amongst other things, regulating the composition of SilTerra's Board.

In respect of the appointment of Directors of SilTerra, it was agreed under Clause 4 of the SHA, read with the JA and the Collateral Agreement, that:

1. Unless otherwise unanimously agreed upon by TTCL, and DNeX Semi in writing, SilTerra's Board shall consist of not more than 5 Directors.

2. The composition of SilTerra's Board shall be mutually agreed upon TTCL and DNeX Semi in writing.

3. SilTerra's Board shall at all times comprise of 2 persons appointed by DNeX Semi and 3 persons appointed by TTCL, DNeX Semi and TTCL have the right to remove from SilTerra's Board the person that they have respectively appointed as Director.

However, the Company have been advised that the SHA is not binding in the Respondents for legal reasons that shall be made clear in the formal reply to be filled under the AIAC Rules.

Further, the Respondents have been advised they have legal authority and basis to appoint additional directors. The 1st Respondents have passed the necessary Members' Written Resolutions to appoint additional directors in accordance with the prevailing terms of the Constitution ("Appointment MWR").

**18 Material litigation (continued)**

The Company and its subsidiaries have no material litigation as at the date of this announcement other than disclosed below: (continued)

c) Material litigation between Dagang NeXchange Berhad, DNeX Semiconductor Sdn. Bhd., Mimastronics Technologies Company Limited and Tethystronics Technologies Company Limited. (continued)

iii. Commencement of Arbitration by TTCL against DNeX Semi and SilTerra. (continued)

(b) Relief and Remedy sought by TTCL

Thus, TTCL demands that the Disputes be referred to arbitration pursuant to the AIAC Rules.

1. An order that DNeX Semi and SilTerra (or any of them) take the necessary steps to comply with their obligations under the SHA.
2. A declaration that Appointment MWR is illegal, invalid, null, void and/or unenforceable ("**Disputed Appointments**");
3. A declaration that the Disputed Appointments are illegal, invalid, null, void and/or unenforceable;
4. An order that DNeX Semi and SilTerra (or any of them) restore the composition of the board of directors of SilTerra to the composition prior to the Appointment MWR, and that SilTerra take steps to remove the Impugned Directors from SilTerra's register of its directors, managers and secretaries.
5. A declaration that the Directors' Written Resolution ("**DWR**") on 21 November 2022 to rescind an earlier validly passed resolution of SilTerra's Board dated 17 November 2022 and any DWR passed with the votes of Impugned Directors are illegal, invalid, null, void and/or unenforceable.
6. An order that DNeX Semi and SilTerra (or any of them) take steps to rescind the Recission DWR and any other DWR passed with the votes of the Impugned Directors.
7. An injunction against DNeX Semi and SilTerra (or any of them), their servants and/or agents restraining them from acting upon or giving effect to Appointment MWR or any resolution for the appointment of Impugned Directors.
8. An injunction against DNeX Semi and SilTerra (or any of them), their servants and/or agents restraining them from acting upon or giving effect to the Rescission DWR.
9. An injunction against DNeX Semi and SilTerra (or any of them), their servants and/or agents restraining them from acting upon or giving effect to any DWR passed with the votes of the Impugned Directors or to take steps to propose or pass any DWR that is dependent on the votes of the Impugned Directors.
10. An injunction against DNeX Semi and SilTerra (or any of them), their servants and/or agents restraining them from representing to anyone or holding out the Impugned Directors as the Directors of SilTerra,or permitting the Impugned Directors as the Directors of SilTerra, or permitting the Impugned Directors or any of them to hold themselves out as the Directors of SilTerra.
11. An order for DNeX Semi to indemnify TTCL for all loss and damage suffered, the amount of which is to be assessed.
12. Damages to be assessed.
13. Interest.
14. Costs.
15. Such further orders deemed appropriate by the Tribunal.

The Company does not expect any material financial impact by reason of the relief and remedy sought by TTCL arising from the arbitration other than legal cost to be incurred. No material operational impact is expected arising from the arbitration.

None of the Directors and/or major shareholders of the Company and/or persons connected with them have any interests, direct or indirect, in the aforesaid arbitration proceedings.

**18 Material litigation (continued)**

The Group and the Company do not expect any material financial impact by reason of the commencement of the said arbitration proceeding other than legal cost to be incurred. SilTerra remains a 60% owned subsidiary of DNeX Semi which in turn is a subsidiary of the Company. No material operational impact is expected arising from the arbitration.

**19 Comparison between the current quarter and the immediate preceding quarter**

| | **Current quarter 31/3/2024 RM'000** | **Immediate preceding quarter 31/12/2023 RM'000** | **Variance %** |
|---|---|---|---|
| Revenue | 309,818 | 283,652 | 9% |
| - Technology | 137,956 | 145,425 | -5% |
| - Energy | 105,930 | 97,176 | 9% |
| - Information Technology ("IT") | 65,932 | 41,051 | 61% |
| Profit/(Loss) before tax | 405 | (26,109) | >-100% |
| - Technology | (32,881) | (31,009) | -6% |
| - Energy | 28,390 | 20,220 | 40% |
| - IT | 9,686 | (10,658) | >100% |
| - Corporate | (4,790) | (4,662) | -3% |

**Revenue**

The Group reported 9% higher revenue of RM26.17 million for current quarter ended 31 March 2024. The Technology division contributing 45% to total Group revenue, while Energy and IT division contributed 34% and 21% respectively.

**Technology Segment**

The Technology division revenue was slightly lower at RM137.96 million in current quarter, compared with RM145.43 million in immediate preceding quarter. The 5% reduction was mainly due lower average selling price on product mix despite higher wafer shipment.

**Energy Segment**

The Energy revenue stood at RM105.93 million, a 9% higher revenue as compared to RM97.18 million immediate preceding quarter. The increase was driven by higher lifting volume and higher average oil price (Q1, 2024:87.0/bbls Q6, 2023: USD81.9/bbls).

**Information Technology Segment**

The Group Information Technology revenue reported a 61% increase revenue for the current quarter as compared to immediate preceding quarter (Q6, 2023: RM41.05 million) mainly due to:

- Revenue from Subsea Telco is increased by RM16.7 million or >100% (Q1 2024: RM27.5 million; Q6, 2023: RM10.8 million) due to completion of work repair projects compared to intermediate preceding quarter.
- While Group Tech&SI business' revenue also reduced by RM9.9 million or >100% (Q1 2024: RM14.3 million; Q6, 2023: RM4.4 million) resulted from progressive work done of ongoing projects.
- Group's Trade Facilitation & e-Services has reduce the revenue by RM1.7 million or 6.6% (Q1 2024:RM24.1 million; Q6, 2023: RM25.8 million) in tandem with completion and progressive work done of certain projects.

**19 Comparison between the current quarter and the immediate preceding quarter (continued)**

**Profit/(Loss) Before Tax**

| | Current quarter 31/3/2024 Operating Profit/(Loss) RM'000 | Net Impairment Reversal/ (Loss) RM'000 | Current quarter 31/3/2024 Profit/(Loss) Before Tax RM'000 |
|---|---|---|---|
| Profit/(Loss) before tax ("PBT") | 1,692 | (1,287) | 405 |
| - Technology | (30,031) | (2,850) | (32,881) |
| - Energy | 27,848 | 542 | 28,390 |
| - IT | 8,665 | 1,021 | 9,686 |
| - Corporate | (4,790) | - | (4,790) |

| | Immediate preceding quarter 31/12/2023 Operating Profit/(Loss) RM'000 | Net Impairment Reversal/ (Loss) RM'000 | Immediate preceding quarter 31/12/2023 Profit/(Loss) Before Tax RM'000 |
|---|---|---|---|
| Profit/(Loss) before tax | (24,360) | (1,749) | (26,109) |
| - Technology | (31,882) | 873 | (31,009) |
| - Energy | 20,102 | 118 | 20,220 |
| - IT | (7,918) | (2,740) | (10,658) |
| - Corporate | (4,662) | - | (4,662) |

Excluding the one-off expenses non-operational expenses of RM1.29 million resulted from reversal of impairment assets and impairment of receivables, the Group reported operating profit of RM1.69 million in the current quarter with increase by RM26.05 million as compared to the immediate preceding quarter operating loss of RM24.36 million. Both Energy and IT division contribution in line with higher revenue for the quarter. The technology division remained reported operating losses for current quarter.

## 20 Prospects for 2024

**Overall**

We are actively exploring opportunities to diversify our revenue streams to fuel our growth trajectory. This includes capitalising on our competitive strengths across our three main business segments, expanding into profitable adjacent industry sectors, and leveraging strategic partnerships to enhance our long-term financial performance.

**Technology**

Demand in certain semiconductor segments is showing signs of recovery, though it remains uneven. The consumer, automotive, and industrial markets are expected to recover in the later part of 2024.

Our goal is to transform SilTerra into a world-class specialty foundry player in terms of operational excellence and technology advancement. To achieve this, we will pursue further development on our microelectromechanical systems ("MEMS") and Silicon Photonics technologies, which command higher average selling prices and profit margins.

Our ongoing product testing and qualification efforts with global customers, coupled with the growing demand for emerging technologies, and opportunities fuelled by the surge in AI, electric vehicles ("EVs"), and advanced medical technologies position us well for future long-term growth.

**Energy**

Oil prices are expected to remain steady between now and year end due to ongoing production cuts by Russia, Saudi Arabia, and other countries within the Organisation of the Petroleum Exporting Countries ("OPEC"), coupled with geopolitical tensions in the Middle East and supply disruptions along the Red Sea. This creates a favourable operating environment for Ping as a low-cost upstream producer.

Additionally, Ping has a geographically diverse oil and gas ("O&G") portfolio, including assets in the United Kingdom (Anasuria, Avalon, and Fyne) and Malaysia (Meranti Cluster, A Cluster, and Abu Cluster). This enables us to broaden our revenue streams across a wider geographical footprint, while mitigating our risk exposure. We are confident to be able to maximise the economic potential of these assets, as demonstrated by our proven track record in marginal field development.

The Group's immediate priority is the reactivation of the Abu Cluster, located offshore Terengganu, Malaysia. First oil production is targeted for early 2025, with an anticipated volume of 2,500 barrels per day.

The Petronas Activity Outlook 2024-2026 report outlines Petronas' plan to propel Malaysia's oil and gas production to two million barrels of oil equivalent per day ("MMboe/d") by 2025 and beyond. This projected surge in production augurs well for OGPC, a key service provider and distributor of technical equipment within the sector.

**Information Technology**

The Malaysian Government's commitment to digital transformation aims to position the country as a regional tech hub and digital leader, as evidenced by the introduction of the Malaysia Digital Economy Blueprint, and Public Sector Digitalisation Strategic Plan. As digital innovation and adoption accelerate across both public and private sectors, this enhances opportunities for the Group.

Our proven capabilities in delivering effective digital solutions to the public sector such as the Integrated Government Financial and Management Systems ("iGFMAS") and Inland Revenue Board of Malaysia's Hasil Integrated Taxation Systems ("HITS") strengthens our position when bidding for large-scale IT and digitalisation projects.

In our Trade Facilitation segment, we have been operating the National Single Window since 2009 and are optimistic about securing an extension when the current contract is due for renewal in August 2024.

Leveraging on our proven capabilities, we look forward to playing a strategic role towards achieving the Malaysian Government's aspirations to lead Malaysia's digital economy forward.

## 21 Variance for actual and forecast profit

The Company did not issue any profit forecast or profit guarantee during the financial period reported.

## 22 Earnings per share

| **Basic earnings per share** | **INDIVIDUAL QUARTER** | **CUMULATIVE QUARTER** |
|---|---|---|
| | **Current year quarter 31/3/2024 RM'000** | **Three months to 31/3/2024 RM'000** |
| Profit attributable to the Owners of the Company | 14,461 | 14,461 |
| Number of ordinary shares at beginning of the period | 3,156,331 | 3,156,331 |
| Effect of new ordinary shares issued | - | - |
| Weighted average number of ordinary shares | 3,156,331 | 3,156,331 |
| Basic loss per share (sen) | 0.46 | 0.46 |

| **Diluted earnings per share** | **INDIVIDUAL QUARTER** | **CUMULATIVE QUARTER** |
|---|---|---|
| | **Current year quarter 31/3/2024 RM'000** | **Three months to 31/3/2024 RM'000** |
| Profit attributable to the Owners of the Company | 14,461 | 14,461 |
| Weighted average number of ordinary shares as per basic earnings per share | 3,156,331 | 3,156,331 |
| Share deemed to be exercised for no consideration | | |
| - exercise of share options | - | - |
| Weighted average number of ordinary shares | 3,156,331 | 3,156,331 |
| Diluted loss per share (sen) | 0.46 | 0.46 |

The potential conversion of share options is anti-dilutive as its exercise price is higher than the average market price of the Company's ordinary shares during the current financial period. Accordingly, the exercise of share options has been ignored in the calculation of dilutive earnings per ordinary share.

## 23 Authorisation for issue

The condensed consolidated interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors.

Kuala Lumpur
27 May 2024

By Order of the Board
CHIN WAI YI (MAICSA 7069783)
Company Secretary