



PERFORMANCE REVIEW



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CHAIRMAN'S STATEMENT

DEAR ESTEEMED SHAREHOLDERS,

I am immensely grateful for your continuous support and investment in Daythree. Our journey together has been nothing short of remarkable, and I am proud to share with you the significant milestones we have achieved — most importantly our successful listing on the ACE Market of Bursa Securities on 26th July 2023. This achievement would not have been possible without your unwavering confidence in our vision and strategy.

DATO' TING HENG PENG

Independent Non-Executive Chairman



Our Initial Public Offering exercise was a resounding success, exceeding all expectations. We raised RM33.1 million by issuing 110.4 million new ordinary shares at 30 Sen each, with the IPO oversubscribed by a staggering 129.20 times. This remarkable achievement reflects the strength of our business model and highlights the market's confidence in our ability to deliver sustainable growth and generate enduring value.

Our consolidated revenue for the financial year ended 31 December 2023 and amounted to RM89.9 million, marking a 38.0% increase over last year's revenue of RM65.1 million. This growth demonstrates our resilience

and underscores our achievement of commendable revenue performance for the year. The profit after tax for Daythree presented a notable increase of 22.6%, rising from RM6.2 million in FY2022 to RM7.6 million in FY2023. Adjusting for one-off IPO expenses, our core profits after tax totalled approximately RM8.8 million.

Since the integration of our newly appointed Board in FY2022, Daythree has experienced a harmonious blend of seasoned leadership and innovative management practices. The Board has exemplified unwavering dedication to its fiduciary duties, ensuring effective governance practices and maintaining a robust sense of

CHAIRMAN'S STATEMENT



independence. Our organisational ethos prioritises reliability, integrity and regulatory compliance. We are committed to maintaining the highest standards of accountability and strive to uphold these principles consistently. Our Board fosters a culture that recognises the crucial role that governance plays in protecting the interests of all stakeholders, and we remain committed to upholding ethical standards and creating an environment conducive for Daythree's long-term sustainability.

At Daythree, we recognise the ever-present need for proactive risk management strategies to mitigate potential threats to our organisation's stability and prosperity. Guided by the diligent oversight of our Board, we employ robust risk management practices designed to identify, assess, and effectively mitigate risks, safeguard our interests, and ensure the sustained resilience of Daythree.

Looking ahead, we approach the future with confidence in our strategic direction, the calibre of our leadership team, and our collective ability to navigate challenges with resilience and integrity. Anchored in our unwavering adherence to ethical principles and corporate governance best practices, we are committed to driving sustained value creation for all stakeholders. Together, we are ready to shape a future characterized by prosperity, innovation, and enduring success for Daythree and the communities we serve.

At Daythree, we are dedicated to sustainability and corporate responsibility. We conduct our business with a strong emphasis on ethical practices, transparency, and environmental responsibility. We strive to minimize our environmental footprint, reduce waste, and conserve natural resources by adopting sustainable practices and technologies. Our corporate social responsibility initiatives support education, empowering individuals and communities to build a better future.

Thank you once again for your trust and confidence in Daythree.

DATO' TING HENG PENG
Independent Non-Executive Chairman

MANAGING DIRECTOR'S STATEMENT

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Since our establishment, Daythree has been driven by a vision to build trusted brands by empowering our consumers. We envisioned a company that could meet and anticipate our client's needs, leading the charge in transforming the business landscape. Our strategic direction has been unwavering: to leverage technology, talent, innovation, and data to redefine the customer experience and drive sustainable growth. Along this journey, we have achieved significant milestones, from pioneering tailored solutions to expanding our market reach, aligning with our mission to empower businesses in the digital age.

”

RAYMOND DAVADASS

Managing Director



The year 2023 posed unprecedented challenges for businesses globally as the COVID-19 pandemic reshaped economies and societies. At Daythree, we recognised the imperative of agility and innovation in manoeuvring through this evolving business landscape. Despite the hurdles, the outlook for the Global Business Services industry remained promising. Our commitment to delivering exceptional customer experiences and bespoke solutions positioned us as a trusted partner for brands and organisations striving to excel in the digital era. Through strategic investments in technology and talent, we stayed at the forefront of innovation, enhancing our service offerings, and broadening our market reach.

Innovation lies at the heart of our business philosophy. As we embrace the opportunities of the digital age, we are dedicated to reshaping customer experiences and setting new benchmarks of excellence. Leveraging state-of-the-art technologies such as artificial intelligence,

machine learning, and data analytics, we have crafted advanced solutions that empower our clients to anticipate and respond to evolving consumer needs with unparalleled agility and precision.

Our commitment to innovation transcends technology; it encompasses a culture of continuous improvement and excellence. We invest in our people, nurturing a diverse and inclusive workforce with the skills and knowledge to thrive amidst rapid change. By fostering creativity, collaboration, and accountability, we unlock the full potential of our talent pool, driving innovation and delivering superior outcomes for our clients and stakeholders.

Our Rockstars are the heart and soul of Daythree, and their contributions are invaluable. Despite unprecedented challenges, they have demonstrated unwavering dedication, creativity, and resilience. We are committed to recognizing and celebrating their efforts

MANAGING DIRECTOR'S STATEMENT



and fostering a culture where every voice is heard, and every idea is valued. We empower our team to drive innovation and deliver exceptional client results through inclusivity, collaboration, and continuous learning.

As we peer into the future, we are energised by the opportunities we see. The digital transformation of industries present immense avenues for growth and innovation, and we are poised to capitalise on these trends. Staying true to our core values of empathy, innovation, passion, trust, and insight, we will continue to foster sustainable growth, create value for our shareholders, and positively impact the world around us.

However, we are conscious of the challenges ahead. The business landscape is constantly in flux, demanding agility and adaptability. We commit to investing in technology, nurturing talent, and forging strategic partnerships to stay ahead of the curve, navigating uncertainties, and seizing new avenues for growth and expansion.

In conclusion, we sincerely thank all our stakeholders — customers, partners, investors, and the community — for their unwavering support and trust. Let us embark on this innovation, resilience, and growth journey together.

Onwards and Upwards we go!

RAYMOND DAVADASS

Managing Director

Staying true to our core values of empathy, innovation, passion, trust, and insight, we will continue to foster sustainable growth, create value for our shareholders, and positively impact the world around us.



MANAGEMENT DISCUSSION AND ANALYSIS



Daythree Digital Berhad (“Daythree” or the “Company”) was incorporated in Malaysia on 11 August 2022 as a public limited company for the purpose of facilitating the listing on the ACE Market of Bursa Malaysia Securities Berhad (“Bursa Securities”). The Company listed on the ACE Market of Bursa Securities on 26 July 2023 with the stock name “DAY3” and the stock code “0281”, undertook a public issue of 110,400,000 new ordinary shares at an issue price of RM0.30 per share, and raised gross proceeds of approximately RM33.1 million. Daythree’s Initial Public Offering (“IPO”) was oversubscribed by 129.20 times, and reaffirmed the Company’s position as an innovative and promising player in the Global Business Services (“GBS”) industry. This significant interest reflects the market’s recognition of the Company’s strong business fundamentals, growth potential, and the value it aims to deliver to stakeholders.



THE DAYTHREE WAY

At Daythree, every Rockstar is guided by the Daythree Way - Service from the Heart!

This explains our service culture and the operating principles of how we grow together. We believe strongly in humanising technology. Our Rockstars focus on building brand trust for the brands we serve by delivering a connected experience with empathy and passion. Through technology, innovation, and use of data, we deliver insights and a personalised experience.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

Daythree is a GBS company that has been recognised with multiple awards for its outstanding services. Our goal is to help brands establish Customer Experience (“CX”) hubs, where they can interact with their customers and provide them with the best possible service experience. We do this by utilising cutting-edge technologies and various digital channels to enhance their service experience and efficiently resolve their inquiries. Our Group specialises in CX lifecycle management services and uses its in-house digital tools, namely DAISY, SAIGE, and FAITH, to facilitate and support CX operations. These digital tools leverage advancements in Robotic Process Automation (“RPA”), Artificial Intelligence (“AI”), data analytics, and business intelligence to handle repetitive tasks, allowing our CX executives to focus on delivering personalised CX.

It has been an eventful year for our Group. About 44.1% of the total gross IPO proceeds, which amount to RM14.6 million, have been allocated to fund our business expansion, including office expansion,

Our Group has gained more coverage as a listed entity, and market awareness of our standing as a tech-driven GBS service provider has increased, attracting the attention of new global clients.



workforce expansion, capital expenditure, branding and marketing. The remaining RM18.5 million has been set aside for working capital purposes and defrayment of listing expenses. Since our successful listing on 26 July 2023, our Group has gained more coverage as a listed entity, and the market awareness of our standing as a tech-driven GBS service provider has increased — attracting the attention of new global clients.



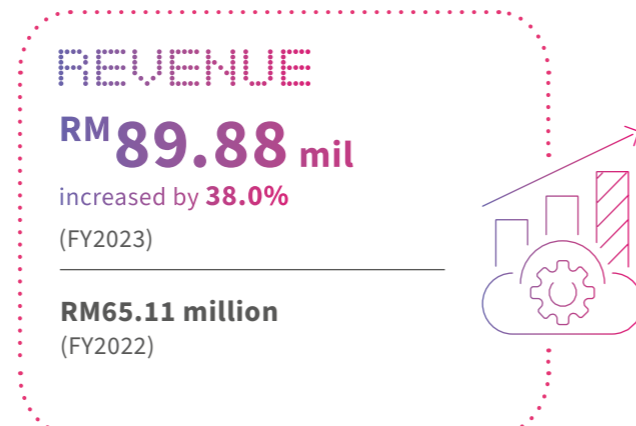
MANAGEMENT DISCUSSION AND ANALYSIS

PERFORMANCE REVIEW

	FY2023	FY2022	Changes	
	RM'000	RM'000	RM'000	%
Revenue	89,875	65,105	24,770	38.0
Gross Profit	21,334	16,401	4,933	30.1
Profit Before Tax ("PBT")	10,812	8,545	2,267	26.5
Profit After Tax ("PAT") / Net Profit	7,574	6,247	1,327	21.2

For the financial year 31 December 2023 ("FY2023"), the revenue of the Group increased to RM89.88 million from RM65.11 million in the financial year 31 December 2022 ("FY2022"), representing a growth of RM24.77 million or 38.0%. The growth in revenue was primarily due to new clients secured during the year. The Group achieved a profit before tax of RM10.81 million in FY2023 as compared to RM8.55 million in FY2022.

The Group recorded a profit after tax of RM7.57 million, an increase of 21.2% compared to FY2022. Daythree Business Services Sdn. Bhd. ("DBSSB"), a subsidiary of the Group, has been granted Malaysia Digital ("MD") status by Multimedia Development Corporation Sdn. Bhd. ("MDEC"). By virtue of the MD status, DBSSB was granted pioneer status and the business income is exempted from income tax up to 15 February 2022. DBSSB has subsequently applied for an extension of the pioneer status for the second 5 years of tax exemption (from 16 February 2022 to 15 February 2027). The application is still pending for approval.



MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL POSITION

	FY2023	FY2022	Changes	
	RM'000	RM'000	RM'000	%
Total Assets	87,767	46,113	41,654	90.3
Total Liabilities	22,147	19,639	2,508	12.8
Total Equity	65,620	26,474	39,146	147.9

As at FY2023, total Group's assets have increased by RM41.65 million or 90.3% to RM87.77 million, mainly due to the proceeds raised during the IPO. These monies were placed in interest earnings investments, while pending utilisation. The Group's receivables and contract assets increased by RM12.67 million or 58.5% to RM34.33 million mainly due to the revenue growth.

Total Group's liabilities recorded a marginal increase of RM2.51 million or 12.8% to RM22.15 million as at FY2023 due to the recognition of lease liabilities of additional CX offices. This increase was partially offset by a decrease in borrowings. The equity attributable to the owners of the Group has increased to RM65.62 million in FY2023 from RM26.47 million in FY2022.

Overall, the cash and cash equivalents of the Group in FY2023 has increased by RM23.4 million or 288.9% to RM31.5 million from RM8.1 million in FY2022. As a measure of liquidity, the Group's current ratio in FY2023 improved to 7.0 times as compared to 2.6 in FY2022. The Group will continue to engage in prudent financial management to conserve cash for future business expansion and dividend payment, and to maintain an adequate level of liquidity and cash flows for working capital needs.

RISK ANALYSIS


KEY RISKS AND MITIGATION

The Group has identified several risks factors that it may be subject to within its day-to-day business operations, and our mitigation actions of these risks are set out below:

Dependent on our major clients

We rely heavily on major clients who contribute significantly to our revenue. Any departure of these key clients, coupled with our inability to replace them or secure additional orders from current clients swiftly, could substantially and detrimentally impact our Group's business operations and financial performance.

Nonetheless, our business thrives on the solid groundwork of established relationships with long-standing clients, supported by our proficiency and efficacy in providing top-notch services and solutions. We hold ISO 9001:2015 certification, a globally recognised standard ensuring that our CX lifecycle management services align with the requirements of the brands we serve through an efficient quality management system. The attainment of ISO 9001:2015 underscores our steadfast dedication to delivering services that consistently meet global industry standards.



MANAGEMENT DISCUSSION AND ANALYSIS

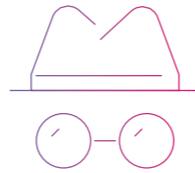
RISK ANALYSIS (CONT'D)

KEY RISKS AND MITIGATION (CONT'D)

Cybersecurity threats

Our services involve processing confidential customer data, which exposes us to various potential cyber threats including unauthorised employee access, hacking, malware, and espionage. Although it is impossible to guarantee immunity from future breaches, we are committed to remaining vigilant and continuously monitoring, upgrading, and implementing processes to secure our data.

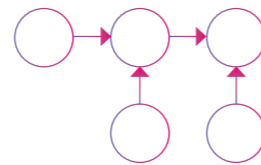
At Daythree, we have achieved ISO/IEC 27001:2013 certification, which verifies that we have the necessary policies, procedures, and infrastructure in place to ensure security. Additionally, our PCI-DSS certification ensures that our business processes are secure and fully compliant with the standards set by major credit card brands and financial clearinghouses. Protecting the security of our data is our top priority.



Dependent on experienced management team

Our Group's future success heavily relies on the ability to retain our Managing Director, Executive Director, and Key Senior Management team. Losing their expertise and skills without timely replacements may adversely affect our business and hinder our ability to compete effectively. The Group's expansion and growth are largely dependent on the unique capabilities and skill set of our experienced management team. Since its establishment, Daythree's achievements have been attributed to the experience, industry knowledge, and extensive network of the Managing Director, Executive Director, and Key Senior Management personnel.

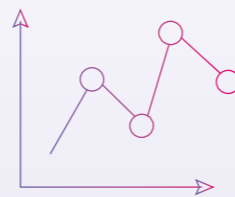
To mitigate this risk, our Group has a three-pronged strategy: offering competitive, performance-oriented remuneration and fostering a culture of proactive succession planning.



Subject to Service Level and Performance Obligations

Our Group is bound by the terms of service level and performance obligations in the contracts with our clients. If we fail to meet the minimum requirements or make mistakes with our CX executives while delivering CX services, we may be subject to penalties, which could lead to a reduction in revenue and a claim against us for damages.

To ensure customer satisfaction and high-level support, we are proud to be ISO 18295-1:2017 certified. This certification reflects our commitment to excellence, and we will continue to perform regular audits to assess customer satisfaction and identify initiatives for improvement.



MANAGEMENT DISCUSSION AND ANALYSIS

LOOKING AHEAD

Malaysia's GBS market is a vibrant and innovative industry that offers cutting-edge solutions to various sectors. Work-from-home arrangements have forced enterprises to accelerate their digitalisation efforts, leading to a significant increase in Information Technology ("IT") spending. The market size of the GBS industry in Malaysia has already reached an impressive US\$4.96 billion, and we anticipate healthy growth in the next five years, with a CAGR of 6.2%, reaching an estimated US\$6.7 billion by 2025. (Source: IDC IT Services Tracker & Research, 2021). Malaysia is the preferred strategic destination for GBS due to our diverse, robust, multilingual, and future-ready talent pool. We are confident that our GBS industry will continue to provide innovative and valuable solutions to various sectors, cementing Malaysia's position as a leader in the GBS market.

Below are our plans and business strategies.

Recruiting industry expert to capitalise on growth opportunities

Our group believes that the quality of our employees is a crucial factor in securing and retaining business as well as delivering an exceptional CX. To further strengthen our workforce and achieve continued business growth, we have decided to hire a Chief People Officer and a Head of Learning and Development. They will be responsible for developing and implementing strategies that focus on employee recruitment, retention, and learning. This includes a comprehensive learning strategy aimed at improving our overall CX, which includes curriculum development, learning management system decisions, and fostering a collaborative work environment within the organisation.



Our group recognises the rapid technological advancements within the GBS industry that are shaping the demand for CX lifecycle management services. To stay competitive, we have decided to expand our digital transformation team. This team will focus on developing and enhancing our in-house digital tools. Specifically, they will concentrate on the areas of RPA and web development and improve technology standards for our clients.

Expand our client base by entering new geographical markets

Expanding our client base by entering new geographical markets is crucial for achieving long-term success in our business. This strategy can help us reach untapped customer segments, increase sales revenue, and improve brand recognition. The COVID-19 pandemic has highlighted the need for resilience and customer loyalty in businesses. To achieve this, it's important to expand the market and capture new customers. The growing demand for CX services presents an opportunity in the GBS market.



We aim to expand regionally and are encouraged by the positive outlook and promising prospects in the GBS market in Malaysia and neighbouring countries in Southeast Asia. As many businesses in the region are transitioning towards digital transformation, we can leverage our market position and established branding to benefit from this trend.

MANAGEMENT DISCUSSION AND ANALYSIS

LOOKING AHEAD (CONT'D)

Expand our Office space

Our GBS industry demands employees with exceptional business acumen, including customer relationship management and problem-solving skills. Our clients demand high-quality services, and we are committed to delivering exceptional results. However, this can sometimes lead to a stressful work environment.

We plan to expand our office premises to support our growing workforce by constructing additional CX delivery offices. This will enable us to cater to the increasing number of employees due to the rise in our client base. Moreover, we aim to create an exclusive internal working space that will serve as a multipurpose facility for training our employees in hard skills, technical skills, and soft skills. The training will focus on customer care, experience, and effective communication. This will enhance our employees' performance and create a more positive and conducive working environment. The multipurpose facility will also serve as a rest and recreational hub for employees to recoup and recharge. The facility will increase the number of meeting rooms for meetings between our employees and clients, brainstorming events and comfortably accommodating a larger workforce.

We are committed to providing our workforce with the necessary resources to succeed. With these expansion plans, we are confident that our employees will be empowered to deliver exceptional results to our clients while enjoying a comfortable work environment.



SUSTAINABILITY STATEMENT



SUSTAINABILITY STATEMENT

ABOUT THIS STATEMENT

This is Daythree Digital Berhad's ("Daythree" or the "Group") first Sustainability Statement ("Statement") for the financial year ended 31 December 2023 ("FY2023"). With the growing awareness of sustainability within the context of Environmental, Social, and Governance ("ESG") locally and globally, the Group intends to adopt the best practices and principles of sustainability in our business operations.



SCOPE OF THIS STATEMENT



This Statement covers Daythree's operations, including its subsidiary situated in Malaysia, namely Daythree Business Services Sdn Bhd.

We have excluded our reporting scope on the following dormant subsidiaries for the current year reporting:

- Daythree Business Solution Sdn Bhd
- Daythree Business Services Pte Ltd

REPORTING PERIOD



This report covers the period from 1 January 2023 to 31 December 2023 unless otherwise stated.

REPORTING STANDARDS AND GUIDELINES



This Statement is prepared in line with the following guidelines and framework listed below:

- Bursa Malaysia Securities Berhad ("Bursa Securities") ACE Market Listing Requirements
- Bursa Malaysia's Sustainability Reporting Guide 3rd Edition
- Global Reporting Initiative ("GRI") Standards



SUSTAINABILITY STATEMENT

SUSTAINABILITY STATEMENT

Daythree is profoundly dedicated to establishing an organisation that prioritises sustainable development for the betterment of both the community and stakeholders. This statement emphasises our unwavering commitment to adopting impactful practices, initiatives, and endeavours that address the impact of our operations on the local economy, environment, society, and governance. We strive to enhance our performance in these domains, ensuring our actions contribute positively to a sustainable future.

GOVERNANCE STRUCTURE

Daythree has always conducted its business activities ethically and in compliance with prevailing laws and regulations. The Group's actions reflect accountability and social responsibility to drive sustainable development by creating value through the identifying, evaluating, monitoring and managing risks and opportunities across the ESG.



The Board of Directors (“the Board”) adopts a sustainable governance approach that is fit for the Group’s purposes considering, amongst others, its culture, needs, sustainability-related risks and opportunities and the level of maturity of its sustainability intellect and readiness. The governance structure enables the Board and the Management to monitor critical material sustainability topics and their progress, as well as the associated risks and opportunities.

The Board is responsible for overseeing the sustainability efforts. The Board’s role involves approving sustainability strategies and priorities to establish a clear path in the Group’s sustainability journey. Additionally, the Board ensures effective and adequate communication and engagement between the Group and its stakeholders.






The Board has entrusted the Managing Director with the responsibility of guiding, managing and overseeing the execution of sustainability initiatives, considering the Group’s ESG potential and risks. The Key Senior Management is also responsible for identifying, evaluating, monitoring and managing the ESG risks and opportunities arising and ensuring all material sustainability matters are being considered and managed by the Group through its various activities, including stakeholder engagement and materiality assessment.



SUSTAINABILITY STATEMENT

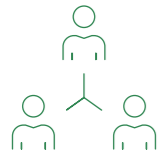
STAKEHOLDER ENGAGEMENT

At Daythree, we recognise the importance of maintaining continuous communication with our stakeholders for our long-term success. Through regular engagement, we gain valuable insights into their needs and expectations, enabling us to align our sustainability initiatives accordingly. This ensures that we deliver value to society and effectively meet the expectations of our stakeholders.

Stakeholders	How we engage	Key topics discussed
Customers 	<ul style="list-style-type: none"> Customer surveys Customer Relationship Management Product training to customers 	<ul style="list-style-type: none"> Customer relationship management Customer satisfaction and after-sales services Service quality and timely delivery of projects
Employees 	<ul style="list-style-type: none"> Performance appraisal Training programs Sustainability engagements Team meeting Team building events 	<ul style="list-style-type: none"> Sustainability awareness, good practices in site and offices Respecting human rights and ethical labour practices Safety and health of employees Talent attraction and retention Occupational Health and Safety Anti-Bribery and Corruption Whistleblowing
Suppliers 	<ul style="list-style-type: none"> Supplier assessment Meeting with Supplier Supplier audit Vendor Registration 	<ul style="list-style-type: none"> Data privacy and protection Anti-Bribery and Corruption Whistleblowing
Communities and Society 	<ul style="list-style-type: none"> Local community’s donation projects Corporate Social Responsibility programmes Social Media 	<ul style="list-style-type: none"> Adaptation and mitigation of climate change Local community investment support Collaboration with universities
Regulators, Government, and Industries associations 	<ul style="list-style-type: none"> Compliances with laws and regulations Compliances to standards and specifications Meeting with governments, authorities Industry membership 	<ul style="list-style-type: none"> Risk management and business continuity Data privacy and protection

SUSTAINABILITY STATEMENT

STAKEHOLDER ENGAGEMENT (CONT'D)

Stakeholders	How we engage	Key topics discussed
Shareholder and Investor 	<ul style="list-style-type: none"> Annual Report Annual General Meeting Meetings with investors and analysts Responses to analyst questionnaires 	<ul style="list-style-type: none"> Risk management and business continuity Good practices in corporate governance ESG performance and reporting

ENVIRONMENTAL SUSTAINABILITY

Water Management

Excessive water consumption burdens water resources considerably and can lead to wastewater pollution, potentially degrading water quality. This degradation can severely impact ecosystem services and the quality of life for local communities. In turn, poor water quality and water stress can jeopardise the environment's overall health.

At Daythree, despite the absence of substantial water usage, our company is still dedicated to decreasing our overall water consumption by encouraging our employees to be mindful of their water usage in the office. By implementing these conservation measures, we are reducing our environmental impact and saving on costs.

Our company is still dedicated to decreasing our overall water consumption by encouraging our employees to be mindful of their water usage in the office.



Waste Management and Resource Consumption

The operations of the Group do not require significant resources and do not result in the production of large amounts of scheduled or unscheduled waste. The waste generated is limited to office waste, such as used paper, stationery, etc. Going forward, the Group aims to measure the quantity of waste produced and collaborate with recycling companies to manage it efficiently.



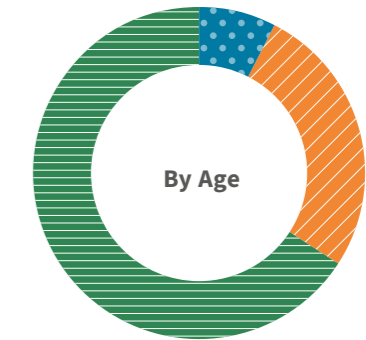
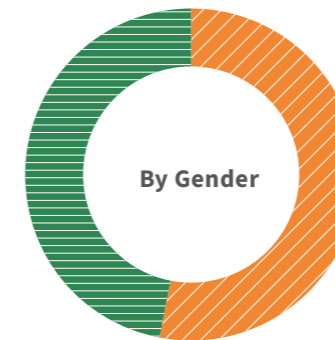
SUSTAINABILITY STATEMENT

SOCIAL

Employment Diversity

At Daythree, we are fully committed to maintaining a workplace free from discrimination. We believe everyone deserves to be treated fairly and equitably, regardless of race, gender, religion, or age. We are committed to enhancing our workplace culture to make it inclusive for all our employees. To achieve this, we have implemented best practices such as regularly collecting employee feedback to understand their needs and concerns. We then consolidate the feedback received and make necessary improvements to address their concerns.

Our ultimate aim is to foster an inclusive environment that respects the diversity of our employees and provides equal opportunities for all to succeed and realise their full potential. We are deeply committed to empowering our employees to pursue their career aspirations, irrespective of their characteristics or background.



Training and Development

At Daythree, we are committed to investing in our employees' continuous learning, as we believe that it not only benefits their personal growth but also achieves our organisational goals.

To achieve this, we regularly organise a range of learning opportunities, including internal knowledge-sharing sessions such as Learning Palooza, formal training courses and personal development programs. These opportunities aim to inspire leadership, confidence and capability in our employees, and assure them of their current roles and future career development.

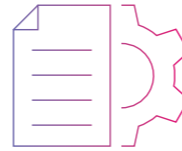


SUSTAINABILITY STATEMENT

GOVERNANCE

We strongly believe in creating a culture that prioritises ethical business practices. To achieve this, we need to effectively identify and manage the different types of risks involved in conducting business. Internally, we encourage our employees to act with integrity, which helps us earn the trust of our investors and customers. In today's corporate landscape where business ethics are a growing concern, our employees' positive behavior through ethical practices will have a positive impact on our bottom line.

Daythree has implemented zero-tolerance-driven policies such as the **Fit and Proper Policy, Code of Conduct and Ethics, and Whistleblowing Policy**

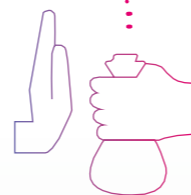


To build and maintain stakeholder trust, Daythree has implemented zero-tolerance-driven policies such as the Fit and Proper Policy, Code of Conduct and Ethics, and Whistleblowing Policy. These policies serve as guidance and awareness for all stakeholders, helping them to identify, avoid, and refuse any unethical or illegal activities. Furthermore, they encourage stakeholders to report any credible information on illegal practices or violations.

ANTI-BRIBERY AND CORRUPTION POLICY

Daythree is committed to conducting its business with integrity and has a zero-tolerance policy towards bribery and corruption. Our Anti-Bribery and Corruption Policy is overseen by the Board and sets out guidelines for all employees and business associates. The policy prohibits any form of payment or acceptance of bribes within the Group and provides guidance on how to deal with tangible and intangible gifts and entertainment. In addition, we have implemented preventive measures such as whistleblowing procedures and training for managers to ensure the proper functioning of the Group. As of 2023, there have been no confirmed incidents of corruption.

There have been no confirmed incidents of corruption.





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CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (the “Board”) of Daythree Digital Berhad (“Daythree” or the “Company”) recognises that sound corporate governance is fundamental to maintaining integrity, fostering trust, and achieving sustainable business success.



As a fundamental part of discharging its duties and responsibilities, the Board is committed towards ensuring good corporate governance practices are implemented and maintained throughout the Company and its subsidiaries (hereinafter collectively referred to as the “Group”), to enhance shareholders’ value, and to be consistent with the principles and best practices as set out in the Malaysian Code on Corporate Governance (“MCCG”). This Corporate Governance Overview Statement is augmented with a Corporate Governance Report 2023, which is accessible through the Company’s website at www.daythree.com.

This Corporate Governance Overview Statement is based on three (3) key principles of good corporate governance as set out in the MCCG:

- (a) board leadership and effectiveness;
- (b) effective audit and risk management; and
- (c) integrity in corporate reporting and meaningful relationship with stakeholders.

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS

PART I: BOARD RESPONSIBILITIES

1. Board and Board Committees

1.1 Board of Directors

The Board is collectively responsible for the long-term success of the Group and the delivery of sustainable value to its stakeholders. It plays a pivotal role in establishing the appropriate tone at the top, providing strategic guidance and championing sound governance and ethical practices throughout the Group.

The Board assumes, amongst others, the following duties and responsibilities:

- (a) setting the corporate values and promoting together with the Key Senior Management (“KSM”), good corporate governance culture within the Group;
- (b) reviewing and adopting a strategic plan for the Group;
- (c) overseeing the conduct of the Group’s business;

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART I: BOARD RESPONSIBILITIES (CONT'D)

1. Board and Board Committees (CONT'D)

1.1 Board of Directors (Cont'd)

- (d) identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures;
- (e) ensuring the KSM possess the required skills and experience, and that measures are in place to provide orderly succession planning of the Board and KSM;
- (f) overseeing the development and implementation of a stakeholder communications policy for the Group; and
- (g) reviewing the adequacy and the integrity of the management information and internal control systems of the Group.

1.2 Board Charter

The Board Charter sets out, among other things, the governance structure, authority, and terms of reference of the Board, its Committees, and management, ensuring alignment with best practices of the MCCG. The Board Charter is accessible through the Company’s website at www.daythree.com.

1.3 Board Committees

The Board delegates its authority to three (3) Board Committees to effectively discharge its stewardship role. Each Board Committee operates within an approved Terms of Reference (“TOR”). The Chair of each Board committee reports to the Board on delegated matters and their recommendations. The Board exercises collective oversight of the Committees and holds the ultimate responsibility for decision-making.

The established Board Committees are:

- (a) Audit and Risk Management Committee (“ARMC”);
- (b) Nominating Committee (“NC”); and
- (c) Remuneration Committee (“RC”).

1.4 The Chairman of the Board

The Board is chaired by an Independent Non-Executive Chairman, Dato’ Ting Heng Peng. The Chairman is responsible for leading the Board in its collective oversight of management. The primary responsibilities of the Chairman are outlined under Paragraph 4.3 of the Board Charter.

The Chairman should refrain from involvement in any of the Board Committees to ensure effective checks and balances and objective review by the Board. Therefore, the Chairman of the Board is not a member of any of the Board Committees.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART I: BOARD RESPONSIBILITIES (CONT'D)

1. Board and Board Committees (CONT'D)

1.5 Separation of the Positions of the Chairman and Managing Director

Separation of the positions of the Chairman and Managing Director fosters accountability, clarifies responsibilities, and prevents any individual from unduly influencing the Board's discussions and decision-making processes.

The Chairman of the Company is Dato' Ting Heng Peng, an Independent Non-Executive Chairman, leading the Board in its collective oversight of management, while the Managing Director of the Company is Paul Raymond Raj A/L Davadass, a Managing Director, focusing on the business and day-to-day management of the Group.

The primary responsibilities of the Chairman and Managing Director are outlined in the Board Charter.

1.6 Company Secretaries

The Board is supported by two (2) external Company Secretaries, suitably qualified, competent, and capable of carrying out the required duties. They are qualified company secretaries under Section 235 of the Companies Act 2016.

The Company Secretaries are vital for ensuring good governance as they support the Board and its Committees to operate effectively within their TOR and adhering to best practices. As a central source of information, the Company Secretaries provide guidance to the Board and its Committees on matters pertaining to compliance with laws, rules, procedures, and regulations impacting the Group.

1.7 Code of Conduct and Ethics

The Company has established the Code of Conduct and Ethics to promote good business conduct and maintain a healthy corporate culture that engenders integrity, transparency, and fairness throughout the Group. This policy articulates acceptable practices and guides the behaviour of Board and employees. The Code of Conduct and Ethics is accessible through the Company's website at www.daythree.com.

1.8 Whistleblowing Policy

The Company is committed to upholding the highest standard of integrity, openness, and accountability in all its business endeavours. With the establishment of the Whistleblowing Policy, employees, third parties, and stakeholders are provided with an avenue to report genuine concerns regarding illegal, unethical, or questionable practices, without fear of reprisal. The Whistleblowing Policy is accessible through the Company's website at www.daythree.com.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART I: BOARD RESPONSIBILITIES (CONT'D)

1. Board and Board Committees (CONT'D)

1.9 Anti-Bribery and Corruption Policy

The Company reaffirm its zero-tolerance towards corruption and bribery for the Board, employees, and business associates. Through the establishment of the Anti-Bribery and Corruption Policy, ensuring compliance with the Malaysian Anti-Corruption Commission Act, this policy sets out principles and standards for combating corruption and bribery. The Anti-Bribery and Corruption Policy is accessible through the Company's website at www.daythree.com.

1.10 Sustainability

The Group holds a profound dedication to establishing an organisation that prioritise sustainable development for the betterment of both the community and stakeholders. The Board is committed to adopting impactful practices, initiatives, and endeavours that address the impact of the operations on the local economy, environment, society, and governance. The Group persistently strives to enhance the performance in these domains, ensuring that our actions contribute positively to a sustainable future.

The Sustainability Statement is available in this Annual Report.

PART II: BOARD COMPOSITION

2. Composition of the Board

2.1 Board Size, Composition and Diversity

The Board is dedicated to maintaining diversity, independence, and inclusion in its composition and decision-making process. It considers diversity across multiple aspects, including gender, age, cultural and educational background, professional experience, skills, knowledge, and length of service.

The Board currently consists of eight (8) members, comprise of:

- (a) one (1) Independent Non-Executive Chairman;
- (b) one (1) Managing Director;
- (c) one (1) Executive Director;
- (d) two (2) Non-Independent Non-Executive Directors; and
- (e) three (3) Independent Non-Executive Directors.

Out of which, 50% are Independent Non-Executive Directors, and 37.5% are woman Directors.

The profiles of the individual directors are available in the Directors' Profile of this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART II: BOARD COMPOSITION (CONT'D)

2. Composition of the Board (Cont'd)

2.2 Nominating Committee

The Board established the NC on 27 September 2022. The NC comprise of:

No.	Name	Designation	Directorship
1.	Azlina Binti Abdullah	Chair	Independent Non-Executive Director
2.	Woon Tai Hai	Member	Independent Non-Executive Director
3.	Syed Izmi Bin Syed Kamarul Bahrin	Member	Non-Independent Non-Executive Director

The duties and responsibilities of the NC are set out in its TOR, which is accessible through the Company's website at www.daythree.com.

2.2.1 Appointment of Directors

The NC has adopted the Fit and Proper Policy to serve as guidance for the appointment of directors to ensure that the Group is led by individuals of integrity, credibility, and competency. In considering independence, the NC also evaluates whether the candidate can act independently of management.

For the appointment of directors, the NC utilises independent sources to identify suitably qualified candidates. The Board holds ultimate responsibility for appointment of directors upon recommendation from the NC.

2.2.2 Re-election of Directors

The NC ensures that the composition of the Board is refreshed periodically. The annual re-election of a director is contingent on satisfactory evaluation of the director's performance and contribution to the Board. All directors are subject to retirement by rotation at least once in every three (3) years.

An election of directors shall take place each year at the Annual General Meeting ("AGM") of the Company, where at least one-third (1/3) of the directors for the time being, shall retire from office and be eligible for re-election. The directors to retire in each year shall be those who have been longest in office since their last election.

At the 2nd AGM of the Company, Dato' Ting Heng Peng, Mr Prabakaran A/L Chilatorai, and Ms Gan Jhia Jhia shall retire from office but are eligible for re-election in accordance with the Company's Constitution. Dato' Ting Heng Peng and Ms Gan Jhia Jhia have offered themselves for re-election, while Mr Prabakaran A/L Chilatorai has expressed his intention not to seek for re-election and shall retain office until the conclusion of the 2nd AGM. Their profiles are available in the Directors' Profile of this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART II: BOARD COMPOSITION (CONT'D)

2. Composition of the Board (Cont'd)

2.2 Nominating Committee (Cont'd)

2.2.3 Tenure of Independent Directors

The tenure of an independent director shall not exceed a term limit of nine (9) years. Upon completion of the nine (9) years, an independent director may continue to serve on the Board as a non-independent director. In the event the Board intends to retain an independent director beyond nine (9) years, annual shareholders' approval through a two-tier voting process is required.

As at the date of this statement, none of the Independent Directors have exceeded the nine-year term limit.

2.2.4 Annual Evaluation

The NC undertakes a formal and objective annual evaluation to determine the effectiveness of the Board, its Committees, and individual directors. Annual evaluation for the financial year ended 31 December 2023 ("FY2023") was conducted to evaluate:

- (a) Performance of the Board and its Committees;
- (b) Performance of individual directors; and
- (c) Performance of the ARMC.

The NC and the Board were satisfied with the performance of the Board, its Committees, and each individual directors for FY2023.

2.2.5 Directors Training

The Board continuously evaluates the training needs of the Directors to update their knowledge and enhance their skills in fulfilling their duties and responsibilities, enabling them to effectively discharge their duties and sustain active participation in Board deliberations.

All Directors of the Company have successfully completed the Mandatory Accreditation Programme as required by Bursa Malaysia Securities Berhad ("Bursa Securities").



CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART II: BOARD COMPOSITION (CONT'D)

2. Composition of the Board (Cont'd)

2.2 Nominating Committee (Cont'd)

2.2.5 Directors Training (Cont'd)

During FY2023, the Directors attended the following training programmes:

Name	Programme	Date
Dato' Ting Heng Peng	Asia Pacific Board Leadership Centre Webinar: "2023 Board and Audit Committee Priorities"	6 July 2023
	Bursa Academy: Conflict of Interest and Governance of Conflict of Interest	15 August 2023
	Asia Pacific Board Leadership Centre Webinar: "Navigating AI Governance and ESG Reporting for the future"	17 October 2023
	Bursa Malaysia Mandatory Accreditation Programme by ICDM 11 & 12 May 2023	11 & 12 May 2023
Paul Raymond A/L Davadass	Bursa Malaysia Mandatory Accreditation Programme by ICDM 11 & 12 May 2023	11 & 12 May 2023
Prabakaran A/L Chilorai	Bursa Malaysia Mandatory Accreditation Programme by ICDM 11 & 12 May 2023	11 & 12 May 2023
Gan Jhia Jhia	Bursa Malaysia Mandatory Accreditation Programme by ICDM	11 & 12 May 2023
Syed Izmi Bin Syed Kamarul Bahrin	Bursa Malaysia Mandatory Accreditation Programme by ICDM	11 & 12 May 2023
Azlina Binti Abdullah	Bursa Malaysia Mandatory Accreditation Programme by ICDM	11 & 12 May 2023
Leong Chooi Kuen	Bursa Malaysia Mandatory Accreditation Programme by ICDM	11 & 12 May 2023
Woon Tai Hai	Future of Cybersecurity Conference (FOCS) 2023 by PIKOM	28 February 2023
	Bursa Malaysia Mandatory Accreditation Programme by ICDM	11 & 12 May 2023
	Cybersecurity Trends & Development by NetAssist	22 May 2023
	Base Erosion and Profit Shifting (BEPS) Pillar 2 and Tax Corporate Governance Framework (TCGF) by Deloitte Tax Services	31 May 2023
	MFRS 17: Impact & Changes by Ernst & Young	16 August 2023

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART II: BOARD COMPOSITION (CONT'D)

2. Composition of the Board (Cont'd)

2.2 Nominating Committee (Cont'd)

2.2.5 Directors Training (Cont'd)

Name	Programme	Date
Woon Tai Hai (Cont'd)	Anti-Money Laundering (AML) & Anti-Bribery & Corruption (ABC) by Yunus Yusof	10 November 2023
	Planet Cyber 2023 by Permodalan Nasional Berhad	28 November 2023
	Sustainability Developments & Outlook by Ernst & Young	30 November 2023
	Managing Cyber Risk – Insights for Boards and Senior Management by Asia School of Business	5 December 2023
	Managing Cyber Risk by Steven Ledzian, Chief Technology Officer of Mandiant	7 December 2023
	2023 Group Shariah Committee Engagement Session with the BOD: An Insight from the Maqasidi Perspective,	7 December 2023

PART III: REMUNERATION

3. Level and Composition of Remuneration

3.1 Remuneration Committee

The Board established the RC on 27 September 2022. The RC comprise of:

No.	Name	Designation	Directorship
1.	Woon Tai Hai	Chair	Independent Non-Executive Director
2.	Azlina Binti Abdullah	Member	Independent Non-Executive Director
3.	Gan Jhia Jhia	Member	Non-Independent Non-Executive Director

The RC assists the Board in determining fair remuneration for directors and key senior management, considering the complexity of the Group's business and the individual's responsibilities, to attract, retain, and motivate them.

The duties and responsibilities of the RC are set out in its TOR, which is accessible through the Company's website at www.daythree.com.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART III: REMUNERATION (CONT'D)

3. Level and Composition of Remuneration (Cont'd)

3.2 Remuneration

Practice 8.1 of the Corporate Governance Report 2023 recommends the disclosure of Directors' remuneration on a named basis. The Board deems disclosing the KSM's remuneration on a named basis is detrimental due to market competition, and advocates for maintaining confidentiality. Instead, the KSM's compensation is anonymously presented in bands of RM50,000 in Practice 8.2 of the Corporate Governance Report 2023.

PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT

PART I: AUDIT COMMITTEE

4. Audit and Risk Management Committee

The Board established the ARMC on 27 September 2022. The ARMC comprise of:

No.	Name	Designation	Directorship
1.	Leong Chooi Kuen	Chair	Independent Non-Executive Director
2.	Azlina Binti Abdullah	Member	Independent Non-Executive Director
3.	Woon Tai Hai	Member	Independent Non-Executive Director

Comprising three (3) Independent Non-Executive Directors, the committee is better positioned to scrutinise the Group's financial reporting process, internal controls, risk management, and governance, thereby safeguarding the rights and interests of the shareholders.

Former partners of the external audit firm of the Company are required to observe a cooling-off period of at least three (3) years before being appointed as members of the ARMC. Currently, no former partners of the external audit firm of the Company serve on the ARMC.

The duties and responsibilities of the ARMC are set out in its TOR, which is accessible through the Company's website at www.daythree.com.

4.1 Annual Evaluation of External Auditors

The ARMC assesses the suitability, objectivity, and independence of the External Auditors to safeguard the quality and reliability of audited financial statements. Written assurance from the External Auditor is required, confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

The ARMC has conducted the annual evaluation of the External Auditors, Baker Tilly Monteiro Heng PLT, and is satisfied with their performance, suitability, objectivity, and independence. The ARMC has recommended to the Board the re-appointment of Baker Tilly Monteiro Heng PLT, subject to shareholders' approval at the 2nd AGM of the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

PART II: RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

5. Risk Management and Internal Control Framework

5.1 Effective Risk Management and Internal Control Framework

The Company integrate effective corporate governance structures and processes with performance-focused risk management and internal control at every level of the Company and across all operations. Risk management focuses on identifying threats and opportunities while internal control helps counter threats and takes advantage of opportunities.

The Statement on Risk Management and Internal Control is available in this Annual Report.

5.2 Internal Audit Function

The internal audit function brings an objective, disciplined approach to evaluate and improve the effectiveness of risk management, internal control, anti-bribery and corruption, whistleblowing, and governance processes. The internal audit function provides advice to the ARMC and the Board concerning areas of weaknesses or deficiencies in the internal process, enabling the Group to take appropriate remedial measures, thus contributing to the improvement of its operation and overall effectiveness.

The Company has appointed independent internal auditors, Talent League Sdn Bhd, to carry out the internal audit function. The Internal Auditors report directly to the ARMC.

PRINCIPLE C - INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

PART I: ENGAGEMENT WITH STAKEHOLDERS

6. Communication with Stakeholders

6.1 Regular Communication with Stakeholders

Ongoing engagement and communication with stakeholders build trust and understanding between the Company and its stakeholders. It provides an avenue for invaluable feedback that can be used to understand stakeholders' expectation and develop business strategies. Stakeholders can gain access to Company's information through the Company's website at www.daythree.com.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

PART II: CONDUCT OF GENERAL MEETINGS

7. Communication with Shareholders

7.1 General Meetings

General meetings are important platforms for directors and key senior management to engage shareholders to facilitate greater understanding of the Group's business, governance, and performance. General meetings enable and support shareholders in exercising their ownership rights and expressing their views to the board and key senior management on any areas of concerns. The Directors, KSM, and External Auditors will attend the general meetings to provide meaningful response to questions addressed to them.

The Board ensures that the notice of the general meetings will be given to the shareholders at least twenty-eight (28) days prior to the general meetings to allow sufficient time for the shareholders to consider the resolutions that will be discussed and decided at the general meetings. Minutes of the general meetings will be circulated to shareholders no later than 30 business days after the general meetings.

STATEMENT BY THE BOARD ON CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board is satisfied with the Company's compliance with the Malaysian Code on Corporate Governance for the financial year ended 31 December 2023. This Corporate Governance Overview Statement is issued in accordance with a resolution passed during the Board of Directors' Meeting convened on 24 April 2024.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors ("Board") of Daythree Digital Berhad ("Daythree" or "the Company") is pleased to present the Statement on Risk Management and Internal Control ("Statement") in compliance with Rule 15.26(b) of ACE Market Listing Requirements ("AMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), the relevant principles and practices of the Malaysian Code of Corporate Governance ("MCCG 2021") and the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("the Guidelines").

This Statement outlines the nature and scope of risk management and internal control of Daythree and its subsidiaries (hereinafter referred to as "the Group") for the financial year ended 31 December 2023 ("FY2023") and up to the date of approval of this Statement for inclusion in the Annual Report.

RESPONSIBILITIES OF THE BOARD

The Board is committed to maintaining a sound risk management framework and internal control system for the Group to safeguard the shareholders' investment and the Group's assets. The Board has established an ongoing process to review the adequacy and effectiveness of the risk management framework and internal control systems to ensure the Group's objectives are met. It is important to note that there are inherent limitations in any system of risk management and internal control and thus, the system is designed to manage, rather than eliminate, the risk of failure to achieve the business and corporate objectives of the Group. It is not designed to provide absolute assurance against any material misstatement, fraud or loss.

The Board has delegated oversight of risk management and internal control functions to the Audit and Risk Management Committee ("ARMC"), which comprises independent non-executive directors. The ARMC reviews the Company's risk management framework, policies, and processes and assesses whether they provide reasonable assurance that the principal risks can be mitigated with the implementation of appropriate internal controls and/or mitigation measures.

The Board is of the opinion that the risk management and internal control system is effective and adequate for safeguarding the Group's assets and the interests of internal and external stakeholders. This opinion is based on the system's effectiveness during the year under review and up to the date of issuance of the Annual Report.

RISK MANAGEMENT

The Board established the ARMC to assist them in discharging its duties relating to risk management policies. The Board is updated on the Group's internal controls system, which encompasses risk management practices and financial, operational, and compliance controls. Annual ongoing reviews are performed to identify, evaluate, monitor, and manage significant business risks and determine that adequate and effective controls are in place.

The Board relies on the ARMC to provide recommendations and findings on all matters related to risk management. The ARMC is supported by the Internal Auditors, who provide valuable insights into the effectiveness of the risk management system. Management is responsible for developing procedures and processes to identify, assess, mitigate, and monitor business risks.

The Group has established a Risk Management Framework that is continually monitored to ensure it is responsive to changes in the business environment and communicated to all levels. The development and documentation of the risk management process will continue to be enhanced to anticipate emerging risks, and to formulate and implement the appropriate pre-emptive action plans.

INTERNAL CONTROL SYSTEM

Internal control system is embedded into various day-to-day operational policies and procedures to ensure that the Group's business is being managed effectively.

The key internal controls embedded in the Group's operations are as follows:

• Organisational Structure

The Group has an organisational structure with defined reporting lines, to align with business and operational requirements. Formal limits of authority delegation are implemented for planning, executing, controlling, and monitoring business operations.

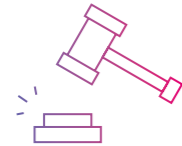


STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

RISK MANAGEMENT (CONT'D)

Code of Conduct and Ethics

The Group has implemented the Code of Conduct and Ethics that is readily available on the official corporate website. This code applies to both the Board and employees of the Group, ensuring that they maintain high standards of integrity.



Board Committees

The Group has established the ARMC, Nominating Committee, and Remuneration Committee to assist the Board in discharging its duties. These Committees are delegated with specific roles and responsibilities as defined in the Board Charter and the terms of references.



Anti-Bribery and Corruption Policy

The Group has implemented an Anti-Bribery and Corruption Policy with the aim of ensuring that all stakeholders are committed to maintaining the highest level of ethical conduct and integrity in their dealings with the Group's business activities and personnel.



Whistleblowing Policy

The Group has implemented a Whistleblowing Policy that enables its employees, customers, suppliers and members of the public to report and disclose any suspected or alleged improper conduct concerning the Group via a dedicated communication channel.



INTERNAL AUDIT FUNCTION

In 2024, the Group has outsourced its internal audit function to an independent professional firm of internal auditors. The internal audit review will be carried out on a risk-based approach, which is in accordance with the International Professional Practice Framework ("IPPF"). The internal audit reviews are based on an internal audit plan to be approved by the ARMC. The findings of these reviews, along with management's comments and action plans, will be presented and reviewed by the ARMC.

The outsourced internal audit function has a direct reporting line to the ARMC and administratively reports to Managing Director and Financial Controller of the Group. The internal audit function operates independently without any relationship or conflict of interest that could compromise its objectivity and independence.

ISO AUDIT FUNCTION

The Group conducts its business operations based on international standards ISO9001:2015 and ISO27001:2013, which require the implementation of risk management practices to identify and mitigate potential business risks. Furthermore, the Group has obtained the ISO18295-1:2017 certification, a specific standard for customer contact centre.

In order to maintain these certifications, the Group conducts yearly internal audits led by an internal working committee and is subjected to annual external audits by an independent certification body. Audit results are reported to the Executive Directors and management team, and any necessary controls are implemented promptly.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

REVIEW OF STATEMENT BY EXTERNAL AUDITORS

This Statement on Risk Management and Internal Control has been reviewed by our external auditors in accordance with Rule 15.23 of ACE Market Listing Requirements of Bursa Securities for FY2023. Their limited assurance review was performed in accordance with the Audit and Assurance Practice Guide ("AAPG") 3 issued by the Malaysian Institute of Accountants. AAPG 3 does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control system of the Group.

Based on their review, the external auditors have reported to the Board that nothing had come to their attention that causes them to believe that this Statement has not been prepared, in all material aspects, in accordance with the disclosures required under Paragraphs 41 and 42 of the Guidelines and Practice 10.1 and Practice 10.2 of MCCC 2021, or that this Statement is factually incorrect.

CONCLUSION

The Board having received assurance from the Managing Director and Financial Controller, is satisfied with the adequacy and effectiveness of the risk management and internal control system of the Group for the financial year under review and up to the date of approval of this Statement. There were no material internal control weaknesses that had resulted in material losses, uncertainties, or contingencies that would require disclosure in this Annual Report.

This Statement on Risk Management and Internal Control was approved by the Board on 24 April 2024.



AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Audit and Risk Management Committee (“ARMC”) was established on 27 September 2022 with the primary objective of assisting the Board in its oversight of the Company’s financial reporting and in fulfilling its fiduciary duties and responsibilities as outlined in its Terms of Reference (“TOR”). The ARMC assists the Board by conducting together with the internal and external auditors, an objective and independent review of the financial, operational, and administrative controls and procedures, as well as establishing and maintaining internal controls.



The duties and responsibilities of the ARMC are set out in its TOR, which is accessible through the Company’s website at www.daythree.com.

COMPOSITION OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

The ARMC consists of three (3) members, all of whom are Independent Non-Executive Directors. Ms Leong Chooi Kuen, serving as the Chair of the ARMC, is a member of the Malaysian Institute of Accountants. The ARMC as a whole possesses financial literacy, competence, and comprehensive understanding of matters within the purview of the ARMC, including the financial reporting process.

As such, the ARMC fulfils the criteria set forth in Rule 15.09(1)(a), (b) and (c) of the ACE Market Listing Requirement of Bursa Malaysia Securities Berhad (“Bursa Securities”), as well as Practice 9.4 under Principle B of the Malaysian Code on Corporate Governance.

ATTENDANCE OF MEETINGS

During the financial year ended 31 December 2023 (“FY2023”), the ARMC convened three (3) times. The attendance of each member of the ARMC are as follows:

No.	Name	Designation	Directorship	Attendance
1.	Leong Chooi Kuen	Chair	Independent Non-Executive Director	3/3
2.	Azlina Binti Abdullah	Member	Independent Non-Executive Director	3/3
3.	Woon Tai Hai	Member	Independent Non-Executive Director	3/3

SUMMARY OF ACTIVITIES OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

The summary of activities undertaken by the ARMC in the discharge of its duties and responsibilities during FY2023, amongst others, included the following:

- (a) Reviewed the unaudited quarterly financial results and annual audited financial statements of the Company and its subsidiaries (hereinafter collectively referred to as the “Group”), along with related announcements, before making recommendations to the Board for their approval and release to Bursa Securities;

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

SUMMARY OF ACTIVITIES OF THE AUDIT AND RISK MANAGEMENT COMMITTEE (CONT'D)

- (b) Reviewed the audit plan, audit methodology and scope of work for the statutory audit of the Group’s financial statements for FY2023 with the external auditors;
- (c) Reviewed the comments and issues arising from the statutory audit of the Group’s financial statements for FY2023 and examined the resolutions of such issues highlighted in the Audit Committee Memorandum 2023;
- (d) Reviewed the internal audit plan presented by prospective service providers for purposes of outsourcing the internal audit function; and
- (e) Reviewed the gap analysis on the Group’s Risk Management Framework conducted by a firm of external consultants.

INTERNAL AUDIT FUNCTION

The Company appointed an independent firm of internal auditors, Talent League Sdn Bhd in 2024, to carry out the internal audit function, and assist the ARMC in discharging its duties and responsibilities. The Internal Auditors report directly to the ARMC.



ADDITIONAL COMPLIANCE INFORMATION

UTILISATION OF PROCEEDS

The Company was listed on the ACE Market of Bursa Malaysia Securities Berhad on 26 July 2023, and undertook a public issue of 110,400,000 new ordinary shares at an issue price of RM0.30 per share; raising gross proceeds of approximately RM33.1 million.

The utilisation of proceeds as at 31 December 2023 is as follows:

Details of utilisation	Proposed utilisation RM'000	Actual utilisation RM'000	Re-allocation RM'000	Balance to be utilised RM'000	Estimated timeframe for utilisation upon listing
Office expansion	7,100	-	-	7,100	Within 24 months
Recruit industry experts to capture growth opportunities	3,020	(613)	-	2,407	Within 24 months
Capital expenditure in networking infrastructure, IT hardware and software	3,000	(311)	-	2,689	Within 12 months
Branding, marketing and promotional activities	1,500	(10)	-	1,490	Within 12 months
Working capital	14,700	(3,280)	67	11,487	Within 12 months
Estimated listing expenses	3,800	(3,733)	(67)	-	Within 1 month
	<u>33,120</u>	<u>(7,947)</u>	<u>-</u>	<u>25,173</u>	

AUDIT AND NON-AUDIT FEES

The audit and non-audit fees paid and payable to the External Auditors, Baker Tilly Monteiro Heng PLT, and its local affiliate by the Company and the Group for the financial year ended 31 December 2023, are as follows:

	Group RM'000	Company RM'000
Audit assurance	114	52
Non-audit assurance	48	48
	<u>162</u>	<u>100</u>

MATERIAL CONTRACTS

On 29 September 2022, the Company entered into a conditional share sale agreement with Dayspring Capital Sdn Bhd, Cloud Marshal Sdn Bhd, and RHB Trustees Berhad to acquire the entire equity interest of Daythree Business Services Sdn Bhd for a total purchase consideration of RM20,143,200, wholly satisfied by the issuance of 369,599,997 new shares of the Company at an issue price of RM0.0545 per ordinary shares. This acquisition was completed on 9 May 2023.

Mr Paul Raymond Raj A/L Davadass and Ms Gan Jhia Jhia are the interested persons in this acquisition by virtue of their directorship and shareholdings in Daythree Business Services Sdn Bhd, which hold 50% and 30% of interest in the Company respectively.

Save as disclosed above, there were no other material contracts entered into, by the Company and its subsidiaries involving the interests of Directors, Chief Executive who is not a director or major shareholders, during the financial year ended 31 December 2023.

STATEMENT OF DIRECTORS' RESPONSIBILITY

The Board of Directors is required under Rule 15.26(a) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad to issue a statement explaining its responsibility for preparing the annual audited financial statements.

The directors are required by the Companies Act 2016 in Malaysia, for the preparation of annual financial statements in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirement of the Companies Act 2016 in Malaysia, and for such internal control the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error, so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023 and of their financial performance and cash flows for the financial year then ended.

The directors are responsible for assessing the Group's and the Company's ability to continue as going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

The Statement is made in accordance with a resolution of the Board of Directors dated 24 April 2024.





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DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2023.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are engaged in the business of operating a global business services centre rendering business process, information technology and knowledge process outsourcing services and the provision of related services.

There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM	Company RM
Profit/(Loss) for the financial year, net of tax	7,574,003	(1,277,217)

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial period.

The directors do not recommend the payment of any dividends in respect of the financial year ended 31 December 2023.

RESERVES OR PROVISIONS

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

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that there were no known bad debts and that adequate allowance had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render it necessary to write off any bad debts or render the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent.

DIRECTORS' REPORT

CURRENT ASSETS

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company had been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

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

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

In the opinion of the directors, no contingent or other liability of the Group or of the Company has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

ITEMS OF MATERIAL AND UNUSUAL NATURE

In the opinion of the directors,

- (i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

DIRECTORS' REPORT

AUDITORS' REMUNERATION AND INDEMNITY

The auditors' remuneration of the Group and of the Company during the financial year were RM114,000 and RM52,000 respectively.

The Company has agreed to indemnify the auditors of the Company as permitted under Section 289 of the Companies Act 2016 in Malaysia.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company:

- (i) issued 369,599,997 new ordinary shares at a price of RM0.0545 per ordinary share for a total consideration of RM20,143,200 for the acquisition of 100% equity interest in Daythree Business Services Sdn. Bhd. pursuant to the conditional share sale agreement dated 27 September 2022. The acquisition was completed on 9 May 2023; and
- (ii) issued 110,400,000 new ordinary shares at a price of RM0.30 per ordinary share for a total cash consideration of RM33,120,000 pursuant to the Initial Public Offering ("IPO") of the Company on the ACE Market of Bursa Malaysia Securities Berhad on 24 July 2023.

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

During the financial year, no new issue of debentures were made by the Company.

OPTION GRANTED OVER UNISSUED SHARES

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

DIRECTORS

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

Dato' Ting Heng Peng
Paul Raymond Raj A/L Davadass*
Prabakaran A/L Chilatorai
Gan Jhia Jhia*
Syed Izmi Bin Syed Kamarul Bahrin*
Azlina Binti Abdullah
Leong Chooi Kuen
Woon Tai Hai

* Directors of the Company and its subsidiaries

DIRECTORS' REPORT

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings required to be kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, the interests of directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

	Number of ordinary shares			At 31.12.2023
	At 1.1.2023	Bought	Sold	
Interest in the Company				
Direct interest:				
Prabakaran A/L Chilatorai	-	1,000,000	(1,000,000)	-
Syed Izmi Bin Syed Kamarul Bahrin	-	500,000	(10,000)	490,000
Woon Tai Hai	-	500,000	(500,000)	-
Indirect interest:				
Paul Raymond Raj A/L Davadass	-	184,800,000	(12,000,000)	172,800,000 ⁽¹⁾
Gan Jhia Jhia	-	110,880,000	-	110,880,000 ⁽¹⁾

⁽¹⁾ Shares held through companies in which the director has substantial financial interests.

By virtue of their interests in the ordinary shares of the Company and pursuant to Section 8 of the Companies Act 2016 in Malaysia, Paul Raymond Raj A/L Davadass and Gan Jhia Jhia are deemed to have an interest in the ordinary shares of the subsidiaries to the extent that the Company has an interest.

Other than as stated above, none of the other directors in office at the end of the financial year had any interest in ordinary shares or debentures of the Company and its related corporations during the financial year.

DIRECTORS' REPORT

DIRECTORS' BENEFITS

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

The directors' benefits of the Group and of the Company were as follows:

	Group RM	Company RM
Directors of the Company		
Executive directors		
- Fees	30,000	30,000
- Salaries, allowances and bonuses	856,000	-
- Defined contribution plans	102,720	-
- Other emoluments	10,358	-
	999,078	30,000
Non-executive directors		
- Fees	148,000	156,000
	1,147,078	186,000

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

INDEMNITY TO DIRECTORS AND OFFICERS

During the financial year, the total amount of indemnity insurance coverage and insurance premium paid for the directors and officers of the Company were RM10,000,000 and RM14,180 respectively.

DIRECTORS' REPORT

SUBSIDIARIES

The details of the Company's subsidiaries are as follows:

Name of company	Principal place of business/ Country of incorporation	Effective equity interest		Principal activities
		2023 %	2022 %	
Daythree Business Services Sdn. Bhd.	Malaysia	100	-	Rendering business process, information technology and knowledge processs outsourcing services
Daythree Business Solutions Sdn. Bhd.	Malaysia	100	-	Dormant
Daythree Business Services Pte. Ltd.	Singapore	100	-	Dormant

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

Listing on ACE Market on Bursa Malaysia Securities Berhad

On 21 June 2023, the Company issued its Prospectus for its Initial Public Offering ("IPO") entailing the public issue of 110,400,000 new ordinary shares, representing 23% of the enlarged number of shares of the Company, to be allocated and allotted in the following manner:

- (i) 24,000,000 new ordinary shares available for application by the Malaysian Public;
- (ii) 12,000,000 new ordinary shares available for application by our eligible directors and employees of our Group; and
- (iii) 74,400,000 new ordinary shares by way of private placement to selected investors.

On 26 July 2023, the Company was listed on the ACE Market of Bursa Malaysia Securities Berhad comprising public issue of 110,400,000 shares.

DIRECTORS' REPORT

AUDITORS

The auditors, Messrs Baker Tilly Monteiro Heng PLT, have expressed their willingness to continue in office.

This report was approved and signed on behalf of the Board of Directors in accordance with a resolution of the directors.



DATO' TING HENG PENG

Director



PAUL RAYMOND RAJ A/L DAVADASS

Director

Date: 24 April 2024

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Note	Group		Company	
		2023 RM	Unaudited 2022 RM	2023 RM	2022 RM
ASSETS					
Non-current assets					
Plant and equipment	5	5,740,954	5,146,724	-	-
Right-of-use assets	6	14,112,815	7,727,167	-	-
Investment in subsidiaries	7	-	-	20,143,212	-
Total non-current assets		19,853,769	12,873,891	20,143,212	-
Current assets					
Trade and other receivables	8	18,906,518	15,455,558	4,128,364	320,188
Contract assets	9	15,420,522	6,201,752	-	-
Cash and short-term deposits	10	33,586,395	11,581,899	25,354,042	3
Total current assets		67,913,435	33,239,209	29,482,406	320,191
TOTAL ASSETS		87,767,204	46,113,100	49,625,618	320,191
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital/Invested equity	11	51,710,407	2,000,003	51,710,407	3
Reorganisation reserve	12	(18,143,200)	-	-	-
Retained earnings/ (Accumulated losses)		32,047,771	24,473,768	(2,256,694)	(979,477)
Exchange reserve	13	4,859	386	-	-
TOTAL EQUITY/(CAPITAL DEFICIENCY)		65,619,837	26,474,157	49,453,713	(979,474)
Non-current liabilities					
Loans and borrowings	14	12,504,162	6,817,575	-	-
Total non-current liabilities		12,504,162	6,817,575	-	-
Current liabilities					
Loans and borrowings	14	2,441,963	5,522,207	-	-
Trade and other payables	15	5,494,077	4,487,219	164,605	1,299,665
Contract liabilities	9	667,387	546,385	-	-
Tax liabilities		1,039,778	2,265,557	7,300	-
Total current liabilities		9,643,205	12,821,368	171,905	1,299,665
TOTAL LIABILITIES		22,147,367	19,638,943	171,905	1,299,665
TOTAL EQUITY AND LIABILITIES/TOTAL LIABILITIES NET OF CAPITAL DEFICIENCY		87,767,204	46,113,100	49,625,618	320,191

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

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Group		Company	
		1.1.2023 to 31.12.2023 RM	Unaudited 1.1.2022 to 31.12.2022 RM	1.1.2023 to 31.12.2023 RM	11.8.2022 (Date of incorporation) to 31.12.2022 RM
Revenue	16	89,874,596	65,105,164	-	-
Cost of sales		(68,540,210)	(48,704,498)	-	-
Gross profit		21,334,386	16,400,666	-	-
Other income	17	444,074	210,338	299,133	-
Administrative expenses		(10,217,910)	(7,703,033)	(1,569,050)	(979,477)
Impairment loss on a trade receivable		(59,012)	-	-	-
Other expenses		-	(1,708)	-	-
Operating profit/(loss)		11,501,538	8,906,263	(1,269,917)	(979,477)
Finance costs	18	(689,707)	(361,593)	-	-
Profit/(Loss) before tax	19	10,811,831	8,544,670	(1,269,917)	(979,477)
Income tax expense	21	(3,237,828)	(2,297,823)	(7,300)	-
Profit/(Loss) for the financial year/period		7,574,003	6,246,847	(1,277,217)	(979,477)
Other comprehensive income, net of tax					
<i>Items that maybe reclassified subsequently to profit or loss</i>					
Exchange differences on translation of foreign operations		4,473	1,559	-	-
Total comprehensive income/(loss) for the financial year/period		7,578,476	6,248,406	(1,277,217)	(979,477)
Profit/(Loss) attributable to:					
Owners of the Company		7,574,003	6,246,847	(1,277,217)	(979,477)
Total comprehensive income/(loss) attributable to:					
Owners of the Company		7,578,476	6,248,406	(1,277,217)	(979,477)
Earnings per share attributable to owners of the Company:					
- Basic and Diluted	22	0.03	3.12		

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Attributable to owners of the Company					
	Share capital RM	Invested equity RM	Exchange reserve RM	Reorganisation reserve RM	Retained earnings RM	Total equity RM
Group						
At 1 January 2023 (unaudited)	-	2,000,003	386	-	24,473,768	26,474,157
Total comprehensive income for the financial year						
Profit for the financial year	-	-	-	-	7,574,003	7,574,003
Other comprehensive income for the financial year	-	-	4,473	-	-	4,473
Total comprehensive income	-	-	4,473	-	7,574,003	7,578,476
Transactions with owners						
Issuance of ordinary shares	33,120,003	(3)	-	-	-	33,120,000
Share issued for acquisition of a subsidiary	20,143,200	(2,000,000)	-	(18,143,200)	-	-
Share issuance expenses	(1,552,796)	-	-	-	-	(1,552,796)
Total transactions with owners	51,710,407	(2,000,003)	-	(18,143,200)	-	31,567,204
At 31 December 2023	51,710,407	-	4,859	(18,143,200)	32,047,771	65,619,837

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Group		Company	
		1.1.2023 to 31.12.2023 RM	Unaudited 1.1.2022 to 31.12.2022 RM	1.1.2023 to 31.12.2023 RM	11.8.2022 (Date of incorporation) to 31.12.2022 RM
Cash flows from investing activities					
Acquisition of a subsidiary		-	-	(12)	-
Advances to a subsidiary		-	-	(4,065,333)	-
Purchase of plant and equipment	5	(1,510,816)	(1,926,974)	-	-
Change in pledged deposits		1,387,103	955,553	-	-
Net cash used in investing activities		(123,713)	(971,421)	(4,065,345)	-
Cash flows from financing activities	(a)				
(Repayment to)/ Advances from a subsidiary		-	-	(1,292,665)	1,292,665
(Repayment)/Drawdown of trade finance		(4,000,000)	4,000,000	-	-
Dividend paid on shares		-	(8,000,000)	-	-
Payment of lease liabilities		(2,106,719)	(1,325,621)	-	-
Proceeds from issuance of ordinary shares		31,567,204	3	31,567,204	-
Net cash from/(used in) financing activities		25,460,485	(5,325,618)	30,274,539	1,292,665
Net increase in cash and cash equivalents		23,387,982	670,634	25,354,039	-
Cash and cash equivalents at the beginning of the financial year/date of incorporation		8,129,977	7,454,446	3	3
Effects of exchange rate changes on cash and cash equivalents		3,617	4,897	-	-
Cash and cash equivalents at the end of the financial year/period	10	31,521,576	8,129,977	25,354,042	3

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

(a) Reconciliation of liabilities arising from financing activities:

	Unaudited 1.1.2023 RM	Cash flows RM	Non-cash		31.12.2023 RM
			Acquisition RM	Others RM	
Group					
Lease liabilities	8,339,782	(2,106,719)	8,641,046	72,016	14,946,125
Trade finance	4,000,000	(4,000,000)	-	-	-
	12,339,782	(6,106,719)	8,641,046	72,016	14,946,125

	Unaudited 1.1.2022 RM	Cash flows RM	Non-cash		Unaudited 31.12.2022 RM
			Acquisition RM	Others RM	
Group					
Lease liabilities	8,056,671	(1,325,621)	1,377,289	231,443	8,339,782
Trade finance	-	4,000,000	-	-	4,000,000
	8,056,671	2,674,379	1,377,289	231,443	12,339,782

	1.1.2023 RM	Cash flows RM	31.12.2023 RM
Amount owing to a subsidiary	1,292,665	(1,292,665)	-

	11.8.2022 (Date of incorporation) RM	Cash flows RM	31.12.2022 RM
Amount owing to a subsidiary	-	1,292,665	1,292,665

(b) Total cash outflows for leases as a lessee:

During the financial year, the Group has total cash outflows for leases of RM3,338,901 (2022: RM2,126,680)

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

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Daythree Digital Berhad (“the Company”) is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the ACE Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at 5-9A, The Boulevard Offices, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, W.P. Kuala Lumpur, Malaysia. The principal place of business of the Company is located at Level 8, Tower 7, UOA Business Park, No. 1 Jalan Pengaturcara U1/51A, Seksyen U1, 40150 Shah Alam, Selangor Darul Ehsan, Malaysia.

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are disclosed in Note 7. There have been no significant changes in the nature of these activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 24 April 2024.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Adoption of new MFRS and amendments to MFRSs

The Group and the Company have adopted the following applicable new MFRS and amendments to MFRSs for the current financial year:

New MFRS

MFRS 17 Insurance Contracts

Amendments to MFRSs

MFRS 101 Presentation of Financial Statements

MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors

MFRS 112 Income Taxes

The adoption of the above new MFRS and amendments to MFRSs did not have any significant effect on the financial statements of the Group and of the Company and did not result in significant changes to the Group’s and the Company’s existing accounting policies, except as discussed below:

Amendments to MFRS 101 Presentation of Financial Statements

The amendments require an entity to disclose its material accounting policy information rather than significant accounting policies. The amendments, amongst others, also include examples of circumstances in which an entity is likely to consider an accounting policy information to be material to its financial statements.

Accordingly, the Group and the Company disclosed their material accounting policy information in these financial statements. However, the amendments did not result in changes to the accounting policies of the Group and of the Company.

NOTES TO THE FINANCIAL STATEMENTS

2. BASIS OF PREPARATION (Cont’d)

2.3 Amendments to MFRSs that have been issued, but yet to be effective

The Group and the Company have not adopted the following amendments to MFRSs that have been issued, but yet to be effective:

		Effective for financial periods beginning on or after
<u>Amendments to MFRSs</u>		
MFRS 7	Financial Instruments: Disclosures	1 January 2024
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 16	Leases	1 January 2024
MFRS 101	Presentation of Financial Statements	1 January 2024
MFRS 107	Statement of Cash Flows	1 January 2024
MFRS 121	The Effects of Changes in Foreign Exchange Rates	1 January 2025
MFRS 128	Investments in Associates and Joint Ventures	Deferred

2.3.1 The Group and the Company plan to adopt the above applicable amendments to MFRSs when they become effective. The initial application of the applicable amendments to MFRSs is not expected to have material impact to the current and prior periods financial statements.

2.4 Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which they operate (“the functional currency”). The consolidated financial statements are presented in Ringgit Malaysia (“RM”), which is also the Company’s functional currency.

2.5 Basis of measurement

The financial statements of the Group and of the Company have been prepared on the historical cost basis, except as otherwise disclosed.

3. MATERIAL ACCOUNTING POLICY INFORMATION

Unless otherwise stated, the following material accounting policy information have been applied consistently to all the financial years presented in the financial statements of the Group and of the Company.

3.1 Basis of consolidation

Subsidiaries and business combination

The Group applies the acquisition method to account for business combinations except for acquisition of entities under a reorganisation scheme.

NOTES TO THE FINANCIAL STATEMENTS

3. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

3.1 Basis of consolidation (Cont'd)

Subsidiaries and business combination (Cont'd)

Acquisition of entities under a reorganisation scheme does not result in any change in economic substance. Accordingly, the consolidated financial statements of the Company are a continuation of the acquired entity and is accounted for as follows:

- the assets and liabilities of the acquired entity are recognised and measured in the consolidated financial statements at the pre-combination carrying amounts, without restatement to fair value;
- the retained earnings and other equity balances of acquired entity immediately before the business combination are those of the Group; and
- the equity structure, however, reflects the equity structure of the Company and the differences arising from the change in equity structure of the Group will be accounted for in other reserves.

3.2 Separate financial statements

In the Company's statement of financial position, investment in subsidiaries is measured at cost less any accumulated impairment losses.

3.3 Financial instruments

Financial assets – subsequent measurement and gains and losses

Debt instruments at amortised cost

The Group and the Company subsequently measure these assets at amortised cost under the effective interest method. The gross carrying amount is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities – subsequent measurement and gains and losses

Financial liabilities at amortised cost

The Group and the Company subsequently measure other financial liabilities at amortised cost under the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

3.4 Plant and Equipment

Plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Assets under construction included in plant and equipment are not depreciated as these assets are not yet available for use.

NOTES TO THE FINANCIAL STATEMENTS

3. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

3.4 Plant and Equipment (Cont'd)

All other plant and equipment are depreciated on straight-line basis by allocating their depreciable amounts over their remaining useful lives.

	Useful lives (years)
Computer and software	5
Furniture and fittings	6.67 – 10
Office equipment	6.67 – 10
Renovation	5 – 10

3.5 Leases

Lessee accounting

The Group presents right-of-use assets as separate line in the statement of financial position and lease liabilities as loans and borrowings in Note 14.

Short-term leases and leases of low value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. Accordingly, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

Right-of-use assets

The right-of-use assets are measured at cost less accumulated depreciation and any accumulated impairment losses, and adjust for any remeasurement of the lease liabilities. The right-of-use assets are depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Lease liabilities

The lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the incremental borrowing rate.

The Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

NOTES TO THE FINANCIAL STATEMENTS

3. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

3.6 Revenue and other income

Financing components

The Group has applied the practical expedient for not to adjust the promised amount of consideration for the effects of a significant financing components as the Group expects that the period between the transfer of the promised goods or services to the customer and payment by the customer will be one year or less.

(a) Shared services and outsourcing businesses

Revenue from shared services and outsourcing businesses are recognised over time as the services are rendered because the customer receives and uses the benefits simultaneously. This is determined based on the time elapsed (output method).

(b) Interest income

Interest income is recognised using the effective interest method.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reporting period. It also requires directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity that have the most significant effect on the Group's and the Company's financial statements, or areas where assumptions and estimates that have a significant risk of resulting in a material adjustment to the Group's and the Company's financial statements within the next financial year are disclosed as follows:

Impairment of financial assets and contract assets

The impairment provisions for financial assets and contract assets are based on assumptions about risk of default and expected loss rate. The Group and the Company use judgement in making these assumptions and selecting inputs to the impairment calculation, based on the Group's and the Company's past history, existing market conditions as well as forward looking estimate at the end of each reporting period.

The assessment of the correlation between historical observed default rates, forward-looking estimates and expected credit losses is a significant estimate. The amount of expected credit losses is sensitive to changes in circumstances and forecast of economic conditions over the expected lives of the financial assets and contract assets. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The information about the impairment losses on the Group's and the Company's financial assets and contract assets are disclosed in Note 24(b)(i).

NOTES TO THE FINANCIAL STATEMENTS

5. PLANT AND EQUIPMENT

Note	Computer and software RM	Furniture and fittings RM	Office equipment RM	Renovation RM	Construction in progress RM	Total RM	
Group							
Cost							
At 1 January 2022 (unaudited)	1,618,360	140,518	771,244	3,232,912	-	5,763,034	
Additions	182,024	87,046	60,925	118,876	1,478,103	1,926,974	
At 31 December 2022 (unaudited)	1,800,384	227,564	832,169	3,351,788	1,478,103	7,690,008	
Additions	292,944	9,767	211,953	12,674	983,478	1,510,816	
Written off	(20,600)	-	-	-	-	(20,600)	
Reclassification	-	-	-	2,461,581	(2,461,581)	-	
At 31 December 2023	2,072,728	237,331	1,044,122	5,826,043	-	9,180,224	
Accumulated depreciation							
At 1 January 2022 (unaudited)	900,544	71,813	306,311	511,301	-	1,789,969	
Depreciation charge for the financial year	19	269,030	24,113	113,738	346,434	-	753,315
At 31 December 2022 (unaudited)	1,169,574	95,926	420,049	857,735	-	2,543,284	
Depreciation charge for the financial year	19	312,300	32,800	123,261	448,126	-	916,487
Written off	(20,501)	-	-	-	-	(20,501)	
At 31 December 2023	1,461,373	128,726	543,310	1,305,861	-	3,439,270	
Carrying amount							
At 31 December 2022 (unaudited)	630,810	131,638	412,120	2,494,053	1,478,103	5,146,724	
At 31 December 2023	611,355	108,605	500,812	4,520,182	-	5,740,954	

NOTES TO THE FINANCIAL STATEMENTS

6. RIGHT-OF-USE ASSETS

The Group leases office building for their operation.

Information about leases for which the Group are lessee are presented below:

	Note	Group	
		2023 RM	Unaudited 2022 RM
Office buildings			
Cost			
At 1 January		12,267,985	10,659,253
Additions		8,641,046	1,377,289
Lease modification		72,016	231,443
At 31 December		20,981,047	12,267,985
Accumulated depreciation			
At 1 January		4,540,818	3,174,790
Depreciation charge for the financial year	19	2,327,414	1,366,028
At 31 December		6,868,232	4,540,818
Carrying amount			
At 31 December		14,112,815	7,727,167

The leases for the office buildings generally have lease term between 2 to 9 years.

Extension and termination options

The Group has several lease contracts that include extension and termination options. These options are negotiated by the Group to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs.

7. INVESTMENT IN SUBSIDIARIES

	Company	
	2023 RM	2022 RM
At cost		
Unquoted shares	20,143,212	-

NOTES TO THE FINANCIAL STATEMENTS

7. INVESTMENT IN SUBSIDIARIES (Cont'd)

Details of the subsidiaries are as follows:

Name of company	Principal place of business/ Country of incorporation	Effective equity interest		Principal activities
		2023 %	2022 %	
Daythree Business Services Sdn. Bhd. [^]	Malaysia	100	-	Rendering business process, information technology and knowledge process outsourcing services
Daythree Business Solutions Sdn. Bhd. [^]	Malaysia	100	-	Dormant
Daythree Business Services Pte. Ltd. ^{*^}	Singapore	100	-	Dormant

* Statutory audit is not required under local requirements.

[^] In the prior financial year, the financial statements of the Group were prepared using the basis of combination. The combined entity comprise the financial statement of the Company and its combined entities.

Acquisition of Daythree Business Services Sdn. Bhd., Daythree Business Solutions Sdn. Bhd. and Daythree Business Services Pte. Ltd.

On 29 September 2022, Daythree Digital Berhad entered into a conditional share sale agreement to acquire the entire equity interest of Daythree Business Services Sdn. Bhd. for a total purchase consideration of RM20,143,200 which was wholly satisfied by the issuance of 369,599,997 new shares at an issue price of RM0.0545 per ordinary share.

The purchase consideration of RM20,143,200 was arrived at on a "willing buyer-willing seller basis" based on the net assets of Daythree Business Services Sdn. Bhd. as at 31 December 2021.

On 27 September 2022, the Company entered into a conditional share sale agreement to acquire the entire equity interest in Daythree Business Solutions Sdn. Bhd. for a total purchase consideration of RM2 which was wholly satisfied by cash.

On 27 September 2022, the Company entered into a conditional share sale agreement to acquire the entire equity interest of Daythree Business Services Pte. Ltd. for a total purchase consideration of RM10 which was wholly satisfied by cash.

The acquisitions were completed on 9 May 2023 and consequently Daythree Business Services Sdn. Bhd., Daythree Business Solutions Sdn. Bhd. and Daythree Business Services Pte. Ltd. became subsidiaries of the Company.

NOTES TO THE FINANCIAL STATEMENTS

8. TRADE AND OTHER RECEIVABLES

	Note	Group		Company	
		2023 RM	Unaudited 2022 RM	2023 RM	2022 RM
Current:					
Trade					
Trade receivables		16,309,847	13,468,818	-	-
Less: Impairment loss on a trade receivable		(59,012)	-	-	-
	(a)	16,250,835	13,468,818	-	-
Non-trade					
Other receivables		14,284	189,058	-	-
Amount owing by a subsidiary	(b)	-	-	4,065,333	-
Deposits		1,191,372	861,010	1,000	-
Prepayments		1,450,027	936,672	62,031	320,188
		2,655,683	1,986,740	4,128,364	320,188
Total trade and other receivables		18,906,518	15,455,558	4,128,364	320,188

(a) Trade receivables

Trade receivables are non-interest bearing and normal credit terms offered by the Group ranging from 30 days to 90 days (2022: 60 days to 90 days) from the date of invoices. Other credit terms are assessed and approved on a case-by-case basis.

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the reconciliation of movement in the impairment of trade receivables are as follows:

	Group	
	2023 RM	Unaudited 2022 RM
At 1 January	-	-
Charge for the financial year		
- Individually assessed	59,012	-
At 31 December	59,012	-

The information about the credit exposure are disclosed in Note 24(b)(i).

NOTES TO THE FINANCIAL STATEMENTS

8. TRADE AND OTHER RECEIVABLES (Cont'd)

(b) Amount owing by a subsidiary is non-trade in nature, unsecured, non-interest bearing, repayable on demand and is expected to be settled in cash.

9. CONTRACT ASSETS/(LIABILITIES)

	Group	
	2023 RM	Unaudited 2022 RM
Contract assets relating to rendering of services	15,420,522	6,201,752
Contract liabilities relating to rendering of services	(667,387)	(546,385)

(a) **Contract assets**

The contract assets represent the Group's rights to consideration for the work performed for rendering of services but yet to be billed. Contract assets are transferred to receivables when the Group issues invoices to the customers. Typically, the amount will be billed within 30 to 90 days (2022: 30 to 90 days) and payments are expected within 30 to 90 days (2022: 60 to 90 days).

(b) **Contract liabilities**

The contract liabilities represent invoices billed and consideration received for service contract which performance obligations have not been satisfied. The contract liabilities are expected to be recognised as revenue within 30 days (2022: 30 days).

(c) **Significant changes in contract balances**

	2023		Unaudited 2022	
	Contract assets increase/ (decrease) RM	Contract liabilities (increase)/ decrease RM	Contract assets increase/ (decrease) RM	Contract liabilities (increase)/ decrease RM
Group				
Revenue recognised that was included in contract liability at the beginning of the financial year	-	546,385	-	-
Increase due to consideration received from customers, but revenue not recognised	-	(667,387)	-	(546,385)

NOTES TO THE FINANCIAL STATEMENTS

9. CONTRACT ASSETS/(LIABILITIES) (Cont'd)

(c) Significant changes in contract balances (Cont'd)

	2023		Unaudited 2022	
	Contract assets increase/ (decrease) RM	Contract liabilities (increase)/ decrease RM	Contract assets increase/ (decrease) RM	Contract liabilities (increase)/ decrease RM
Group (Cont'd)				
Increase due to revenue recognised for unbilled services transferred to customers	15,420,522	-	6,201,752	-
Transfer from contract assets recognised at the beginning of the period to receivables	(6,201,752)	-	(6,620,804)	-

10. CASH AND SHORT-TERM DEPOSITS

	Group		Company	
	2023 RM	Unaudited 2022 RM	2023 RM	2022 RM
Cash and bank balances	31,521,576	7,094,534	25,354,042	3
Short-term deposits	2,064,819	4,487,365	-	-
	33,586,395	11,581,899	25,354,042	3

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following:

	Group		Company	
	2023 RM	Unaudited 2022 RM	2023 RM	2022 RM
Short-term deposits	2,064,819	4,487,365	-	-
Less: Pledged deposits	(2,064,819)	(3,451,922)	-	-
	-	1,035,443	-	-
Cash and bank balances	31,521,576	7,094,534	25,354,042	3
	31,521,576	8,129,977	25,354,042	3

NOTES TO THE FINANCIAL STATEMENTS

10. CASH AND SHORT-TERM DEPOSITS (Cont'd)

- (a) Included in the deposits placed with licensed banks of the Group, RM2,064,819 (2022: RM3,451,922) is pledged for credit facilities granted to the Group.
- (b) Deposits placed with licensed banks of the Group bear interest at rates ranging from 2.60% to 3.05% (2022: 2.10% to 2.40%) per annum with a maturity of twelve months or less.

11. SHARE CAPITAL/INVESTED EQUITY

(a) Share capital

	Group and Company		Company	
	Number of ordinary shares 2023 Unit	Amount 2023 RM	Number of ordinary shares 2022 Unit	Amount 2022 RM
Issued and fully paid-up (no par value):				
At 1 January/ 8 August 2022 (date of incorporation)	3	3	3	3
Acquisition of a subsidiary	369,599,997	20,143,200	-	-
Issued during the financial year	110,400,000	33,120,000	-	-
Share issuance expenses	-	(1,552,796)	-	-
At 31 December	480,000,000	51,710,407	3	3

(b) Invested equity

	Group	
	Unaudited Number of ordinary shares 2022 Unit	Unaudited Amount 2022 RM
Issued and fully paid-up (no par value):		
At 1 January	2,000,000	2,000,000
Shares issued upon incorporation	3	3
At 31 December	2,000,003	2,000,003

For the purpose of 31 December 2022 financial statements, the invested equity is the aggregate of the share capital of the combining entities constituting the Group.

On 8 April 2022, the Company was incorporated with 3 ordinary shares at RM1 per ordinary share.

NOTES TO THE FINANCIAL STATEMENTS

11. SHARE CAPITAL/INVESTED EQUITY (Cont'd)

The holders of ordinary shares are entitled to receive dividends as declared from time to time and is entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

During the financial year, the Company:

- (i) issued 369,599,997 new ordinary shares at a price of RM0.0545 per ordinary share for a total consideration of RM20,143,200 for the acquisition of 100% equity interest in Daythree Business Services Sdn. Bhd. pursuant to the conditional share sale agreement dated 29 September 2022. The acquisition was completed on 9 May 2023; and
- (ii) issued 110,400,000 new ordinary shares at a price of RM0.30 per ordinary share for a total cash consideration of RM33,120,000 pursuant to the Initial Public Offering ("IPO") of the Company on the ACE Market of Bursa Malaysia Securities Berhad on 26 July 2023.

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

12. REORGANISATION RESERVE

	Group	
	2023 RM	Unaudited 2022 RM
At 1 January	-	-
Effect of acquisition	(18,143,200)	-
At 31 December	(18,143,200)	-

Reorganisation reserve represents the difference between the purchase consideration paid to acquire Daythree Business Services Sdn. Bhd. ("Daythree Services") and the equity interest of Daythree Services at the date of acquisition.

13. EXCHANGE RESERVE

The exchange reserve comprises foreign currency difference arising from the translation of the financial statements of foreign operation whose functional currency is different from that of the Group's presentation currency as well as the foreign currency difference arising from monetary items which form part of the Group's net investment in foreign operation, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation or another currency.

NOTES TO THE FINANCIAL STATEMENTS

14. LOANS AND BORROWINGS

	Note	Group	
		2023 RM	Unaudited 2022 RM
Non-current:			
Lease liabilities	(a)	12,504,162	6,817,575
Current:			
Lease liabilities	(a)	2,441,963	1,522,207
Trade finance	(b)	-	4,000,000
		2,441,963	5,522,207
		14,946,125	12,339,782
Total loans and borrowings:			
Lease liabilities	(a)	14,946,125	8,339,782
Trade finance	(b)	-	4,000,000
		14,946,125	12,339,782

- (a) The interest rates implicit in the leases for current financial year range from 3.80% to 4.95% (2022: 3.80% to 5.05%)

Future minimum lease payments together with the present value of the net minimum lease payments are as follows:

	Group	
	2023 RM	Unaudited 2022 RM
Minimum lease payments:		
Not later than one year	3,077,892	1,890,316
Later than one year and not later than five years	10,042,517	6,357,879
Later than five years	4,215,801	1,139,128
	17,336,210	9,387,323
Less: Future interest charges	(2,390,085)	(1,047,541)
Present value of minimum lease payments	14,946,125	8,339,782

NOTES TO THE FINANCIAL STATEMENTS

14. LOANS AND BORROWINGS (Cont'd)

(a) (Cont'd)

Future minimum lease payments together with the present value of the net minimum lease payments are as follows: (Cont'd)

	Group	
	2023 RM	Unaudited 2022 RM
Present value of minimum lease payments:		
Not later than one year	2,441,963	1,522,207
Later than one year and not later than five years	8,612,633	5,709,254
Later than five years	3,891,529	1,108,321
	14,946,125	8,339,782
Less: Amount due within twelve months	(2,441,963)	(1,522,207)
Amount due after twelve months	12,504,162	6,817,575

(b) Trade finance

In the previous financial year, trade finance of the Group bore interest at a rate of 6.45% per annum and was secured and supported by the following:

- (i) Legal charge over the fixed deposits as disclosed in Note 10;
- (ii) Corporate guarantee by a corporate shareholder; and
- (iii) Personal guarantee by a director of the Company.

15. TRADE AND OTHER PAYABLES

	Note	Group		Company	
		2023 RM	Unaudited 2022 RM	2023 RM	2022 RM
Trade					
Trade payables	(a)	511,767	360,076	-	-
Non-trade					
Other payables		1,991,896	1,987,036	64,805	-
Amount owing to a subsidiary	(b)	-	-	-	1,292,665
Accruals		2,990,414	2,140,107	99,800	7,000
		4,982,310	4,127,143	164,605	1,299,665
Total trade and other payables		5,494,077	4,487,219	164,605	1,299,665

NOTES TO THE FINANCIAL STATEMENTS

15. TRADE AND OTHER PAYABLES (Cont'd)

(a) Trade payables

Trade payables are non-interest bearing and the normal trade credit term granted to the Group ranging from 15 days to 60 days (2022: 15 days to 60 days).

(b) In the previous financial period, amount owing to a subsidiary was non-trade in nature, unsecured, non-interest bearing, repayable upon demand and was expected to be settled in cash.

For explanations on the Group's and the Company's liquidity risk management processes, refer to Note 24(b)(ii).

16. REVENUE

	Group	
	1.1.2023 to 31.12.2023 RM	1.1.2022 to 31.12.2022 RM
Revenue from contract with customers:		
Over time		
Shared services and outsourcing businesses	89,874,596	65,105,164

The Group applies the practical expedient in paragraph 121(b) of MFRS 15 and does not disclose information about remaining performance obligations as the Group recognises revenue from the satisfaction of the performance obligation when the Group has a right to consideration from a customer in an amount that corresponds directly with the value to the customer of the Group's performance completed to date.

17. OTHER INCOME

	Group		Company	
	1.1.2023 to 31.12.2023 RM	Unaudited 1.1.2022 to 31.12.2022 RM	1.1.2023 to 31.12.2023 RM	11.8.2022 (Date of incorporation) to 31.12.2022 RM
Interest income	368,757	194,723	299,133	-
Realised gain on foreign exchange	55,608	4,521	-	-
Unrealised gain on foreign exchange	-	3,500	-	-
Others	19,709	7,594	-	-
	444,074	210,338	299,133	-

NOTES TO THE FINANCIAL STATEMENTS

18. FINANCE COSTS

	Group	
	1.1.2023 to 31.12.2023 RM	Unaudited 1.1.2022 to 31.12.2022 RM
Interest expense on:		
- Lease liabilities	648,407	361,593
- Trade finance	41,300	-
	689,707	361,593

19. PROFIT/(LOSS) BEFORE TAX

Other than disclosed elsewhere in the financial statements, the following items have been charged in arriving at profit/(loss) before tax:

	Note	Group		Company	
		1.1.2023 to 31.12.2023 RM	Unaudited 1.1.2022 to 31.12.2022 RM	1.1.2023 to 31.12.2023 RM	11.8.2022 (Date of incorporation) to 31.12.2022 RM
Auditors' remuneration - statutory audit:					
- Baker Tilly Monteiro Heng PLT		114,000	55,000	52,000	7,000
Other services					
- Baker Tilly Monteiro Heng PLT		48,052	192,081	48,052	192,081
Bad debts written off		-	1,708	-	-
Depreciation of:					
- plant and equipment	5	916,487	753,315	-	-
- right-of-use assets	6	2,327,414	1,366,028	-	-
Employee benefits expense	20	68,974,172	49,072,498	186,000	-

NOTES TO THE FINANCIAL STATEMENTS

19. PROFIT/(LOSS) BEFORE TAX (Cont'd)

Other than disclosed elsewhere in the financial statements, the following items have been charged in arriving at profit/(loss) before tax: (Cont'd)

	Group		Company	
	1.1.2023 to 31.12.2023 RM	Unaudited 1.1.2022 to 31.12.2022 RM	1.1.2023 to 31.12.2023 RM	11.8.2022 (Date of incorporation) to 31.12.2022 RM
Expenses relating to:				
- short-term leases	-	127,393	-	-
- lease of low-value assets	583,775	312,073	-	-
Impairment loss on a trade receivables	59,012	-	-	-
Incorporation expenses	-	5,300	-	5,300
Plant and equipment written off	99	-	-	-
Unrealised loss on foreign exchange	311	-	-	-

20. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	1.1.2023 to 31.12.2023 RM	Unaudited 1.1.2022 to 31.12.2022 RM	1.1.2023 to 31.12.2023 RM	11.8.2022 (Date of incorporation) to 31.12.2022 RM
Salaries, allowances and bonuses	52,949,798	37,126,475	186,000	-
Defined contribution plans	7,354,804	5,431,477	-	-
Other staff related benefits	8,669,570	6,514,546	-	-
	68,974,172	49,072,498	186,000	-

NOTES TO THE FINANCIAL STATEMENTS

20. EMPLOYEE BENEFITS EXPENSE (Cont'd)

Included in employee benefits expense are:

	Group		Company	
	1.1.2023 to 31.12.2023 RM	Unaudited 1.1.2022 to 31.12.2022 RM	1.1.2023 to 31.12.2023 RM	11.8.2022 (Date of incorporation) to 31.12.2022 RM
Directors of the Company				
Executive directors				
- Fees	30,000	-	30,000	-
- Salaries, allowances and bonuses	856,000	804,000	-	-
- Defined contribution plans	102,720	93,360	-	-
- Other emoluments	10,358	1,362	-	-
	999,078	898,722	30,000	-
Non-executive directors				
- Fees	148,000	40,000	156,000	-
	1,147,078	938,722	186,000	-

21. INCOME TAX EXPENSE

The major components of income tax expense for the financial year/period ended 31 December 2023 and 31 December 2022 are as follows:

	Group		Company	
	1.1.2023 to 31.12.2023 RM	Unaudited 1.1.2022 to 31.12.2022 RM	1.1.2023 to 31.12.2023 RM	11.8.2022 (Date of incorporation) to 31.12.2022 RM
Statements of comprehensive income				
Current income tax:				
- Current income tax charge	3,107,300	2,289,809	7,300	-
- Adjustment in respect of prior year	130,528	8,014	-	-
Income tax expense recognised in profit or loss	3,237,828	2,297,823	7,300	-

NOTES TO THE FINANCIAL STATEMENTS

21. INCOME TAX EXPENSE (Cont'd)

Domestic income tax is calculated at the Malaysian statutory income tax rate of 24% (2022: 24%) of the estimated assessable profit for the financial year/period.

The reconciliations from the tax amount at statutory income tax rate to the Group's and the Company's tax expense are as follows:

	Group		Company	
	1.1.2023 to 31.12.2023 RM	Unaudited 1.1.2022 to 31.12.2022 RM	1.1.2023 to 31.12.2023 RM	11.8.2022 (Date of incorporation) to 31.12.2022 RM
Profit/(Loss) before tax	10,811,831	8,544,670	(1,269,917)	(979,477)
Tax at Malaysian statutory tax rate of 24% (2022: 24%)	2,594,839	2,050,721	(304,780)	(235,074)
Adjustments:				
Non-deductible expenses	478,347	362,410	312,080	235,074
Income not subject to tax	(49,227)	(174,635)	-	-
Adjustment in respect of current income tax of prior years	130,528	8,014	-	-
Deferred tax assets not recognised on temporary differences	83,341	51,313	-	-
Income tax expense	3,237,828	2,297,823	7,300	-

A subsidiary of the Company, Daythree Business Services Sdn. Bhd. ("the subsidiary") had been granted Malaysia Digital ("MD") status (*formerly known as Multimedia Super Corridor status*) by Multimedia Development Corporation Sdn. Bhd. By virtue of the MD status, the Company has been granted pioneer status and the business income is exempted from income tax up to 15 February 2022. The Subsidiary has subsequently applied for extension of the pioneer status for the second 5 years tax exemption (from 16 February 2022 to 15 February 2027). The application is still pending for approval up to the date of report.

NOTES TO THE FINANCIAL STATEMENTS

21. INCOME TAX EXPENSE (Cont'd)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2023 RM	Unaudited 2022 RM
Deductible temporary differences	502,235	154,978
Potential deferred tax assets not recognised at 24% (2022: 24%)	120,536	37,195

22. EARNINGS PER SHARE

Basic earnings per ordinary share

Basic earnings per share are based on the profit for the financial year attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares outstanding during the financial year, calculated as follows:

	Group	
	2023 RM	Unaudited 2022 RM
Profit attributable to ordinary equity holders of the Company	7,574,003	6,246,847
Weighted average number of ordinary shares for basic earnings per share	290,683,836	2,000,003
Basic earnings per share	0.03	3.12

The basic and diluted earnings per share are equal as the Company has no dilutive potential ordinary share(s).

NOTES TO THE FINANCIAL STATEMENTS

23. DIVIDENDS

	Group Unaudited 2022 RM
Recognised in the previous financial year:	
Dividends on ordinary shares:	
- Single-tier interim dividend of RM4.00 per ordinary share in respect of the financial year ended 31 December 2022, paid on 26 August 2022	4,000,000
- Single-tier interim dividend of RM4.00 per ordinary share in respect of the financial year ended 31 December 2022, paid on 26 October 2023	4,000,000
	8,000,000

24. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The following table analyses the financial instruments in the statement of financial position by the classes of financial instruments to which they are assigned:

	Carrying amount RM	Amortised cost RM
Group		
At 31 December 2023		
Financial assets		
Trade and other receivables, net of prepayments	17,456,491	17,456,491
Cash and short-term deposits	33,586,395	33,586,395
	51,042,886	51,042,886
Financial liabilities		
Trade and other payables	5,494,077	5,494,077

NOTES TO THE FINANCIAL STATEMENTS

24. FINANCIAL INSTRUMENTS (Cont'd)

(a) Categories of financial instruments (Cont'd)

The following table analyses the financial instruments in the statement of financial position by the classes of financial instruments to which they are assigned: (Cont'd)

	Carrying amount RM	Amortised cost RM
Group (Cont'd)		
At 31 December 2022 (Unaudited)		
Financial assets		
Trade and other receivables, net of prepayments	14,518,886	14,518,886
Cash and short-term deposits	11,581,899	11,581,899
	26,100,785	26,100,785
Financial liabilities		
Trade and other payables	4,487,219	4,487,219
Loans and borrowings	4,000,000	4,000,000
	8,487,219	8,487,219
Company		
At 31 December 2023		
Financial assets		
Trade and other receivables, net of prepayments	4,066,333	4,066,333
Cash and short-term deposits	25,354,042	25,354,042
	29,420,375	29,420,375
Financial liabilities		
Trade and other payables	164,605	164,605
At 31 December 2022		
Financial asset		
Cash and short-term deposits	3	3
Financial liabilities		
Trade and other payables	1,299,665	1,299,665

NOTES TO THE FINANCIAL STATEMENTS

24. FINANCIAL INSTRUMENTS (Cont'd)

(b) Financial risk management

The Group and the Company's activities are exposed to a variety of financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk and foreign currency risk. The Group's and the Company's overall financial risk management objective is to optimise value for their shareholders. The Group and the Company do not trade in financial instruments.

The Board of Directors reviews and agrees to policies and procedures for the management of these risks, which are executed by the Group's and the Company's senior management. The audit committee provides independent oversight to the effectiveness of the risk management process.

(i) Credit risk

Credit risk is the risk of financial loss to the Group and the Company that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group and the Company are exposed to credit risk from their operating activities (primarily trade receivables) and from their investing activities, including deposits with licensed bank, foreign exchange transactions and other financial instruments. The Group and the Company have a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures.

The Group and the Company consider a financial asset to be in default when:

- the counterparty is unable to pay its credit obligations to the Group and the Company in full, without taking into account any credit enhancements held by the Group and the Company; or
- the contractual payment of the financial asset is more than 30 days past due unless the Group and the Company have reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

At the end of the reporting period, the Group and the Company assess whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Those events evidence that a financial asset is credit-impaired include observable data about the following events:

- significant financial difficulty of the counterparty;
- a breach of contract, including a default event;
- a concession or restructuring of loans granted by the lender of the counterparty relating to the counterparty's financial difficulty; or
- it is probable that the counterparty will enter bankruptcy or other financial reorganisation.

NOTES TO THE FINANCIAL STATEMENTS

24. FINANCIAL INSTRUMENTS (Cont'd)

(b) Financial risk management (Cont'd)

(i) Credit risk (Cont'd)

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or source of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's and the Company's procedure for recovery of amounts due.

Trade receivables and contract assets

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables and contract assets is represented by the carrying amounts in the statements of financial position.

The carrying amount of trade receivables and contract assets are not secured by any collateral or supported by any other credit enhancements. In determining the recoverability of these receivables, the Group considers any change in the credit quality of the receivables from the date the credit was initially granted up to the reporting date. The Group has adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

Credit risk concentration profile

As at the end of the reporting period, the Group has significant concentration of credit risk that may arise for exposure of four (2022: four) major customers who accounted for 71% (2022: 80%) of total trade receivables.

The Group applies the simplified approach to provide for impairment losses prescribed by MFRS 9, which permits the use of the lifetime expected losses provision for all trade receivables and contract assets. To measure the impairment losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The impairment losses also incorporate forward looking information.

NOTES TO THE FINANCIAL STATEMENTS

24. FINANCIAL INSTRUMENTS (Cont'd)

(b) Financial risk management (Cont'd)

(i) Credit risk (Cont'd)

Trade receivables and contract assets (Cont'd)

Credit risk concentration profile

The information about the credit risk exposure on the Group's trade receivables and contract assets are as follows:

	Gross carrying amount at default RM
Group	
31 December 2023	
Contract assets	15,420,522
Trade receivables	
Current	11,591,380
1 to 30 days past due	3,120,794
31 to 60 days past due	507,708
61 to 90 days past due	277,593
More than 90 days past due	753,360
	16,250,835
Impaired - individually	59,012
	16,309,847
	31,730,369
31 December 2022 (Unaudited)	
Contract assets	6,201,752
Trade receivables	
Current	10,313,527
1 to 30 days past due	1,618,811
31 to 60 days past due	1,308,404
61 to 90 days past due	137,800
More than 90 days past due	90,276
	13,468,818
Impaired - individually	-
	13,468,818
	19,670,570

NOTES TO THE FINANCIAL STATEMENTS

24. FINANCIAL INSTRUMENTS (Cont'd)

(b) Financial risk management (Cont'd)

(i) Credit risk (Cont'd)

Other receivables and other financial assets

For other receivables and other financial assets (including cash and short-term deposits), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. At the reporting date, the Group's and the Company's maximum exposure to credit risk arising from other receivable and other financial assets is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

The Group and the Company consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group and the Company compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than credit terms in making a contractual payment.

Some intercompany balances between entities within the Group comprise loans or advances which are repayable on demand. The Company regularly monitors the financial performance and position of these entities on an individual basis. When these entities' financial performance and position deteriorates significantly, the Company assumes that there is a significant increase in credit risk, and thereby a lifetime expected credit loss assessment is necessary. As the Company is able to determine the timing of repayment of the loans or advances, the Company will consider the loans or advances to be in default when these entities are unable to pay based on the expected manner of recovery and recovery period. The Company determines the probability of default for these loans or advances using internally available information. The Company considers the loans or advances to be credit-impaired when the entities are unlikely to repay their debts.

As at the end of the reporting date, the Group and the Company consider the other receivables as low credit risk and any loss allowance would be negligible.

(ii) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations when they fall due. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities between financial assets and liabilities. The Group's and the Company's exposure to liquidity risk arises principally from trade and other payables, loans and borrowings.

The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by facilities. The Group and the Company maintain sufficient liquidity and available funds to meet daily cash needs, while maintaining controls and security over cash movements. The Group's and the Company's finance department also ensure that there are sufficient unutilised stand-by facilities, funding and liquid assets available to meet both short-term and long-term funding requirements.

NOTES TO THE FINANCIAL STATEMENTS

24. FINANCIAL INSTRUMENTS (Cont'd)

(b) Financial risk management (Cont'd)

(ii) Liquidity risk (Cont'd)

Maturity analysis

The maturity analysis of the Group's and the Company's financial liabilities by their relevant maturity at the reporting date based on contractual undiscounted repayment obligations are as follows:

	← Contractual undiscounted cash flows →				Total RM
	Carrying amount RM	On demand or within 1 year RM	Between 1 and 5 years RM	More than 5 years RM	
Group					
At 31 December 2023					
Financial liabilities:					
Trade and other payables	5,494,077	5,494,077	-	-	5,494,077
Loans and borrowings	14,946,125	3,077,892	10,042,517	4,215,801	17,336,210
	20,440,202	8,571,969	10,042,517	4,215,801	22,830,287
At 31 December 2022 (unaudited)					
Financial liabilities:					
Trade and other payables	4,487,219	4,487,219	-	-	4,487,219
Loans and borrowings	12,339,782	5,890,316	6,357,879	1,139,128	13,387,323
	16,827,001	10,377,535	6,357,879	1,139,128	17,874,542

NOTES TO THE FINANCIAL STATEMENTS

24. FINANCIAL INSTRUMENTS (Cont'd)

(b) Financial risk management (Cont'd)

(ii) Liquidity risk (Cont'd)

Maturity analysis (Cont'd)

The maturity analysis of the Group's and the Company's financial liabilities by their relevant maturity at the reporting date based on contractual undiscounted repayment obligations are as follows: (Cont'd)

	← Contractual undiscounted cash flows →				Total RM
	Carrying amount RM	On demand or within 1 year RM	Between 1 and 5 years RM	More than 5 years RM	
Company					
At 31 December 2023					
Financial liabilities:					
Trade and other payables	164,605	164,605	-	-	164,605
At 31 December 2022					
Financial liabilities:					
Trade and other payables	1,299,665	1,299,665	-	-	1,299,665

NOTES TO THE FINANCIAL STATEMENTS

24. FINANCIAL INSTRUMENTS (Cont'd)

(b) Financial risk management (Cont'd)

(iii) Foreign currency risk

Foreign currency risk is the risk of fluctuation in fair value or future cash flows of a financial instrument as a result of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when sales that is denominated in a foreign currency) and the Group's net investments in foreign subsidiaries.

Management has set up a policy that requires all companies within the Group to manage its treasury activities and exposures. The Group take advantage of any natural effects of its foreign currencies revenues by maintaining current accounts in foreign currencies.

The Group's net unhedged financial assets and liabilities that are not denominated in their functional currencies are as follows:

	Functional currencies		Total RM
	Ringgit Malaysia RM	Singapore Dollar RM	
Group			
At 31 December 2023			
Financial assets and liabilities not held in functional currencies:			
Trade receivables			
United States Dollar	581,159	-	581,159
Singapore Dollar	133,089	-	133,089
	714,248	-	714,248
Cash and short-term deposits			
United States Dollar	-	4,587	4,587
Singapore Dollar	65,107	-	65,107
	65,107	4,587	69,694
Trade payables			
United States Dollar	(235,568)	-	(235,568)

NOTES TO THE FINANCIAL STATEMENTS

24. FINANCIAL INSTRUMENTS (Cont'd)

(b) Financial risk management (Cont'd)

(iii) Foreign currency risk (Cont'd)

The Group's net unhedged financial assets and liabilities that are not denominated in their functional currencies are as follows: (Cont'd)

	Functional currencies		Total RM
	Ringgit Malaysia RM	Singapore Dollar RM	
Group			
At 31 December 2022 (Unaudited)			
Financial assets and liabilities not held in functional currencies:			
Trade receivables			
United States Dollar	32,639	-	32,639
Singapore Dollar	5,397	-	5,397
	38,036	-	38,036
Cash and short-term deposits			
United States Dollar	-	4,616	4,616
Singapore Dollar	110,734	-	110,734
	110,734	4,616	115,350

Sensitivity analysis for foreign currency risk

The Group's principal foreign currency exposure relates mainly to United States Dollar ("USD") and Singapore Dollar ("SGD").

The following table demonstrates the sensitivity to a reasonably possible change in the USD and SGD, with all other variables held constant on the Group's total equity and profit for the financial year.

	Change in rate %	Effect on profit for the financial year RM	Effect on equity RM
Group			
31 December 2023			
- USD	+ 5%	13,307	13,307
	- 5%	(13,307)	(13,307)
- SGD	+ 5%	7,531	7,531
	- 5%	(7,531)	(7,531)

NOTES TO THE FINANCIAL STATEMENTS

24. FINANCIAL INSTRUMENTS (Cont'd)

(b) Financial risk management (Cont'd)

(iii) Foreign currency risk (Cont'd)

Sensitivity analysis for foreign currency risk (Cont'd)

The following table demonstrates the sensitivity to a reasonably possible change in the USD and SGD, with all other variables held constant on the Group's total equity and profit for the financial year. (Cont'd)

	Change in rate %	Effect on profit for the financial year RM	Effect on equity RM
Group			
31 December 2022 (unaudited)			
- USD	+ 5%	1,416	1,416
	- 5%	(1,416)	(1,416)
- SGD	+ 5%	4,413	4,413
	- 5%	(4,413)	(4,413)

(c) Fair value measurement

The carrying amounts of cash and short-term deposits, short-term receivables and payables and short-term borrowings reasonably approximate to their fair values due to the relatively short-term nature of these financial instruments.

There have been no transfers between Level 1 and Level 2 during the financial year. (31.12.2022, no transfer in either directions)

25. COMMITMENTS

The Group has made commitments for the following capital expenditures:

	Group Unaudited	
	2023 RM	2022 RM
Approved and contracted for:		
Plant and equipment	-	495,436

NOTES TO THE FINANCIAL STATEMENTS

26. RELATED PARTIES

(a) Identity of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operational decisions, or vice versa, or where the Group and the party are subject to common control. Related parties may be individuals or other entities.

Related parties of the Group include:

- (i) Subsidiaries;
- (ii) Entities in which directors have substantial financial interests; and
- (iii) Key management personnel of the Group and the Company, comprise persons (including directors) having the authority and responsibility for planning, directing and controlling the activities directly or indirectly.

(b) Significant related party transactions

Significant related party transactions other than disclosed elsewhere in the financial statements are as follows:

	Group	
	2023 RM	Unaudited 2022 RM
Transaction with corporate shareholders are as follows:		
Dividend paid	-	8,000,000

(c) Compensation of key management personnel

Key management personnel include personnel having authority and responsibility for planning, directing and controlling the activities of the entities, directly or indirectly, including any director of the Group and of the Company.

The remuneration of the key management personnel is as follows:

	Group		Company	
	1.1.2023 to 31.12.2023 RM	Unaudited 1.1.2022 to 31.12.2022 RM	1.1.2023 to 31.12.2023 RM	11.8.2022 (Date of incorporation) to 31.12.2022 RM
Short-term employee benefits	2,277,658	845,362	186,000	-
Post-employment employee benefits	229,548	93,360	-	-
	2,507,206	938,722	186,000	-

NOTES TO THE FINANCIAL STATEMENTS

27. CAPITAL MANAGEMENT

The primary objective of the Group's and the Company's capital management is to ensure that they maintain a strong credit rating and healthy capital ratio in order to support their business and maximise shareholders' value.

The Group and the Company manage their capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies and processes during the financial years/period ended 31 December 2023 and 31 December 2022.

The Group and the Company monitor capital using gearing ratio. The gearing ratio is calculated as total debts divided by total equity. The Group's and the Company's policy are to keep the gearing ratio within reasonable levels. The gearing ratio as at 31 December 2023 and 31 December 2022 are as follows:

	Note	Group		Company	
		2023 RM	Unaudited 2022 RM	2023 RM	2022 RM
Loans and borrowings	14	14,946,125	12,339,782	-	-
Trade and other payables	15	5,494,077	4,487,219	164,605	1,299,665
Total debts		20,440,202	16,827,001	164,605	1,299,665
Total equity		65,619,837	26,474,157	49,453,713	(979,474)
Gearing ratio (times)		0.311	0.636	0.003	*

* not meaningful

There were no changes in the Group's and the Company's approach to capital management during the financial years under review.

The Group is required to maintain a gearing ratio of not more than 1.5 to comply with a bank covenant. The Group has not breached this covenant during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

28. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

Listing on ACE Market on Bursa Malaysia Securities Berhad

On 21 June 2023, the Company issued its Prospectus for its Initial Public Offering (“IPO”) entailing the public issue of 110,400,000 new ordinary shares, representing 23% of the enlarged number of shares of the Company, to be allocated and allotted in the following manner:

- (i) 24,000,000 new ordinary shares made available application by the Malaysian Public;
- (ii) 12,000,000 new ordinary shares made available for application by the eligible directors and employees of the Group; and
- (iii) 74,400,000 new ordinary shares made by way of private placement to selected investors.

On 26 July 2023, the Company was listed on the ACE Market of Bursa Malaysia Securities Berhad comprising public issue of 110,400,000 new ordinary shares.

29. SEGMENT INFORMATION

Segment information is not presented as the Group operates substantially within a single business segment and this is consistent with the current practice of internal reporting.

Geographical information

The Group operates solely in Malaysia, hence, no geographical segment is presented.

Information about major customers

Revenue from external customers which contributed 10% or more to the total revenue recognised is as follows:

	2023 RM	2022 RM
Customer A	26,881,684	18,882,235
Customer B	13,006,353	12,958,085
Customer C	11,999,002	11,957,811
Customer D	11,990,446	6,699,969

STATEMENT BY DIRECTORS (Pursuant to Section 251(2) of the Companies Act 2016)

We, **DATO’ TING HENG PENG** and **PAUL RAYMOND RAJ A/L DAVADASS**, being two of the directors of Daythree Digital Berhad, do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 93 to 134 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors:



DATO’ TING HENG PENG
Director



PAUL RAYMOND RAJ A/L DAVADASS
Director

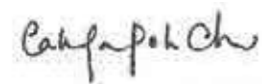
Kuala Lumpur

Date: 24 April 2024

STATUTORY DECLARATION

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

I, **CALLIE TAN POH CHOO**, being the officer primarily responsible for the financial management of Daythree Digital Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements set out on pages 93 to 134 are correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.



CALLIE TAN POH CHOO
(MIA Membership No.: 43818)

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 24 April 2024.

Before me,



INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF DAYTHREE DIGITAL BERHAD

(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Daythree Digital Berhad, which comprise the statements of financial position as at 31 December 2023 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 93 to 134.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023, and of their financial performance and their cash flows for the financial year then ended in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Group

Trade receivables and contract assets (Notes 4, 8 and 9 to the financial statements)

The Group has significant trade receivables and contract assets as at 31 December 2023 which include certain receivables which are long outstanding.

We focused on this area because the Group's expected credit losses assessment requires the exercise of judgement to be made by the directors, especially in determining the risk of default and expected credit loss rate, which are based on the Group's past history, existing market conditions as well as forward looking estimates at the end of the reporting period. These judgements and assumptions are inherently uncertain.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF DAYTHREE DIGITAL BERHAD

(Incorporated in Malaysia)

Key Audit Matters (Cont'd)

Group (Cont'd)

Trade receivables and contract assets (Notes 4, 8 and 9 to the financial statements) (Cont'd)

Our audit response:

Our audit procedures included, among others:

- understanding the significant credit exposures which were significantly overdue or deemed to be in default through analysis of ageing reports and other collection reports prepared by the Group;
- obtaining confirmation of balances from selected trade receivables; and
- checking subsequent receipts, customer correspondence, and considering level of activity with the customer and the directors' explanation on recoverability with significantly past due balances.

Company

We have determined that there are no key audit matters to be communicated in our report which arise from the audit of the financial statements of the Company.

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the annual report but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

The directors of the Company are responsible for overseeing the Group's financial reporting process.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF DAYTHREE DIGITAL BERHAD

(Incorporated in Malaysia)

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DAYTHREE DIGITAL BERHAD (Incorporated in Malaysia)

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 7 to the financial statements.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the contents of this report.

Baker Tilly Monteiro Heng PLT
201906000600 (LLP0019411-LCA) & AF 0117
Chartered Accountants

Jason Wong Yew Ming
No. 03668/06/2024 J
Chartered Accountant

Kuala Lumpur

Date: 24 April 2024





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Form of Proxy



ANALYSIS OF SHAREHOLDINGS

AS AT 23 APRIL 2024

Number of Shares Issued : 480,000,000
 Class of Shares : Ordinary shares
 Voting Rights : One (1) vote per one (1) ordinary share
 Number of Shareholders : 2,292

DISTRIBUTION OF SHAREHOLDINGS

Size of shareholdings	Number of shareholders	% of shareholders	Number of shares held	% of shareholdings
1 to 99	-	-	-	-
100 to 1,000	223	9.73	114,000	0.02
1,001 to 10,000	1,069	46.64	6,424,300	1.34
10,001 to 100,000	860	37.52	29,183,300	6.08
100,001 to less than 5% of issued shares	137	5.98	86,678,400	18.06
5% and above of issued shares	3	0.13	357,600,000	74.50
Total	2,292	100.00	480,000,000	100.00

SUBSTANTIAL SHAREHOLDERS

No.	Name	Number of shares held			
		Direct Interest	%	Indirect Interest	%
1.	DAYSRING CAPITAL SDN BHD	172,800,000	36.00	-	-
2.	RAYMOND DAVADASS	-	-	172,800,000	36.00
3.	CLOUD MARSHAL SDN BHD	110,880,000	23.10	-	-
4.	GAN JHIA JHIA	-	-	110,880,000	23.10
5.	LEONG KOK CHENG	-	-	110,880,000	23.10
6.	LEE KING LOON	-	-	110,880,000	23.10
7.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR RHB TRUSTEES BERHAD	73,920,000	15.40	-	-
8.	BERNADINE LEE SIEW LING	-	-	73,920,000	15.40

ANALYSIS OF SHAREHOLDINGS

AS AT 23 APRIL 2024

DIRECTORS' SHAREHOLDERS

No.	Name	Number of shares held			
		Direct Interest	%	Indirect Interest	%
1.	DATO' TING HENG PENG	-	-	-	-
2.	PAUL RAYMOND RAJ A/L DAVADASS	-	-	172,800,000	36.00
3.	PRABAGARAN A/L CHILATORAI	-	-	-	-
4.	GAN JHIA JHIA	-	-	110,880,000	23.10
5.	SYED IZMI BIN SYED KAMARUL BAHRAIN	440,000	0.09	-	-
6.	AZLINA BINTI ABDULLAH	-	-	-	-
7.	LEONG CHOOI KUEN	-	-	-	-
8.	WOON TAI HAI	-	-	-	-

TOP THIRTY (30) SHAREHOLDERS

No.	Name	Number of shares held			
		Direct Interest	%	Indirect Interest	%
1.	DAYSRING CAPITAL SDN BHD	172,800,000	36.00	-	-
2.	CLOUD MARSHAL SDN BHD	110,880,000	23.10	-	-
3.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR RHB TRUSTEES BERHAD	73,920,000	15.40	-	-
4.	CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR MOHAMED FAROZ BIN MOHAMED JAKEL (MI0077)	16,500,000	3.44	-	-
5.	PHANG CHEN YEE	15,050,900	3.14	-	-
6.	YEOH YEW CHOO	7,668,800	1.60	-	-
7.	CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR MOHAMED NIZAM BIN MOHAMED JAKEL (MI0070)	4,600,000	0.96	-	-
8.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MOHAMED FAROZ BIN MOHAMED JAKEL	3,000,000	0.63	-	-
9.	GOH SIEW TEE	2,350,000	0.49	-	-
10.	CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR MOHAMED IZANI BIN MOHAMED JAKEL (MI0071)	2,000,000	0.42	-	-

ANALYSIS OF SHAREHOLDINGS

AS AT 23 APRIL 2024

TOP THIRTY (30) SHAREHOLDERS (CONT'D)

No.	Name	Number of shares held			
		Direct Interest	%	Indirect Interest	%
11.	WONG HUI YEAN	1,800,000	0.38	-	-
12.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TOH ENG KEAT	1,187,000	0.25	-	-
13.	HSBC NOMINEES (ASING) SDN BHD J.P. MORGAN SECURITIES PLC	1,105,200	0.23	-	-
14.	WONG PEI YUN	1,000,000	0.21	-	-
15.	KENANGA NOMINEES (TEMPATAN) SDN BHD KONG TIONG KIAN	900,000	0.19	-	-
16.	BIMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHA WEAY CHIA (MGNM43004)	891,000	0.19	-	-
17.	HO POW LEONG	850,000	0.18	-	-
18.	CARTABAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR BARCLAYS CAPITAL SECURITIES LTD (SBL/PB)	818,000	0.17	-	-
19.	LIM CHON YAM	800,000	0.17	-	-
20.	TINA LIM MEI TENG	700,000	0.15	-	-
21.	TAN AH BOOY	650,400	0.14	-	-
22.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MUHAMMAD TAARIQ BIN LOKMAN	600,000	0.13	-	-
23.	LEONG CHIK WENG	550,000	0.11	-	-
24.	MUHAMMAD BAZLI BIN MOHD HARIS	550,000	0.11	-	-
25.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHIEW SIN KWANG	460,600	0.10	-	-
26.	SYED IZMI BIN SYED KAMARUL BAHRIN	440,000	0.09	-	-
27.	EE CHOW MING	410,000	0.09	-	-
28.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR OOI JUNE WAY	405,300	0.08	-	-
29.	CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR KONG MIN HO (MM1202)	400,000	0.08	-	-
30.	CHUI CHUN HOW	400,000	0.08	-	-

NOTICE OF 2ND ANNUAL GENERAL MEETING

NOTICE OF 2ND ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 2nd Annual General Meeting (“**AGM**”) of Daythree Digital Berhad (“**the Company**”) will be conducted as a fully virtual meeting through live streaming, online remote participation and voting via the online meeting platform hosted on the TIIH Online website (“**TIIH Online**”) at <https://tiah.com.my> (“**Meeting Platform**”) on **Wednesday, 29 May 2024 at 2.00 p.m.**, or any adjournment thereof for the purpose of considering and, if thought fit, passing with or without modifications the resolutions as set out in this notice

AGENDA

AS ORDINARY BUSINESS

- To receive the Audited Financial Statements for the financial year ended 31 December 2023 together with the Directors’ Report and Auditors’ Report thereon. **(Please refer to Explanatory Notes)**
- To approve the payment of Directors’ fees and benefits up to an amount of RM360,000 for the period from the conclusion of the 2nd AGM of the Company scheduled on 29 May 2024 until the following AGM of the Company in 2025. **RESOLUTION 1**
- To re-elect the following Directors, who retire in accordance with Article 18.2 of the Company’s Constitution and being eligible, has offered themselves for re-election:
 - Dato’ Ting Heng Peng **RESOLUTION 2**
 - Ms Gan Jhia Jhia **RESOLUTION 3**

Mr Prabakaran A/L Chilatorai who retires by rotation in accordance with Article 18.2 of the Company’s Constitution, has expressed his intention not to seek for re-election and shall retain office until the conclusion of the 2nd AGM.
- To re-appoint Baker Tilly Monteiro Heng PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. **RESOLUTION 4**

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following Ordinary Resolution with or without modifications:

- AUTHORITY TO ALLOT AND ISSUE SHARES BY THE DIRECTORS UNDER SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016** **RESOLUTION 5**

THAT subject always to the Companies Act, 2016 (“**the Act**”), the Constitution of the Company, the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) (“**Listing Requirements**”) and approvals of the relevant governmental/regulatory authorities, where such approval is required, the Directors be and are hereby authorised and empowered, pursuant to Sections 75 and 76 of the Act, to allot and issue shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company at the time of submission to the authority and shall continue to be in force until the conclusion of the next AGM of the Company.

NOTICE OF 2ND ANNUAL GENERAL MEETING

5. AUTHORITY TO ALLOT AND ISSUE SHARES BY THE DIRECTORS UNDER SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016 (CONT'D)

THAT pursuant to Section 85 of the Act read together with Article 13.2 of the Constitution of the Company, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares ranking equally to the existing issued shares arising from any issuance of new shares pursuant to Sections 75 and 76 of the Act.

AND THAT the new shares to be issued shall, upon allotment and issuance, rank equally in all respects with the existing shares of the Company, save and except that they shall not be entitled to any dividends, rights, allotments and/or any other forms of distribution that which may be declared, made or paid before the date of allotment of such new shares.

6. To transact any other business for which due notice shall have been given.

BY ORDER OF THE BOARD

SIEW SUET WEI (MAICSA 7011254)
SSM Practicing Certificate No. 202008001690
 LIM YEN TENG (LS0010182)
SSM Practicing Certificate No. 201908000028
 Company Secretaries

Kuala Lumpur
 Date: 30 April 2024

NOTES:

Information for Shareholders/Proxies

- For the purpose of determining a member who shall be entitled to attend and vote at the 2nd AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Article 15.9 of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act 1991 ("SICDA"), to issue a General Meeting Record of Depositors as at 21 May 2024. Only a depositor whose name appears on the Record of Depositors as at 21 May 2024 shall be entitled to attend the said meeting or appoint proxy(ies) to attend and/or vote on his/her behalf.
- A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.
- Where a member appoints more than one (1) proxy but not more than two (2) proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
- Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**") as defined under the SICDA, there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
- The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its Common Seal or signed by an officer or attorney so authorised.

NOTICE OF 2ND ANNUAL GENERAL MEETING

NOTES: (CONT'D)

Information for Shareholders/Proxies (Cont'd)

- The appointment of proxy may be made in hardcopy form or by electronic means as specified below and must be received by Tricor Investor & Issuing House Services Sdn Bhd ("**Tricor**") not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof:
 - In hardcopy form
 The original Form of Proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified or office copy of that power or authority shall be deposited at the office of Tricor at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia,

 or alternatively,

 at its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.
 - Electronically via TIIH Online
 The Form of Proxy can be electronically lodged with Tricor via TIIH Online at <https://tiih.com.my>. Please follow the procedures set out in the Administrative Guide for the AGM.
- Pursuant to Rule 8.31A(1) of the Listing Requirements, voting at the AGM of the Company will be conducted by poll. Poll Administrator and Independent Scrutineers will be appointed respectively to conduct the polling and to verify the results of the poll.

EXPLANATORY NOTES ON ORDINARY BUSINESS

1. **Audited Financial Statements for the financial year ended 31 December 2023**

This Agenda item is meant for discussion only as under the provisions of Section 340(1)(a) of the Act, the audited financial statements do not require the approval of the shareholders. As such, this matter will not be put forward for voting.

2. **Ordinary Resolution No. 1: Payment of Directors' Fees & Benefits**

Pursuant to Section 230(1) of the Act, the shareholders' approval is sought for the proposed payment of Directors' fees and benefits for the period from 29 May 2024 until the conclusion of the next AGM of the Company to be held in 2025. The calculation of the benefits which include meeting allowance is based on the estimated number of scheduled Board and Board Committees' meetings and on the assumption that the number of Directors in office until the next AGM remains the same. In the event that the proposed amount is insufficient (due to enlarged Board size and additional number of meetings), approval will be sought at the next AGM to meet the shortfall.

3. **Ordinary Resolutions No. 2 and 3: Re-election of Directors**

Article 18.2 of the Company's Constitution provides that an election of Directors shall take place each year at the AGM of the Company where one third (1/3) of the Directors for the time being, or, if their number is not 3 or a multiple of 3, then the number nearest to one third (1/3) shall retire from office and be eligible for re-election. PROVIDED ALWAYS THAT all Directors shall retire from office once at least in each 3 years but shall be eligible for re-election.

Dato' Ting Heng Peng and Ms Gan Jhia Jhia have offered themselves for re-election, and abstained from deliberation as well as decision on their own eligibility to stand for re-election at the forthcoming 2nd AGM.

Mr Prabakaran A/L Chilatorai who retires by rotation in accordance with Article 18.2 of the Company's Constitution, has expressed his intention not to seek for re-election and shall retain office until the conclusion of the 2nd AGM.

The profiles of the Directors standing for re-election are set out in the Annual Report 2023

NOTICE OF 2ND ANNUAL GENERAL MEETING

4. **Ordinary Resolution No. 4: Appointment of Auditors**

The Board and Audit and Risk Management Committee had at their respective meetings on 24 April 2024 recommended the re-appointment of Baker Tilly Monteiro Heng PLT for the financial year ending 31 December 2024. Baker Tilly Monteiro Heng PLT have met the criteria prescribed under the Rule 15.21 of the Listing Requirements and indicated their willingness to continue their services for the next financial year.

5. **Ordinary Resolution No. 5: Authority to allot and issue shares by the Directors under Sections 75 And 76 of the Act**

The proposed Ordinary Resolution 5, if passed, will give authority to the Directors to allot and issue up to a maximum of 10% of the total number of issued shares of the Company at any time in their absolute discretion and that such authority shall continue in force until the conclusion of the next AGM of the Company or the expiration of the period within which the next AGM is required by law to be held or revoked/varied by resolution passed by the shareholders in general meeting whichever is the earlier.

By voting in favour, the shareholders of the Company will waive their statutory pre-emptive rights and thus will allow the Directors to issue new shares to any person under the general mandate without having to offer the new shares to be issued equally to all existing shareholders of the Company prior to issuance.

This new general mandate will provide flexibility to the Company for any possible fund-raising activities, including but not limited to placing of shares, for purpose of funding future investment project(s), working capital and/or acquisitions.

At this juncture, there is no decision to issue new shares but the Directors consider it desirable to have the flexibility permitted to respond to market developments and to enable allotments to take place to finance business opportunities without making a pre-emptive offer to existing shareholders. If there should be a decision to issue new shares after the general mandate is obtained, the Company will make an announcement in respect thereof.

STATEMENT ACCOMPANYING NOTICE OF 2ND ANNUAL GENERAL MEETING

(pursuant to Rule 8.29(2) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad)

1. **Details of individual who are standing for election as Directors (excluding Directors standing for re-election)**

There are no individuals who are standing for election as Directors.

2. **General mandate for issue of securities in accordance with Rule 6.04(1) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad**

The Company will seek shareholders' approval on the general meeting for issue of securities in accordance with Rule 6.04(3) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad. Please refer to the proposed Ordinary Resolution 5 as stated in Notice of 2nd AGM of the Company for details.

ADMINISTRATIVE GUIDE FOR THE 2ND ANNUAL GENERAL MEETING

ADMINISTRATIVE GUIDE FOR SHAREHOLDERS

Meeting	:	2 nd Annual General Meeting (“AGM”) of Daythree Digital Berhad (“the Company”)
Day, Date	:	Wednesday, 29 May 2024
Time	:	2:00 p.m.
Meeting Platform	:	Online virtual meeting using the remote participation and voting (“RPV”) facilities of TIIH Online website at https://tjih.online or https://tjih.com.my

- No members/proxies/corporate representatives from the public will be allowed to be physically present at the premises of the Company, the poll administrator or the venue where the Chairman will be for the purpose of the AGM.
- In respect of deposited securities, only a depositor whose name appears in the Record of Depositors as at **21 May 2024** shall be eligible to participate at the AGM or appoint proxy(ies) or corporate representative to participate and vote in his/her stead.
- As shareholders, please register your attendance and exercise your rights as shareholders at the AGM remotely using the aforesaid RPV facilities. If you are appointing a proxy or corporate representative to attend, participate, speak and vote on your behalf, please request your proxy or corporate representative to register himself/herself for the aforesaid RPV facilities in accordance with the procedures as set out below.

APPOINTMENT OF PROXY OR CORPORATE REPRESENTATIVE

- If you are unable to attend the AGM, you are encouraged to appoint a proxy or the Chairman of the meeting as your proxy. Please indicate your voting instructions in the Form of Proxy.
- If you wish to participate in the AGM yourself, please do not submit any Form of Proxy for the AGM. You will not be allowed to participate in the AGM together with the appointed proxy.
- Accordingly, Proxy Forms and/or documents relating to the appointment of proxy/corporate representative for the AGM whether in hard copy or by electronic means shall be deposited or submitted in the following manner not less than forty-eight (48) hours before the time appointed for holding the AGM i.e. not later than **Monday, 27 May 2024 at 2:00 p.m.**
 - In hard copy form
In the case of an appointment made in hard copy form, the Form of Proxy must be deposited at the office of the poll administrator at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.
 - By electronic form
The Form of Proxy can be electronically lodged with the poll administrator of the Company via TIIH Online website at <https://tjih.online>. The steps to submit your Form of Proxy via TIIH Online are summarised under item 13A(c) below.

ADMINISTRATIVE GUIDE FOR THE 2ND ANNUAL GENERAL MEETING

POLL VOTING

7. The voting at the AGM will be conducted by poll in accordance with Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Company has appointed Tricor Investor & Issuing House Services Sdn Bhd as Poll Administrator to conduct the poll by way of electronic voting (e-voting).
8. Members/proxies/corporate representatives can proceed to vote on the resolutions at any time from the start of the AGM at **2:00 p.m. on Wednesday, 29 May 2024** until the time when **the Chairman announces the closure** of the voting session at the AGM. Kindly refer to item 13B(c) below for guidance on how to vote remotely via TIIH Online.
9. Upon closure of the voting session for the AGM, the scrutineers will verify the poll results, followed by the Chairman's declaration of the poll results.

REMOTE PARTICIPATION AND VOTING ("RPV") FACILITIES

10. The RPV facilities are available on TIIH Online website at <https://tiih.online> or <https://tiih.com.my> (Domain registration number with MYNIC: D1A282781).
11. Members/proxies/corporate representatives are to attend, speak (in the form of real-time submission of typed text) and vote remotely at the AGM using the RPV facilities of TIIH Online.
12. Questions may be submitted before or during the AGM using the RPV facilities. The Board or Management of the Company will endeavour to respond to your questions during the AGM.

PROCEDURES TO PARTICIPATE AND VOTE REMOTELY USING TIIH ONLINE

13. Please read and follow the procedures below to participate and vote at the AGM remotely:-

A. Before the AGM	
(a) New User Sign Up	<ul style="list-style-type: none"> • Access the website at https://tiih.online. • Sign-up as a new user under "e-Services". Please refer to the tutorial guide posted on the homepage for details and assistance. • For individual shareholders:- <ul style="list-style-type: none"> - Select "Create Account by Individual Holder". - Registration will be verified and you will be notified via email within one (1) working day. • For corporation or institutional shareholders:- <ul style="list-style-type: none"> - The authorised or nominated representative of the corporation or institutional shareholder to select "Create Account by Representative of Corporate Holder". - Registration will be verified and you will be notified via email within one (1) to two (2) working days. • If you are already a user of TIIH Online, you are not required to sign-up again.

ADMINISTRATIVE GUIDE FOR THE 2ND ANNUAL GENERAL MEETING

A. Before the AGM	
(b) Submit your request to attend the AGM remotely	<ul style="list-style-type: none"> • Registration is open from Tuesday, 30 April 2024 at 2:00 p.m. until the day of the AGM on Wednesday, 29 May 2024. • Access the website at https://tiih.online. • Login with your user ID (email address) and password. • Select the Corporate Event: "(Registration) Daythree Digital Berhad 2nd AGM". • Read and agree to the Terms & Conditions and confirm the Declaration. • Select "Register for Remote Participation and Voting". • Review your registration and proceed to register. • System will send an email to notify that your registration for remote participation is received and will be verified. • After verification of your registration against the Record of Depositors as at 21 May 2024, the system will send you an email after 27 May 2024 to notify the approval or rejection of your registration for remote participation. • Should your application to join the AGM be approved, we will make available to you the rights to join the meeting and to vote remotely. Your login to TIIH Online on the day of meeting will indicate your presence at the virtual meeting. (Note: Please allow sufficient time for the approval of TIIH Online new user and for the RPV registration)
(c) Submission of Proxy Forms and/or documents relating to the appointment of proxy/corporate representative/attorney electronically	<ul style="list-style-type: none"> • The Form of Proxy is to be lodged not less than forty-eight (48) hours before the meeting i.e. before Monday, 27 May 2024 at 2:00 p.m. <p>Steps for Individual Shareholders</p> <ul style="list-style-type: none"> • Access the website at https://tiih.online. • Login with your user ID (email address) and password. • Select the Corporate Event: "Daythree Digital Berhad 2nd AGM - Submission of Proxy Form". • Read and agree to the Terms and Conditions and confirm the Declaration. • Insert your CDS account number and indicate the number of voting shares to be represented by your proxy(ies). • Indicate your voting instructions – FOR or AGAINST. Otherwise, your proxy will vote on your behalf. • Review and confirm your proxy(ies) appointment. • Print the Form of Proxy for your record. <p>Steps for Body Corporate or Institutional Shareholders</p> <ul style="list-style-type: none"> • Access the website at https://tiih.online. • Login with your user ID (email address) and password. • Select the Corporate Event: "Daythree Digital Berhad 2nd AGM - Submission of Proxy Form". • Read and agree to the Terms and Conditions and confirm the Declaration. • Download the file format for "Submission of Proxy Form" in accordance with the Guidance Note set therein. • Prepare the file for the appointment of proxy by inserting the required data. • Upload the duly completed proxy appointment file. • Select "Submit" to complete your submission. • Print the confirmation report of your submission for your record. <p>(Note: The representative of a corporation or institutional shareholder must register as a user in accordance with the steps above before he/she can subscribe to this corporate holder electronic proxy submission. Please contact our Poll Administrator, if you need clarifications on the user registration)</p>
(d) Submit your questions electronically before the AGM	<ul style="list-style-type: none"> • Access the website at https://tiih.online. • Login with your user ID (email address) and password. • At the Corporate Event: "(Registration) Daythree Digital Berhad 2nd AGM", select "Submit Question".

ADMINISTRATIVE GUIDE FOR THE 2ND ANNUAL GENERAL MEETING

B. On the AGM Day (29 May 2024)	
(a) Login to TIIH Online	<ul style="list-style-type: none"> Login with your user ID and password for remote participation at the AGM at any time from 1:00 p.m. i.e. 1 hour before the commencement of the AGM at 2:00 p.m. on Wednesday, 29 May 2024.
(b) Participate online	<ul style="list-style-type: none"> Select the Corporate Event: “(Live Stream Meeting) Daythree Digital Berhad 2nd AGM” to engage in the proceedings of the meeting remotely. If you have any questions for the Board of Directors/Management of the Company, you may type your questions in the “Query Box” (on the right-hand side of your screen) and click “Submit”. The Board of Directors/Management of the Company will endeavour to respond to your questions during the AGM. (Note: The quality of your connection to the live streaming is dependent on the bandwidth and stability of the internet connection at your location and the device you use)
(c) Online remote voting	<ul style="list-style-type: none"> You may vote at any time from the start of the AGM at 2:00 p.m. until the time when the Chairman announces the closure of the voting session at the AGM. Select the Corporate Event: “(Remote Voting) Daythree Digital Berhad 2nd AGM” or if you are on the live stream meeting page, you can select “GO TO REMOTE VOTING PAGE” button below the Query Box. Read and agree to the Terms & Conditions and confirm the Declaration. Select the CDS account number (tick the box) that represents your shareholdings. Indicate your votes for the resolutions that are tabled for voting. Review your votes cast and click “Confirm” to submit your votes. You may choose to download document (of your votes) for record.
(d) End of remote participation	<ul style="list-style-type: none"> Upon the announcement by the Chairman on the closure of the AGM, the live streaming will end.

14. In the event you encounter any issues with logging-in, connection to the live stream meeting or online voting on the meeting day, please call the Help Line at 011-40805616 / 011-40803168 / 011-40803169 / 011-40803170 for assistance or e-mail to tiih.online@my.tricorglobal.com for assistance.

RESULTS OF THE VOTING

15. The poll vote results of the resolutions proposed at the AGM will be announced at the AGM and subsequently via an announcement to Bursa Malaysia Securities Berhad, which is available at www.bursamalaysia.com.

NO DOOR GIFTS/FOOD VOUCHERS

16. There will be no distribution of gifts or vouchers in conjunction with the AGM.
17. The Company would like to thank all its shareholders for their kind co-operation and understanding in these challenging times.

RECORDING OR PHOTOGRAPHY

18. Recording or photography of the proceedings of the AGM is strictly prohibited.

ADMINISTRATIVE GUIDE FOR THE 2ND ANNUAL GENERAL MEETING

COMMUNICATION GUIDE

19. Shareholders are reminded to monitor the Company’s website and announcements for any changes relating to the AGM arrangements.

ENQUIRIES

20. If you need any assistance, please contact the following persons during office hours, Mondays to Fridays from 9.00 a.m. to 5.30 p.m. (except on public holidays):

Tricor Investor & Issuing House Services Sdn. Bhd.

General Line : +603-2783 9299

Fax Number : +603-2783 9222

Email : is.enquiry@my.tricorglobal.com

Contact persons : Mohamad Khairudin Bin. Tajudin : +603-2783 7973 /
email : Mohamad.Khairudin@my.tricorglobal.com

FORM OF PROXY



DAYTHREE DIGITAL BERHAD
Registration No. 202201029566 (1475263-U)

CDS Account No.	
No. of Shares Held	

I/We _____
(Full Name in Block Letters and NRIC No./Passport No./Registration No.)

of _____
(address)

Telephone No. _____ Email Address: _____

being a member of DAYTHREE DIGITAL BERHAD, hereby appoint:

PROXY 1

Full name (in Block Letters)	NRIC / Passport No.*	Email Address	Contact No.
Full Address			

PROXY 2

Full name (in Block Letters)	NRIC / Passport No.*	Email Address	Contact No.
Full Address			

OR failing *him/her, the CHAIRMAN OF THE MEETING, as *my/our *proxy/proxies, to vote for *me/us and on *my/our behalf at the 2nd Annual General Meeting (“AGM”) of the Company to be held as a fully virtual meeting through live streaming, online remote participation and voting via the online meeting platform hosted on the TIIH Online System (“TIIH Online”) at <https://tiih.com.my> (“Meeting Platform”) on **Wednesday, 29 May 2024 at 2.00 p.m.**, or at any adjournment thereof *for/against the resolutions to be proposed thereat.

Please indicate with a cross (X) in the space(s) provided below whether you wish your votes to be cast for or against the resolution. In the absence of such specific directions, your proxy will vote or abstain as *he/she thinks fit.

		FIRST PROXY		SECOND PROXY	
		For	Against	For	Against
Resolution 1	To approve the payment of Directors’ fees and benefits up to an amount of RM360,000 for the period from the conclusion of the 2 nd AGM of the Company scheduled on 29 May 2024 until the following AGM of the Company in 2025				
Resolution 2	To re-elect Dato’ Ting Heng Peng, who retires in accordance with Article 18.2 of the Company’s Constitution				
Resolution 3	To re-elect Ms Gan Jhia Jhia, who retires in accordance with Article 18.2 of the Company’s Constitution				
Resolution 4	To re-appoint Baker Tilly Monteiro Heng PLT as Auditors of the Company and to authorise the Directors to fix their remuneration				
Resolution 5	Authority to allot and issue shares by the Directors under Sections 75 and 76 of the Companies Act 2016				

* Delete where applicable

Dated this _____ day of _____ 2024 _____
Signature(s)/Common Seal of Member

NOTES:

Information for Shareholders/Proxies

- For the purpose of determining a member who shall be entitled to attend and vote at the 2nd AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Article 15.9 of the Company’s Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act 1991 (“SICDA”), to issue a General Meeting Record of Depositors as at 21 May 2024. Only a depositor whose name appears on the Record of Depositors as at 21 May 2024 shall be entitled to attend the said meeting or appoint proxy(ies) to attend and/or vote on his/her behalf.
- A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.
- Where a member appoints more than one (1) proxy but not more than two (2) proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.

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- Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“omnibus account”) as defined under the SICDA, there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
- The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its Common Seal or signed by an officer or attorney so authorised.
- The appointment of proxy may be made in hardcopy form or by electronic means as specified below and must be received by Tricor Investor & Issuing House Services Sdn Bhd (“Tricor”) not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof:
 - In hardcopy form.
The original Form of Proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified or office copy of that power or authority shall be deposited at the office of Tricor at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia,

or alternatively,
at its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.
 - Electronically via TIIH Online
The Form of Proxy can be electronically lodged with Tricor via TIIH Online at <https://tiih.com.my>. Please follow the procedures set out in the Administrative Guide for the AGM.
- Pursuant to Rule 8.31A(1) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, voting at the AGM of the Company will be conducted by poll. Poll Administrator and Independent Scrutineers will be appointed respectively to conduct the polling and to verify the results of the poll.

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AFFIX
STAMP

DAYTHREE DIGITAL BERHAD (Registration No. 202201029566 (1475263-U))

c/o Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

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DAYTHREE DIGITAL BERHAD

Registration No. 202201029566 (1475263-U)
(Incorporated in Malaysia)

Level 8, Tower 7, UOA Business Park
No 1, Jalan Pengaturcara U1/51A, Seksyen U1
40150 Shah Alam, Selangor, Malaysia
Tel: (+603) 5567 2388

www.daythree.com