

DANCOMECH HOLDINGS BERHAD
Registration No. 201301020455 (1050285-U)
(“Company” or “Dancomech”)
(Incorporated in Malaysia)

Minutes of the Virtual Tenth Annual General Meeting of the Company held at the Broadcast Venue at No. 19, Jalan Pelukis U1/46, Seksyen U1, 40150 Shah Alam, Selangor Darul Ehsan on Thursday, 25 May 2023 at 2.00 p.m.

PRESENT AT THE BROADCAST VENUE

Board of Directors : Datuk Zainal Abidin Bin Ujud – *Independent Non-Executive Chairman*
Mr Aik Swee Tong – *Managing Director*
Mr Aik Cwo Shing – *Executive Director*
Mr Gong Wooi Teik – *Senior Independent Non-Executive Director*
Mr Lee Chen Yow – *Independent Non-Executive Director*
Ms Sharon Lee Ching Yee – *Independent Non-Executive Director*

Company Secretary : Ms Tan Fong Shian

Management : Mr Tang Yuen Kin – *Group Chief Financial Officer*

PARTICIPATING VIA LIVE STREAMING

Company Secretary : Ms Liew Chak Hooi

Auditors : Mr Steve Ooi – *TGS TW PLT*
Mr Ng Ting Shen – *TGS TW PLT*

Shareholders/Corporate Representatives/Proxies : As per Summary of Attendance via Webinar session link

1. **INTRODUCTION**

Datuk Zainal Abidin Bin Ujud, the Chairman of the Board of Directors (“Board”) of the Company (“Datuk Chairman”), extended a warm welcome to everyone present at the Company’s Tenth Annual General Meeting (“AGM” or “Meeting”), conducted on a virtual basis through live streaming via remote participation and voting facilities, for the purpose of considering the business of the Company as set out in the Notice of AGM dated 25 April 2023.

Datuk Chairman then introduced to the Meeting, the Directors, the Group Chief Financial Officer and the Company Secretary who were present at the Broadcast Venue, and the representatives of the external auditors, TGS TW PLT, who joined the Meeting remotely.

2. **QUORUM AND SHAREHOLDERS' RIGHTS AS TO VOTING**

Upon receiving confirmation on the presence of a quorum in accordance with Rule 91 of the Company's Constitution from the Company Secretary, Datuk Chairman duly called the Meeting to order.

Datuk Chairman informed that he would exercise his right as the Chairman of the Meeting to demand for a poll in accordance with Rule 97.1(a) of the Company's Constitution in respect of all resolutions which would be put to vote at the Meeting.

The Meeting was also informed that the Company had appointed Mega Corporate Services Sdn Bhd as the Poll Administrators to conduct the polling process and Cygnus Technology Solutions Sdn Bhd as the Scrutineers to verify the poll results.

The representative of the Poll Administrators was then invited to present a short audio-visual presentation to guide the shareholders who attended through live streaming on how to post their questions online via typed texts and how to locate the Digital Ballot Form ("DBF") for the voting link.

Upon the conclusion of the presentation, Datuk Chairman announced the opening of the voting session.

3. **NOTICE**

There being no objection, the Notice convening the Meeting, having been circulated earlier to all shareholders of the Company within the prescribed notice period, was taken as read.

4. **AUDITED FINANCIAL STATEMENTS AND REPORTS**

Datuk Chairman informed the Meeting that the first item on the Agenda was to receive the Audited Financial Statements ("AFS") of the Company for the financial year ended 31 December 2022 ("FYE2022") together with the Reports of Directors and Auditors thereon, which having been circulated to all shareholders of the Company within the statutory period.

Datuk Chairman explained that in accordance with Section 340(1)(a) of the Companies Act 2016, the AFS for FYE2022 were tabled for adoption only, and would not be put forward for voting. Datuk Chairman then declared that the AFS for FYE2022 to be duly received and adopted.

The Meeting was further informed that the question & answer ("Q&A") session on the AFS would be held after the Meeting had procedurally moved each motion.

5. **ORDINARY RESOLUTION 1**
RE-ELECTION OF DIRECTOR – MR GONG WOUI TEIK

Datuk Chairman proceeded to the next item on the Agenda and informed the Meeting that there would be a total of 6 resolutions to be passed at the Meeting and each must be separately considered and voted by poll.

Shareholders' approval was sought for the re-election of Mr Gong Wooi Teik under Ordinary Resolution 1 as follows:-

“THAT Mr Gong Wooi Teik, the Director who is retiring pursuant to the Company's Constitution, and being eligible, be and is hereby re-elected to the Board.”

6. **ORDINARY RESOLUTION 2**
RE-ELECTION OF DIRECTOR – MR LEE CHEN YOW

Shareholders' approval was sought for the re-election of Mr Lee Chen Yow under Ordinary Resolution 2 as follows:-

“THAT Mr Lee Chen Yow, the Director who is retiring pursuant to the Company's Constitution, and being eligible, be and is hereby re-elected to the Board.”

7. **ORDINARY RESOLUTION 3**
APPROVAL OF PAYMENT OF DIRECTORS' FEES AND BENEFITS

Shareholders' approval was sought on the following Ordinary Resolution 3:-

“THAT the payment of Directors' Fees of up to RM200,000 and benefits of up to RM20,000 to the Non-Executive Directors from 26 May 2023 until the next Annual General Meeting of the Company be and is hereby approved.”

8. **ORDINARY RESOLUTION 4**
RE-APPOINTMENT OF AUDITORS

Shareholders' approval was sought for the reappointment of TGS TW PLT as Auditors of the Company, who have expressed their willingness to continue in office, under Ordinary Resolution 4 as follows:-

“THAT TGS TW PLT be and are hereby re-appointed as the Company's Auditors and to hold office until the conclusion of the next AGM AND THAT the Directors be and are hereby authorised to determine their remuneration.”

9. **SPECIAL BUSINESS**
ORDINARY RESOLUTION 5
AUTHORITY FOR DIRECTORS TO ALLOT AND ISSUE SHARES

Shareholders' approval was sought on the following Ordinary Resolution 5:-

“THAT pursuant to Sections 75 and 76 of the Companies Act 2016 (“the Act”), and subject to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and the approvals of the relevant governmental and/or regulatory authorities (if any), the Directors be and are hereby empowered to allot and issue new shares in the Company at any time, without first offer to holders of existing issued shares of the Company, upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company at the time of issue.

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

THAT the Directors be and are also empowered to obtain the approval from Bursa Securities for the listing of and quotation for the additional shares so issued AND THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting (“AGM”) of the Company.”

10. **SPECIAL BUSINESS**
ORDINARY RESOLUTION 6
PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE (“PROPOSED SHAREHOLDERS' MANDATE”)

Datuk Chairman informed the Meeting that Ordinary Resolution 6 was to seek the shareholders' approval on the Proposed Shareholders' Mandate for the Company and/or its subsidiaries to enter into recurrent related party transactions in the manner as contained in the Circular to Shareholders of the Company dated 25 April 2023.

Shareholders' approval was then sought for the Proposed Shareholders' Mandate under Ordinary Resolution 6 as follows:-

“THAT subject always to the provisions of the Act, the Constitution of the Company, the Main Market Listing Requirements of Bursa Securities or other relevant regulatory authorities, approval be and is hereby given to the Company and/or its subsidiaries to enter into related party transactions with such related parties, details and particulars of which as set out in the Circular to Shareholders dated 25 April 2023 provided that such transactions are:-

- (a) recurrent transactions of a revenue or trading nature;
- (b) necessary for the day-to-day operations of the Company and/or its subsidiaries;
- (c) carried out in the ordinary course of business of the Company and/or its subsidiaries, made on an arm's length basis and on normal commercial terms in line with those generally available to the public; and
- (d) not detrimental to the interests of the minority shareholders of the Company;

AND THAT such authority, once renewed, shall continue to be in force until:-

- (a) the conclusion of the next AGM of the Company, at which time the authority will lapse unless by a resolution passed at that AGM, such authority is renewed; or
- (b) the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extensions as may be allowed pursuant to Section 340(4) of the Act); or
- (c) revoked or varied by a resolution passed by the shareholders of the Company at a general meeting;

whichever is earlier;

AND THAT the Directors of the Company be authorised to do, carry out and complete all such acts, things and arrangements (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the transactions as contemplated/authorised by the Proposed Shareholders' Mandate."

The Meeting was advised that there was no other business to be transacted of which due notice had been given. The Meeting then proceeded with the Q&A session prior to the polling on all the resolutions.

11. **Q&A SESSION**

Datuk Chairman then invited Mr Aik Swee Tong, the Managing Director ("MD"), Mr Aik Cwo Shing, the Executive Director ("ED") and Mr Tang Yuen Kin, the Group Chief Financial Officer ("CFO") to address the questions received from the shareholders/corporate representatives/proxies. Datuk Chairman also highlighted that in the event there were any questions submitted by shareholders/corporate representatives/proxies through the questions pane, which the Company was unable to address, the Company would respond via email as soon as possible after the Meeting. He further informed that for expediency, certain similar or overlapping questions may be grouped together.

Full details of the Q&A as annexed herewith marked as "Annexure A".

Datuk Chairman then expressed his appreciation to the MD, ED and Group CFO for their answers to all the questions posted by the shareholders and to the shareholders as well for their concerns and suggestions for the future growth of the Group.

Datuk Chairman thereafter, concluded the Q&A session and reminded shareholders/corporate representatives/proxies to vote via DBF as the voting session would be open for another 5 minutes.

12. **E-VOTING**

At 2.57 p.m., Datuk Chairman then declared that the voting session for the AGM had closed.

The Meeting was then adjourned for 5 minutes for the poll verification and validation by the Poll Administrators and Scrutineers.

13. **RESULTS OF THE POLL**

At 3.03 p.m., Datuk Chairman called the Meeting back to order for the declaration of the poll results. He informed that the poll results had been verified by the Scrutineers and the Scrutineers have confirmed the poll results.

The poll results in respect of all the Ordinary Resolutions as set out below were displayed on the screen for the information of the shareholders/corporate representatives/proxies:

Resolution	Vote For		Vote Against		Results
	No. of Shares	%	No. of Shares	%	
Ordinary Resolution 1 Re-election of Mr Gong Wooi Teik as Director	224,242,526	99.9990	2,303	0.0010	Carried
Ordinary Resolution 2 Re-election of Mr Lee Chen Yow as Director	224,242,026	99.9988	2,803	0.0013	Carried
Ordinary Resolution 3 Approval of the payment of Directors' Fees and benefits	224,193,824	99.9773	51,005	0.0227	Carried
Ordinary Resolution 4 Re-appointment of TGS TW PLT as Auditors	224,233,126	99.9948	11,703	0.0052	Carried
Ordinary Resolution 5 Authority for Directors to allot and issue shares	224,242,324	99.9989	2,505	0.0011	Carried
Ordinary Resolution 6 Proposed Shareholders' Mandate	224,243,524	99.9994	1,305	0.0006	Carried

Based on the poll results, Datuk Chairman then declared that the Ordinary Resolutions 1 to 6 were all duly carried.

14. **CLOSURE**

Datuk Chairman thanked all participants at the AGM.

There being no further business to be transacted for which due notice had been given, the Meeting closed at 3.04 p.m. with a vote of thanks to Datuk Chairman.

CONFIRMED AS A CORRECT RECORD

CHAIRMAN

Date: 19 June 2023

Pre-AGM Q&As

No.	Question	Management's Response
1.	<p>(a) <i>How would the group strategy to achieve more robust growth in future in view of most industry the group serving is quite cyclical?</i></p> <p>(b) <i>From the metal stamping will the group further diversify like plastic moulding and wiring which cater to electronic industry?</i></p> <p>(c) <i>The group recently acquired the EV equipment company may I know what is the contribution income? and the Petronas and Shell also ventured into EV segment, how the group compete with this strong competitor?</i></p> <p>(d) <i>Will the group reward to shareholder more better in terms of dividends or bonus issue?</i></p>	<p>[MD]</p> <p>(a) As mentioned on page 20 of our Annual Report 2022, our Group (i.e. Dancomech and its subsidiaries) would continue to explore opportunities for inorganic growth through acquisitions and collaborations on top of pursuing organic growth.</p> <p>(b) Our Group does not rule out diversifying into other areas / industries if the right opportunity comes along.</p> <p>(c) Our newly acquired subsidiary, JusEV Charging Network Sdn Bhd ("JusEV"), has just started operations and its contribution is not significant to our Group at present. In fact, it is expected to be loss-making for the current financial year but the losses are not expected to be material to our Group. We are not competing with the likes of Petronas and Shell as JusEV focuses on the home and commercial segments such as residential units, condos, and malls.</p> <p>(d) We have been increasing our dividend pay-out ratio in the last five (5) financial years as shown on page 21 of our Annual Report 2022. In fact, our dividend pay-out ratio for the financial year ended ("FYE") 31 December 2022 of 48.6% has exceeded our dividend policy of up to 40%. On bonus issue, our Group would give due consideration to it if it is an appropriate time to do so.</p>

No.	Question	Management's Response
2.	<p>(a) <i>What is the order book now while which business segment expect to slow down and which expect to grow?</i></p> <p>(b) <i>Any benefit to Danco from the weakening USD from the high in 4Q last year again now. How much is expected for every 10% sensitivity movement of USD toward Danco profit?</i></p> <p>(c) <i>Pg. 58 - There is an 14mil increase in Fixed Asset to 77mil, while produce 211mil revenue, less than 3 times. This mean every RM1 in asset can produce less than RM3 revenue per year. Do you have a view that Danco is over capacity and do you see a need to readjust the capacity either sell some factory or increase utilisation. What is your marketing strategy to increase utilisation, if this is your answer on the above question?</i></p>	<p>[CFO]</p> <p>(a) Our Group generally does not enter into any long-term contracts with our customers. Rather, our sales orders are mainly either daily or short-term in nature. In this regard, our order book is not material. With regard to our business segments, as explained on page 20 of our Annual Report 2022, our Group foresees the domestic and overseas market conditions to remain challenging in the current financial year. Thus, all the segments are affected and it is difficult for us to pin down on which segment to grow, and which segment to slow down. Nonetheless, our Group will continue to strive hard to pursue sales in all the segments while taking steps to address the market uncertainties and challenges.</p> <p>(b) As can be seen from pages 104 and 120 of our Annual Report 2022, movements in foreign exchange rates do not have a material impact on our Group's profitability. This is because, as explained on page 20 of our Annual Report 2022, we mitigate the fluctuations of foreign exchange rates by:-</p> <ul style="list-style-type: none"> (i) holding four (4) to six (6) months of stocks; (ii) adopting a cost-plus approach in our pricing policy; and (iii) using a natural hedge strategy. <p>(c) As explained on page 18 of our Annual Report 2022, the increase in the fixed assets was mainly due to the acquisition of a piece of land and some plant and machinery by our subsidiary, MTL Engineering Sdn Bhd ("MTL"). While the plant and machinery immediately contributed to higher sales by MTL (FYE 31 December 2022: RM124.7 million; FYE 31 December 2021: RM77.5 million), the piece of land is to cater for the further expansion of MTL. In this regard, it will only start contributing to MTL once the factory building is constructed.</p>

No.	Question	Management's Response
	<p>(d) <i>Pg. 60 - What contribute to the significant increase in other expenses and Net loss on impairment of financial asset?</i></p> <p>(e) <i>Pg. 95 - Inventory, what contribute to a 25% increase in finished good?</i></p> <p>(f) <i>Pg. 100 - Term loan, why do we increase borrowing in 2022 on term loan V and VI when we have net cash in hand. The loan interest cost is 0.5mil and that could be an easy saving. Please explain.</i></p> <p>(g) <i>Pg. 104 - what is the dividend received from quoted investment of 49mil in Year 2021?</i></p>	<p>(d) The significant increase in other expenses was mainly due to the impairment of contract asset at Arah Edar (M) Sdn Bhd ("AESB") of RM1.5 million. The net loss on impairment of financial assets was allowance of expected credit losses on trade receivables (please refer to page 104 of our Annual Report 2022). The allowance of expected credit losses was mainly in relation to that of AESB of RM2.1 million. In summary, the impairment of contract asset and allowance of expected credit losses of AESB arose from a long outstanding debt (i.e. more than 2 years). While provision has been made, AESB is still in the process of recovering the debt.</p> <p>(e) The increase in finished goods was mainly due to the timing of purchases (higher purchases towards the end of FYE 31 December 2022 as compared to the end of FYE 31 December 2021) by our subsidiary, Dancomech Engineering Sdn Bhd ("DESB"), and increase in sales by MTL.</p> <p>(f) Term loans V and VI were obtained by our subsidiaries, UTC Engineering Sdn Bhd and MTL, respectively, to finance the acquisitions of properties. Our Group has allowed the subsidiaries to obtain the loans instead of using our Group's funds to finance the acquisitions in order to instill self-sufficiency and independence within the subsidiaries. In addition, the obtainment of the loans is part of our Group's capital structure policy, which is currently low in gearing (i.e. 0.09 times as at 31 December 2022).</p> <p>(g) The dividend received from quoted investment in FYE 31 December 2021 was RM49,035, and not RM49.0 million. In any event, the dividend is from our investment in money market funds.</p>

No.	Question	Management's Response
3.	<p>(a) <i>The share price is on sliding trend for the last 2 years from 70 cents to 41 cents owing to lower contribution from all its business segments due to margin compression, prolonged supply chain disruption and prolonged competition. What is the plan of the management to improve its uninspiring business outlook?</i></p> <p>(b) <i>Any plan of the Company to improve its dividend payout ratio to 50%, with the payment on quarterly basis?</i></p> <p>(c) <i>Kindly shed some light of its venture into EVSE industry i.e. partners, capex requirements, estimated margin and profits and its scalability plan</i></p>	<p>[ED]</p> <p>(a) Our share price is subject to the vagaries of the stock market and is not within our control. However, from the profitability perspective, our Group has been recording increasing (and not declining) profit attributable to owners of the company from RM14.3 million for FYE 31 December 2019 to RM15.8 million for FYE 31 December 2020 and RM16.6 million for FYE 31 December 2021. For FYE 31 December 2022, our Group's profit attributable to owners of the company improved further to RM18.2 million. In this regard, our Group continued to record increasing profits even during the pandemic years.</p> <p>(b) As mentioned earlier, our dividend pay-out ratio for FYE 31 December 2022 was 48.6%, exceeding our dividend pay-out policy of up to 40%. In any event, as mentioned on page 20 of our Annual Report 2022, our payments of dividends are subject to a number of factors including, among others, our profits, the level of cash and indebtedness, anticipated levels of capital expenditure and investment plans, return on equity, etc.</p> <p>(c) We are not in partnership with anyone in our venture into the electrical vehicle supply equipment (EVSE) industry. However, our venture is very much driven by the 30% shareholder, Mr Wong Chee Weng, who is considered one of the pioneers in the electrical vehicle (EV) charging industry locally. Please refer to page 14 of our Annual Report 2022 for his profile.</p> <p>In terms of capex, JusEV is expected to spend RM4.0 million per annum on average for the next four (4) years and this will be financed via our Group's funds and JusEV's internally generated funds.</p>

No.	Question	Management's Response
		Given that JusEV has just started operations, it is expected to be loss-making for the first two (2) years but the losses are not expected to be material to our Group.

Questions received during the live streaming of the Company's AGM, which were sent by participants through the question pane on the AGM streaming platform, accompanied by the corresponding responses.

No.	Question	Management's Response
1.	<i>Please tell us more the plan for newly acquire JusEV Charging Network Sdn Bhd, currently any order or project. How much the order value?</i>	[CFO] As mentioned earlier, JusEV focuses mainly on the home and commercial segments. As such, JusEV has no order book in hand given that its sales are based on daily purchase orders.
2.	<i>Regarding the E&E business, will company plan to enter into Solar Sector which the demand will increase after government plan to reduce subsidy?</i>	[CFO] At this juncture, we do not have any plan on the solar sector but we would consider it should any opportunities arise in the future.
3.	<i>How is the metal stamping division business, do management think the sales will drop in near term due to slow down in world economy?</i>	[CFO] Our Metal Stamping Division had achieved a good set of results last year mainly due to the backlog orders driven by the reopening of economic and international borders post Covid-19 pandemic. Generally, we anticipate the contribution by our Metal Stamping Division for this year may not be as good as last year but our Metal Stamping Division will continue to generate good income for our Group.
4.	<i>What is the plan of the Company to improve its investor relations activities. Since its listing in 2016, the Company is lacking of engagement with the shareholders, analysts and fund managers?</i>	[CFO] The comment on our Company's investor relations is inaccurate. In fact, we have been engaging with our shareholders, analysts and fund managers from time to time and whenever there is any request to meet up with the management. The Company's investor relations activities for the last few years are as follows:-

No.	Question	Management's Response
		<ul style="list-style-type: none"> (i) In 2019, the Company was named as one (1) of the RHB Investment Bank Bhd's Top Malaysia Small Cap Companies 20 Jewels; (ii) In 2021, the Company was recognised as one (1) of the eleven (11) Malaysian companies in Forbes Asia's 200 Best under the Billion list; and (iii) The Company is also covered by BIMB Securities Sdn Bhd and CGS-CIMB Securities Sdn Bhd under Bursa Securities' initiatives.
5.	<i>Kindly provide a door gift for the shareholders that attend this AGM?</i>	[CFO] We do not practise giving out door gifts at the AGM or any shareholders' meetings. Instead, we have been rewarding our shareholders by way of dividends. As such, shareholders are encouraged to buy more of our shares.
6.	<i>How the Group is managing the compression of margins for its trading and metal stamping divisions? Kindly provide some outlook for these divisions?</i>	[CFO] For our Metal Stamping Division, we have provided the outlook earlier. Our Metal Stamping Division has always been low in terms of its margin as it is very much dependent on its sales volume. Having said that, we have diversified into other products which will give us higher margin. For our Trading Division's margin, we have always strived to maintain our margin within a certain range.
7.	<i>How long has TGS TW PLT becomes the auditor of the Group and what is the rationale for not changing the auditor to a reputable one to provide fresh perspective to the audit and businesses?</i>	[CFO] TGS TW PLT ("TGS") was appointed as our Group's Auditors in November 2022 replacing Grant Thornton Malaysia PLT ("GT") as we could not agree to the proposed significant increase in GT's audit fees. As such, TGS is the new Auditors for our Group and they are providing fresh perspective to our audit and businesses.
8.	<i>Replacement Cycles of valves, gauges and pumps?</i>	[MD] The replacement is dependent on the frequency of the usage of the valves, gauges and pumps. The higher the usage, the shorter the life span for the valves, gauges and pumps.

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No.	Question	Management's Response
9.	<i>Faulty claim %</i>	[MD] Our Group always looks for and provides quality products to our customers. Therefore, as of to-date, the faulty claim is insignificant.
10.	<i>OBM⁽¹⁾ vs 3rd party brand, does brand owner able to appoint more distributor to compete with Danco?</i> <i>(1) Original Brand Manufacturer</i>	[MD] Generally, it depends on the results that you could achieve for the OBM. If you are not able to meet the expectation of OBM, OBM will appoint more distributors.
11.	<i>Risk of associated with outsourcing own brand products to China & Taiwan OEMs⁽²⁾ ? And mitigation plan?</i> <i>(2) Original Equipment Manufacturers</i>	[MD] We do not foresee any risk on our OEM's products from China and Taiwan. Nevertheless, to mitigate the risk, the Group always maintains sufficient stocks in order to meet the demand.
12.	<i>Barriers of entry low? Too dependent on palm oil & oil and gas?</i>	<p>[MD] The barriers of entry are very much dependent on the way of doing business. We always provide the best quality products to our customers.</p> <p>[CFO] The barriers of entry for our Trading Division are generally low but we have our core competencies to address that - in terms of our track records, we have been in the industry for more than thirty (30) years and we are able to provide a wide variety of products to meet our customers' needs. Moreover, we carry different brands of products and we have been working very closely with our principal suppliers and customers for many years. With that, we believe we have the competitive advantages as compared to many others.</p> <p>Generally, palm oil and oleo chemicals contribute about 50% to our Trading Division's revenue while oil and gas about 20% to 30%. However, our products are not only used in the palm oil and oleo chemicals and oil and gas industries but also in the water and waste water industry, and any other general industries such as glove manufacturing and boiler making.</p>

No.	Question	Management's Response
13.	<p><i>The future plan on growing revenues (which segment), does M&A⁽³⁾ driven growth sustainable?</i></p> <p><i>(3) Mergers & Acquisitions</i></p>	<p>[CFO] As mentioned by our MD earlier, we are growing our revenue via organic as well as inorganic growth. We believe that sustainable growth could be driven by M&A as we are quite selective in terms of M&A.</p> <p>Generally, as disclosed during our AGM last year, we will consider, amongst others, the following factors for the acquisition target:</p> <ul style="list-style-type: none"> (i) It is value-accretive; (ii) The asking price is reasonable; (iii) We are comfortable working with the owner/management of the target as we will usually retain the owner/management to run the business; and (iv) The target and the industry of the target have good growth prospects.
14.	<p><i>Why Metal stamping growth substantially in FY22 and is it sustainable?</i></p>	<p>[CFO] Please refer to the answers for questions nos. 3 and 6.</p>
15.	<p><i>Succession Plan?</i></p>	<p>[CFO] Yes, we have been looking into succession planning ever since our acquisition trail began. Some of our subsidiaries' succession plans have been put in place, while we are working on the succession planning for our other subsidiaries. We always attempt to build up the middle management to support the top management in order for the middle management to be able to take over from the top management eventually.</p>
16.	<p><i>How much contribution of revenue & profit (in %) are contributed from air-conditioning sector?</i></p>	<p>[CFO] For MTL, at the moment, the air-conditioning sector is contributing about 90% of its revenue.</p>

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No.	Question	Management's Response
17.	<i>MTL growth quite substantial in the past 2 years. Is it sustainable? What will be the growth forecast (%) in coming 1-2 years? High single digit, low double digit or high double digit growth rate?</i>	[CFO] As mentioned earlier, we are expecting a slight slowdown in terms of MTL's growth rate for this year but it will still contribute significantly to our Group.
18.	<i>Will JusEV join government project?</i>	[CFO] As mentioned earlier, JusEV focuses mainly on the home and commercial segments. However, we would consider to join government project should any opportunities arise in the future.
19.	<i>Will JusEV expand into services charging port like tesla supercharger?</i>	[CFO] Not at this juncture but we do not rule out diversifying into that area / industry as it really depends on the development of the market over time.
20.	<i>Will MTL Engineering expand their business?</i>	[CFO] Yes, MTL had acquired a piece of freehold land next to its office /factory in order to cater for its expansion of business. Even though MTL is very dependent on their air-conditioning business now, MTL has also been venturing into metal furniture and higher margin products in order to increase its margin. The adjustable metal table sold by MTL is now available for sale at Shopee and Lazada.
21.	<i>Will Danco give any special dividend or shares buy back to rewards shareholder</i>	[CFO] As mentioned by our ED earlier, our payments of dividends are subject to a number of factors including, among others, our profits, the level of cash and indebtedness, anticipated levels of capital expenditure and investment plans, return on equity, etc.
22.	<i>How does the performance doing now for Danco trading service, why pantech profit can skyrocket but Danco trading service still didn't increase much in revenue or profit</i>	[ED] Our subsidiary, DESB, is mostly engaged in trading services, whereas, Pantech started with manufacturing business and is also in trading services. Besides valves business, Pantech also supplies pipes, fittings, flanges and etc.

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No.	Question	Management's Response
23.	<i>Who is the largest Danco customer for trading services and MTL Engineering?</i>	[CFO] Engineering, Procurement, Construction and Commissioning (EPCC) contractors are our major customers for trading services. Whereas for MTL, air-conditioning segment is our major customer.
24.	<i>Can we go visit Danco and MTL Engineering factory?</i>	[CFO] Yes.
25.	<i>Greetings to the chairperson and the management team, I would like to inquire what is the status of the new factory for MTL? Has the factory been set up or already in operations?</i>	[CFO] No, the new factory is not in operation yet. The acquisition of the land was just completed last year. It is an agricultural land zoned for industrial. We are in the midst of converting the agricultural land into an industrial land for MTL. Upon the said conversion, we will then submit application to construct the factory which may take two (2) to three (3) years before the factory can be ready for MTL's business operations.
26.	<i>What is our company cash management policy? What are the plan on the cash in balance sheet? What are the priority?</i>	[MD] Our Company's cash management policy is to reserve our cash for future expansion such as M&A in order to enhance our Group's businesses.
27.	<i>As the CPO⁽⁴⁾ price normalised to current level, is our business affected and lower demand for PCE⁽⁵⁾ segment?</i> ⁽⁴⁾ Crude Palm Oil ⁽⁵⁾ Process Control Equipment	[MD] Regardless of the increase or decrease in the CPO price, our products are still required for the factory operations and daily maintenance of our customers. As such, our normal operations will not be affected by the CPO price. However, in terms of projects, there might be fewer new projects.
28.	<i>Do Dancomech Berhad interested to take part in sponsorship for facilities in schools for CSR⁽⁶⁾ Program? Is yes, who should we contact?</i> ⁽⁶⁾ Corporate Social Responsibility	[CFO] Yes, we will consider and you may contact me.

NOTE: Questions that were similar in nature have been grouped together and answered accordingly