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If you are in any doubt as to the course of action to take, you should consult your stockbroker, solicitor, accountant, bank manager or other professional advisers immediately.

Bursa Malaysia Securities Berhad ("Bursa Securities") has not perused this Circular prior to issuance as it is an exempt document pursuant to Practice Note 18 of the Main Market Listing Requirements of Bursa Securities.

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DANCOMECH HOLDINGS BERHAD

Registration No. 201301020455 (1050285-U)
Incorporated in Malaysia

**CIRCULAR TO SHAREHOLDERS IN RELATION TO
THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE
FOR RECURRENT RELATED PARTY TRANSACTIONS
OF A REVENUE OR TRADING NATURE**

The above proposal will be tabled under Special Business at the Eleventh ("11th") Annual General Meeting ("AGM") of Dancomech Holdings Berhad ("Dancomech" or "our Company") to be held on a virtual basis through live streaming from the Broadcast Venue at No. 19, Jalan Pelukis U1/46, Seksyen U1, 40150 Shah Alam, Selangor Darul Ehsan on Thursday, 30 May 2024 at 2.00 p.m. or at any adjournment thereof. The Notice of the 11th AGM and the Form of Proxy are enclosed in the Company's Annual Report 2023.

Shareholders are advised to refer to the Notice of the 11th AGM and the Form of Proxy. The Form of Proxy should be completed and returned in accordance with the instructions printed thereon to the Poll Administrator's Office at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur or via email to AGM-support.Dancomech@megacorp.com.my as soon as possible and in any event, not less than forty-eight (48) hours before the time appointed for the 11th AGM or any adjournment thereof. Please refer to the Administrative Notes for the procedures of electronic lodgement.

Last date and time for depositing the Form of Proxy : Tuesday, 28 May 2024 at 2.00 p.m.
Date and time of the 11th AGM : Thursday, 30 May 2024 at 2.00 p.m.

This Circular is dated 30 April 2024

DEFINITIONS

Except where the context otherwise requires, the following words and abbreviations shall have the following meaning in this Circular:

Act	:	Companies Act, 2016, as amended from time to time and any re-enactment thereof
AE India	:	A.E. Automotion Private Limited
AGM	:	Annual General Meeting
Arah Edar	:	Arah Edar (M) Sdn Bhd, our 55%-owned subsidiary
ARMC	:	Audit and Risk Management Committee of our Company
Board	:	Board of Directors of our Company
Bursa Securities	:	Bursa Malaysia Securities Berhad
Circular	:	This circular to shareholders dated 30 April 2024 in relation to the Proposed Shareholders' Mandate
Dancomech or Company	:	Dancomech Holdings Berhad
Dancomech Group or Group	:	Dancomech and our subsidiaries, collectively
DESB	:	Dancomech Engineering Sdn Bhd, our wholly-owned subsidiary
Director(s)	:	Shall have the meaning given in section 2(1) of the Capital Markets and Services Act 2007 and includes any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon: (a) a director of Dancomech or our subsidiary or holding company; or (b) a chief executive of Dancomech or our subsidiary or holding company
DProp	:	Dancomech Properties Sdn Bhd, our wholly-owned subsidiary
DPumps	:	Dancomech Pumps Sdn Bhd, our 70%-owned subsidiary
JusEV	:	JusEV Charging Network Sdn Bhd, our 61.45%-owned subsidiary
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities, including any amendments thereto that may be made from time to time
LPD	:	15 April 2024, being the latest practicable date prior to the printing of this Circular
Major Shareholder(s)	:	Shall mean a person(s) who has an interest or interests in one or more voting shares in our Company and the number or aggregate number of those shares is: (a) 10% or more of the total number of voting shares in our Company; or (b) 5% or more of the total number of voting shares in our

Company where such person is the largest shareholder of our Company.

It includes any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, a major shareholder of our Company or any of our subsidiary or holding company.

For the purpose of this definition, “interest in shares” shall have the meaning given in section 8 of the Act

Mandated Related Party(ies)	:	AE India and/or SB Belts, the details of which are set out in section 2.5 of this Circular
MPump	:	Mechpump Sdn Bhd, our 60%-owned subsidiary
MTL	:	MTL Engineering Sdn Bhd, our 70%-owned subsidiary
Newexus	:	Newexus Engineering Sdn Bhd, a 70%-owned subsidiary of MTL
Optimis	:	Optimis Engineering Sdn Bhd, our 55%-owned subsidiary
Proposed Shareholders' Mandate	:	Proposed renewal of shareholders' mandate for Dancomech and/or our subsidiaries to enter into RRPTs which are necessary for our Group's day-to-day operations
RM and sen	:	Ringgit Malaysia and sen, respectively
RRPT(s)	:	Recurrent related party transaction(s) of a revenue or trading nature which are necessary for the day-to-day operations entered into by all or any of the companies within our Group with the Mandated Related Party(ies), which is the subject of the Proposed Shareholders' Mandate
SB Belts	:	SB Belts & Gears Sdn Bhd
UTC	:	UTC Engineering Sdn Bhd, our 55%-owned subsidiary

All references to “our Company” in this Circular are to Dancomech Holdings Berhad, and references to “our Group” or “our Dancomech Group” are to our Company and our subsidiaries. All references to “we”, “us”, “our” and “ourselves” are to our Company, our Group, or, where the context requires, our subsidiaries. All references to “you” in this Circular are references to the shareholders of our Company.

Words incorporating the singular shall, where applicable, include the plural and vice versa and words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa.

References to persons shall include corporations, unless otherwise specified. Any reference in this Circular to any enactment is a reference to that enactment as for the time being, amended or re-enacted. Any reference to a time of day in this Circular shall be a reference to Malaysian time, unless otherwise specified.

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DANCOMECH HOLDINGS BERHAD

Registration No. 201301020455 (1050285-U)
Incorporated in Malaysia

Registered Office

Lot 5, Level 10
Menara Great Eastern 2
No. 50, Jalan Ampang
50450 Kuala Lumpur

30 April 2024

Board of Directors

Datuk Zainal Abidin Bin Ujud (*Independent Non-Executive Chairman*)
Aik Swee Tong (*Managing Director*)
Aik Cwo Shing (*Executive Director*)
Gong Wooi Teik (*Senior Independent Non-Executive Director*)
Lee Chen Yow (*Independent Non-Executive Director*)
Sharon Lee Ching Yee (*Independent Non-Executive Director*)

To: The Shareholders of Dancomech Holdings Berhad

Dear Sir/ Madam,

PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

1. INTRODUCTION

Our Company had, at its Tenth (10th) AGM held on 25 May 2023, obtained the shareholders' mandate for our Dancomech Group to enter into RRPTs with the Mandated Related Parties. The authority conferred by the shareholders' mandate shall, in accordance with the Listing Requirements, lapse at the conclusion of the forthcoming 11th AGM to be held on Thursday, 30 May 2024 at 2.00 p.m., unless authority for its renewal is obtained from the shareholders of our Company at the 11th AGM.

On 26 February 2024, our Company announced to Bursa Securities that we will seek shareholders' approval for the Proposed Shareholders' Mandate at the 11th AGM.

The purpose of this Circular is to provide you with details of the Proposed Shareholders' Mandate and to seek your approval for the proposed ordinary resolution pertaining to the Proposed Shareholders' Mandate to be tabled at the forthcoming 11th AGM.

YOU ARE ADVISED TO READ AND CONSIDER THE CONTENTS OF THIS CIRCULAR CAREFULLY BEFORE VOTING ON THE ORDINARY RESOLUTION PERTAINING TO THE PROPOSED SHAREHOLDERS' MANDATE TO BE TABLED AT THE FORTHCOMING 11TH AGM.

2. PROPOSED SHAREHOLDERS' MANDATE

2.1 Details of the Proposed Shareholders' Mandate

Our Company proposes to seek a renewal of the existing mandate from the shareholders for Dancomech and/or our subsidiaries to enter into arrangements or transactions with the Mandated Related Parties, which are necessary for the day-to-day operations of our Dancomech Group and are based on normal commercial terms that are not more favourable to the Mandated Related Parties than those generally made available to the public.

2.2 Provisions under the Listing Requirements

Pursuant to paragraph 10.09(2) of the Listing Requirements, a listed issuer may seek a mandate from its shareholders for recurrent related party transactions subject to the following:

- (a) the transactions are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public;
- (b) the shareholder mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholder mandate during the financial year where the aggregate value is equal to or more than the threshold prescribed under paragraph 10.09(1) of the Listing Requirements;
- (c) the listed issuer's circular to shareholders for the shareholder mandate includes the information as may be prescribed by Bursa Securities. The said circular must be submitted to Bursa Securities together with a checklist showing compliance with such information;
- (d) the interested director, interested major shareholder or interested person connected with a director or major shareholder and where it involves the interest of an interested person connected with a director or major shareholder, such director or major shareholder and the interested person, must not vote on the resolution approving the transactions. An interested director or interested major shareholder must ensure that persons connected with the interested director or interested major shareholder abstain from voting on the resolution approving the transactions; and
- (e) the listed issuer immediately announces to Bursa Securities when the actual value of a recurrent related party transaction entered into by the listed issuer, exceeds the estimated value of the recurrent related party transaction disclosed in the circular by 10% or more and must include the information as may be prescribed by Bursa Securities in its announcement.

Where Dancomech has procured its shareholders' mandate pursuant to the above, the provisions of paragraph 10.08 of the Listing Requirements shall not apply during the period of validity of the shareholders' mandate.

2.3 Validity Period

The Proposed Shareholders' Mandate, if approved at the 11th AGM, will take immediate effect upon conclusion of the said AGM and will continue to be in force until:

- (a) the conclusion of the next AGM of Dancomech, at which time it will lapse, unless renewed by a resolution passed at the meeting;
- (b) the expiration of the period within which the next AGM of Dancomech is required to be held pursuant to section 340(2) of the Act (but must not extend to such extension as may be allowed pursuant to section 340(4) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier.

2.4 Our Dancomech Group

Dancomech is principally involved in investment holding while the principal activities of our subsidiaries are as follows:

Name of Subsidiary	Equity Interest	Principal Activities
DESB	100%	Trading and distribution of process control equipment and measurement instruments
Optimis	55%	Trading and distribution of process control equipment and measurement instruments to the water industry
DProp	100%	Investment holding
DPumps	70%	Manufacturing of all type dealers industrial machinery
Arah Edar	55%	Provision of material handling system solutions
MPump	60%	Trading and distribution of industrial pumps
MTL	70%	Production of metal stamping parts and components *
UTC	55%	Electrical, electronic and instrumentation engineering, contracting, commissioning, and servicing
JusEV	61.45% **	Trading of electric vehicle charging stations, software solution, equipment, and other relevant accessories
Subsidiary of MTL:		
Newexus	70%	Design and manufacturing of tools and dies

Notes:

* The products manufactured by MTL include, among others, compressor base pans, side panels, motor brackets, cassette base pans, cassette panels, drain pans, end plates and valve brackets for heating, ventilation and air-conditioning manufacturers, and nexo table system, height adjustable, quarto and trio tables for metal furniture manufacturers

** Effective interest of 61.45% given that JusEV is 51%-owned by Dancomech, and 19%-owned by UTC

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2.5 Mandated Related Parties

The Proposed Shareholders' Mandate will apply to the following Mandated Related Parties:

Mandated Related Party	Principal Activities	Interested Director/ Major Shareholder/ Persons Connected to Them	Relationship with the Related Party
AE India	Design, engineering, fabrication, procurement and installation of bulk and unit material handling system/equipment	<ul style="list-style-type: none"> • Subramanian Subbiah Madasamy • Muthuswamy Subramanian Hemalatha • Meeradevi Subramanian 	<ul style="list-style-type: none"> • Subramanian Subbiah Madasamy is a Director and Major Shareholder of our subsidiary, Arah Edar. He is also a director and major shareholder of AE India. • Muthuswamy Subramanian Hemalatha is the wife of Subramanian Subbiah Madasamy. She is also a director and major shareholder of AE India. • Meeradevi Subramanian is the daughter of Subramanian Subbiah Madasamy and Muthuswamy Subramanian Hemalatha. She is also a director and major shareholder of AE India.
SB Belts	Marketing and dealing in conveyor belts, gears and fluid couplings	<ul style="list-style-type: none"> • Tang Fook Siong • Loh Lay Hoon 	<ul style="list-style-type: none"> • Tang Fook Siong is a Director and Major Shareholder of our subsidiary, Arah Edar. He is also a director and major shareholder of SB Belts. • Loh Lay Hoon is the wife of Tang Fook Siong. She is also a director and shareholder of SB Belts.

2.6 Nature of RRPTs Contemplated under the Proposed Shareholders' Mandate

The Proposed Shareholders' Mandate will facilitate the transactions in the normal course of business of our Group which will be transacted from time to time with the Mandated Related Parties, provided that they are consistent with our Group's normal practices and policies and are on terms which are not more favourable to the Mandated Related Parties than those generally available to the public and are not to the detriment of the minority shareholders of our Company.

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Details of the RRPTs contemplated under the Proposed Shareholders' Mandate are as follows:

Mandated Related Party	Transacting Party within our Group	Nature of Transactions	Estimated Transaction Value as Disclosed in the Circular to Shareholders dated 25 April 2023 (RM'000)	Actual Value Transacted from 25 May 2023 up to the LPD (RM'000)	Estimated Transaction Value from 30 May 2024 up to the Date of Next AGM (RM'000)
AE India	Dancomech Group	Procurement of products and services in relation to design, engineering, fabrication and installation of bulk and unit material handling system and equipment from AE India by our Dancomech Group	50,000	275	30,000
SB Belts	Dancomech Group	Procurement of products and services in relation to design, engineering, fabrication and installation of bulk and unit material handling system and equipment from SB Belts by our Dancomech Group	15,000	(183) *	5,000

Note:

* *Being net debit note issued for services not performed*

As at the LPD, there is no amount due to or from the Mandated Related Parties by or to our Group pursuant to the RRPTs which exceeds the credit terms granted.

2.7 Review Procedures in Relation to RRPTs

Our Group has adopted a Related Party Transactions Policy ("the Policy") designed to ensure that RRPTs are carried out in the ordinary course of business, are made at arm's length and on normal commercial terms which are not more favourable to the related party or parties than those generally available to the public and are not on terms that are detrimental to the minority shareholders of Dancomech. The Policy also aims to comply with paragraphs 10.08 and 10.09 of the Listing Requirements of Bursa Securities.

Procedures and Processes

The procedures and processes under the Policy are as follows:

- (a) The transactions with the related party(ies) will only be entered into after taking into account the pricing, quality of product, expertise and other related factors. The transaction prices will be determined by market forces which will depend on the supply and demand of the products and subject to the availability of the products in the market or at prices similar to those prices for transactions with unrelated third parties including, where appropriate, preferential rates and discounts accorded for bulk purchases (the same as are accorded to third party bulk purchase);

- (b) The terms and conditions of the transactions will be determined by the product provider's usual commercial terms or in accordance with applicable industry norm;
- (c) Records will be maintained by our Company to record all the RRPTs entered into pursuant to the Proposed Shareholders' Mandate to ensure that relevant approvals have been obtained and review procedures in respect of such transactions are adhered to;
- (d) At least two (2) other contemporaneous transactions with unrelated third parties for similar products/services and/or quantities will be used as comparison, wherever possible, to determine whether the price and terms offered to/by the related party(ies) are fair and reasonable and comparable to those offered to/by other unrelated third parties for the same or substantially similar type of products/services and/or quantities. In the event that quotation or comparative pricing to unrelated third parties cannot be obtained (for instance, if there are no unrelated third party vendors/customers of similar products, or if the product is a propriety item), the transaction price will be determined based on the margin/price transacted for other similar products/services and the transaction price will be reviewed taking into account prevailing market rates/prices that are agreed upon under similar commercial terms for transactions with third parties, business practices and policies and on terms which are generally in line with industry norms in order to ensure the RRPT is not detrimental to our Group;
- (e) Our ARMC has put in place adequate procedures and processes to monitor, track and identify RRPTs in a timely and orderly manner, and the frequency of review of these procedures and processes;
- (f) Our ARMC periodically reviews the procedures set by our Company to monitor related party transactions to ensure that these transactions are carried out on normal commercial terms not more favourable to the related party than those generally available to the public and are not detrimental to the minority shareholders of our Company. All reviews by the ARMC are reported to our Board for further action. In its review and approval of such transactions, the ARMC may, as it deems fit, request for additional information pertaining to the transactions from independent sources or professionals; and
- (g) All our Directors are required to declare and disclose any transaction in which they are deemed interested and such transactions must be subject to the scrutiny of our ARMC. In addition, our Directors have given their undertakings that all business transactions entered into between our Group and themselves and/or persons connected with them shall be negotiated on and agreed at arm's length basis on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders.

Threshold for Approval

The threshold for RRPTs will be determined by our ARMC on a yearly basis, subject to the provisions in the Listing Requirements and/or the Act, where necessary. Where any of our Director has an interest (direct or indirect) in any RRPTs, such Director shall abstain from deliberation and voting on the matter.

Disclosure

Disclosure will be made in our Company's annual report of the breakdown of the aggregate value of RRPTs conducted, types of RRPTs made, names of the related party(ies) involved in each type of RRPTs and their relationship with our Company pursuant to the Proposed Shareholders' Mandate during the financial year, and in the annual report for the subsequent financial year that the Proposed Shareholders' Mandate continues to be in force.

2.8 Statement by our ARMC

Our ARMC has seen and reviewed the procedures and processes set out in section 2.7 above and is of the view that the procedures and processes are sufficient to monitor, track and identify RRPTs in a timely and orderly manner, and to ensure that the RRPTs are not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders. The procedures and processes are reviewed on a yearly basis.

3. RATIONALE FOR AND BENEFITS OF THE PROPOSED SHAREHOLDERS' MANDATE

The Proposed Shareholders' Mandate will allow our Dancomech Group to transact with the Mandated Related Parties on a timely manner for products and services that are necessary for our day-to-day operations especially for business needs that are time sensitive in nature, and that contribute to the generation of revenue.

In addition, the Proposed Shareholders' Mandate will eliminate the need to convene separate general meetings on each occasion to seek shareholders' prior approval for the entry by our Group into such transactions. Apart from reducing the expenses associated with convening of general meetings, it will improve administrative efficiency and allow our time and human resources to be better channelled towards achieving other corporate objectives.

4. EFFECTS OF THE PROPOSED SHAREHOLDERS' MANDATE

The Proposed Shareholders' Mandate will not have any effect on the earnings per share, net assets per share, gearing, share capital and substantial shareholders' direct and/or indirect shareholdings of our Company.

Nevertheless, the Proposed Shareholders' Mandate is in relation to transactions that are undertaken by our Group in the day-to-day operations and hence are expected to contribute to our Group's financial performance.

5. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM

Save as disclosed below, none of the other Directors or Major Shareholders of our Company and/or persons connected to them has any interest, direct and indirect, in the Proposed Shareholders' Mandate.

Subramanian Subbiah Madasamy, being the Director and Major Shareholder of our 55%-owned subsidiary, Arah Edar, is interested in the Proposed Shareholders' Mandate, by virtue of him being a director and major shareholder of AE India.

Tang Fook Siong, being the Director and Major Shareholder of our 55%-owned subsidiary, Arah Edar, is interested in the Proposed Shareholders' Mandate, by virtue of him being a director and major shareholder of SB Belts.

Subramanian Subbiah Madasamy and Tang Fook Siong will abstain from voting in respect of their direct and indirect shareholdings, if any, in our Company, on the resolution to be tabled in relation to the Proposed Shareholders' Mandate at the forthcoming 11th AGM and shall undertake to ensure that persons connected to them abstain from voting in respect of their direct and indirect interests, if any, in our Company on deliberating or approving the resolution pertaining to the Proposed Shareholders' Mandate to be tabled at the forthcoming 11th AGM.

As at the LPD, Subramanian Subbiah Madasamy and Tang Fook Siong do not hold any direct or indirect shareholdings in Dancomech.

6. DIRECTORS' RECOMMENDATION

Our Board, having considered all aspects of the Proposed Shareholders' Mandate, is of the opinion that the Proposed Shareholders' Mandate is in the best interest of our Company and its shareholders. Accordingly, our Board recommends that you vote in favour of the ordinary resolution pertaining to the Proposed Shareholders' Mandate to be tabled at the forthcoming 11th AGM.

7. APPROVAL REQUIRED

The Proposed Shareholders' Mandate is subject to the approval being obtained from the shareholders of our Company at the forthcoming 11th AGM.

8. 11th AGM

The proposed ordinary resolution on the Proposed Shareholders' Mandate will be tabled at the 11th AGM to be conducted on a virtual basis through live streaming from the Broadcast Venue at No. 19, Jalan Pelukis U1/46, Seksyen U1, 40150 Shah Alam, Selangor Darul Ehsan on Thursday, 30 May 2024 at 2.00 p.m. or at any adjournment thereof. The said resolution is set out in the Notice of the 11th AGM and the Form of Proxy.

The Notice of the 11th AGM and the Form of Proxy are set out in the Company's Annual Report 2023.

If you are unable to attend and vote at the virtual 11th AGM, you are requested to complete, sign and return the Form of Proxy in accordance with the instructions printed thereon to the Poll Administrator's Office at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur, or via email to AGM-support.Dancomech@megacorp.com.my as soon as possible and in any event, not less than forty-eight (48) hours before the time appointed for the 11th AGM or any adjournment thereof. The lodging of the Form of Proxy will not preclude you from attending and voting at the virtual 11th AGM should you subsequently wish to do so.

9. FURTHER INFORMATION

You are requested to refer to Appendix I of this Circular for further information.

Yours faithfully,
For and on behalf of our Board
DANCOMECH HOLDINGS BERHAD

DATUK ZAINAL ABIDIN BIN UJUD
Independent Non-Executive Chairman

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FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been seen and approved by our Board and they collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm that, after making all enquiries as were reasonable in the circumstances and to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement herein misleading.

2. MATERIAL LITIGATION

As at the LPD, neither Dancomech nor our subsidiaries are engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and to the best of our Board's knowledge and belief, our Board is not aware of any proceedings, pending or threatened against our Dancomech Group or of any facts likely to give rise to any proceedings which may materially and adversely affect the financial position or business of our Dancomech Group.

3. MATERIAL CONTRACTS

As at the LPD, our Board is not aware of any material contracts (not being contracts entered into in the ordinary course of business) entered into by Dancomech or our subsidiaries, within the two (2) years immediately preceding the LPD.

4. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the Registered Office of our Company at Lot 5, Level 10, Menara Great Eastern 2, No. 50, Jalan Ampang, 50450 Kuala Lumpur, during normal business hours from Mondays to Fridays (except public holidays) from the date of this Circular up to and including the date of the forthcoming 11th AGM:

- (i) The constitution of our Company; and
- (ii) The audited consolidated financial statements of Dancomech for the two (2) financial years ended 31 December 2022 and 31 December 2023.

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