



DANCOMECH HOLDINGS BERHAD

Registration No. 201301020455 (1050285-U)

ANNUAL REPORT 2023



SPECIALISED IN VALVES, GAUGES, RECORDERS & PUMPS

CONTENTS

Corporate Directory	2
Corporate Structure	3
Profile of Directors	4
Profile of Key Senior Management	8
Financial Highlights	15
Management Discussion and Analysis	16
Sustainability Statement	22
Corporate Governance Overview Statement	30
Audit and Risk Management Committee Report	38
Statement on Risk Management and Internal Control	41
Additional Information	43
Statement of Directors' Responsibility	44
List of Properties	45
Financial Statements	48
Analysis of Shareholdings	121
Notice of Eleventh Annual General Meeting	123
Administrative Notes	
Form of Proxy	



CORPORATE DIRECTORY

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

AUDIT AND RISK MANAGEMENT COMMITTEE

Chairman
Gong Wooi Teik

Members
Lee Chen Yow
Sharon Lee Ching Yee

NOMINATION COMMITTEE

Chairman
Gong Wooi Teik

Members
Lee Chen Yow
Sharon Lee Ching Yee

REMUNERATION COMMITTEE

Chairman
Lee Chen Yow

Members
Gong Wooi Teik
Sharon Lee Ching Yee

COMPANY SECRETARIES

Tan Fong Shian @ Lim Fong Shian
(SSM PC No. 201908004045) (MAICSA 7023187)
Liew Chak Hooi
(SSM PC No. 201908004042) (MAICSA 7055965)

REGISTERED OFFICE

Lot 5, Level 10
Menara Great Eastern 2
No. 50, Jalan Ampang
50450 Kuala Lumpur
Tel : (603) 2031 1988
Fax : (603) 2031 9788
Email : archer@archer.com.my

HEAD OFFICE

No. 19, Jalan Pelukis U1/46
Seksyen U1, 40150 Shah Alam
Selangor Darul Ehsan
Tel : (603) 5569 2929
Fax : (603) 5569 2935/37
Email : info@dancomech.com.my
Website : www.dancomech.com.my

SHARE REGISTRAR

Boardroom Share Registrars Sdn Bhd
[Registration No. 199601006647 (378993-D)]
11th Floor, Menara Symphony
No. 5, Jalan Professor Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor Darul Ehsan
Tel : (603) 7890 4700
Fax : (603) 7890 4670
Email : bsr.helpdesk@boardroomlimited.com

AUDITORS

TGS TW PLT [202106000004
(LLP0026851-LCA) & AF002345]
Unit E-16-2B, Level 16, Icon Tower (East)
No. 1, Jalan 1/68F, Jalan Tun Razak
50400 Kuala Lumpur
Tel : (603) 9771 4326
Fax : (603) 9771 4327

PRINCIPAL BANKER

CIMB Bank Berhad
[Registration No. 197201001799 (13491-P)]

STOCK EXCHANGE LISTING

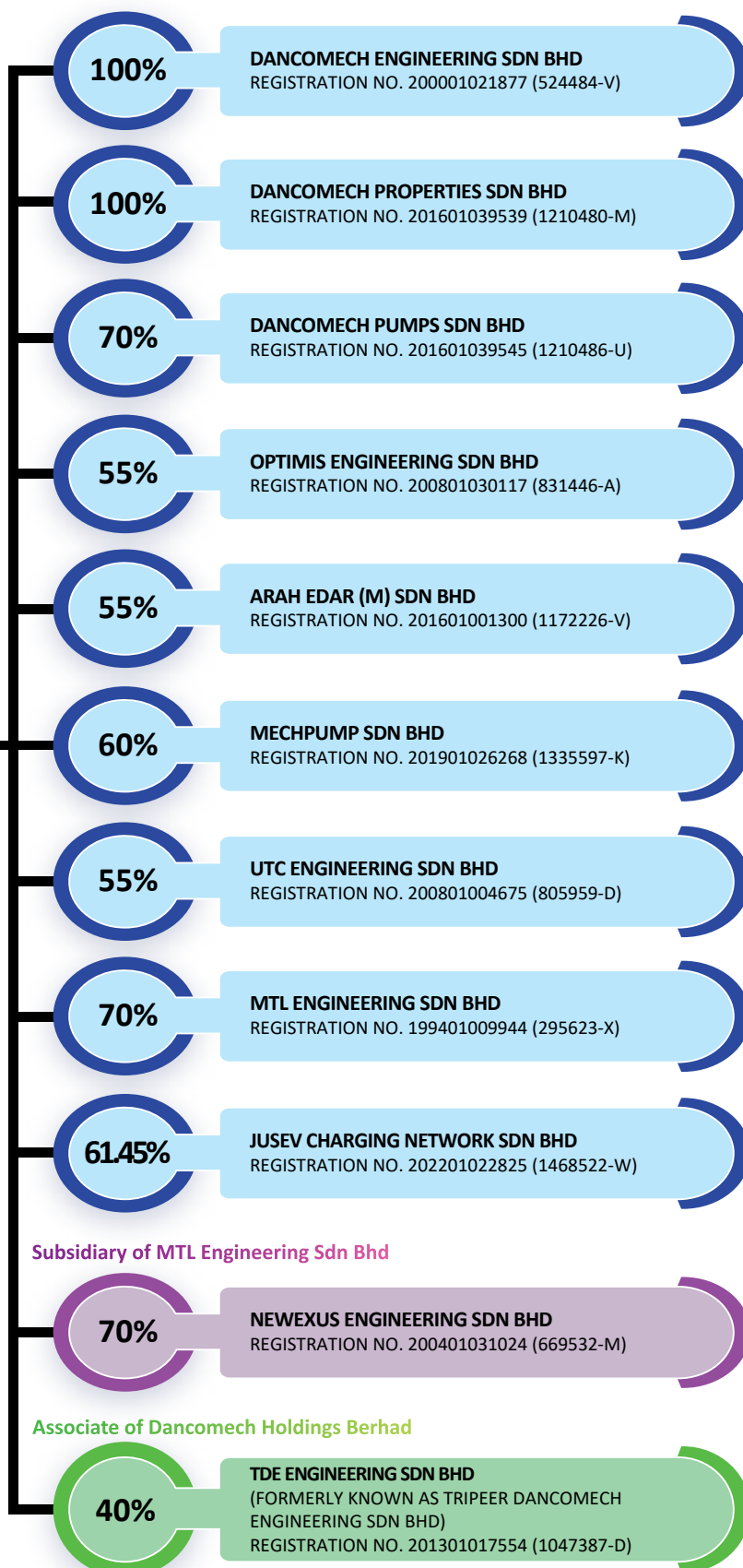
Main Market of Bursa Malaysia Securities Berhad
Sector: Industrial Products & Services
Stock Name : DANCO
Stock Code : 5276

CORPORATE STRUCTURE

Subsidiaries of Dancomech Holdings Berhad



DANCOMECH HOLDINGS BERHAD
REGISTRATION NO. 201301020455
(1050285-U)



PROFILE OF DIRECTORS

DATUK ZAINAL ABIDIN BIN UJUD

*Independent
Non-Executive Chairman*

LEE CHEN YOW

*Independent
Non-Executive Director*

AIK SWEE TONG
Managing Director

SHARON LEE CHING YEE

*Independent
Non-Executive Director*

GONG WOUI TEIK
*Senior Independent
Non-Executive
Director*

AIK CWO SHING
Executive Director



PROFILE OF DIRECTORS

DATUK ZAINAL ABIDIN BIN UJUD

*Malaysian, Male, aged 71
Independent Non-Executive Chairman*



Datuk Zainal Abidin Bin Ujud was appointed to the Board on 29 August 2014.

He graduated with a Bachelor of Business Administration, Economics degree from Universiti Kebangsaan Malaysia in 1976, and holds a Master of Business Administration Finance from Katholieke Universiteit Lueven, Belgium, which he obtained in 1983. He also completed the Advanced Management Development Program ("AMDP") at Harvard Business School, Boston, United States of America, in 2003.

He has extensive experience in the plantation sector having worked with the Federal Land Development Authority ("FELDA"), Felda Holdings Berhad ("FHB") and various subsidiaries of FHB in a career that spanned over 37 years. His work experience was mainly in the areas of transportation and logistics, administration and human resource management within the plantation sector. He retired as Senior Executive Director and Chief Executive Officer of Felda Transport Service Sdn Bhd in 2013.

He does not hold directorship in any other public companies and listed issuers. He has no family relationship with any director and/or major shareholder of the Company nor does he have any conflict of interests or potential conflict of interests with the Company and its subsidiaries ("the Group").

AIK SWEE TONG

*Malaysian, Male, aged 64
Managing Director*



Aik Swee Tong was appointed to the Board on 29 August 2014.

He completed his secondary education in 1979, and he has over 43 years of experience in the sales of process control equipment and measurement instruments. He is the co-founder of the Group and he is currently responsible for setting the business direction and overseeing the business development, finance and corporate strategy functions of the Group.

He does not hold directorship in any other public companies and listed issuers. Save for the family relationship with Aik Cwo Shing, who is his younger brother, he has no family relationship with any other director and/or major shareholder of the Company.

Save for his interest in Turbo Bio Engineering Sdn Bhd ("Turbo Bio"), he does not have any conflict of interests or potential conflict of interests with the Group. He is a director and major shareholder of Dancovest (M) Sdn Bhd ("Dancovest") which is a major shareholder of Turbo Bio. The Group, via its subsidiary, Dancomech Engineering Sdn Bhd ("DESB"), sells/purchases goods to/from Turbo Bio. The transactions with Turbo Bio are entered into based on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties. In addition, the Group will continue to monitor the transactions and will seek shareholders' mandate for new recurrent related party transactions ("RRPTs") if the relevant transaction threshold as prescribed in the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") is attained.

PROFILE OF DIRECTORS

AIK CWO SHING

*Malaysian, Male, aged 54
Executive Director*



Aik Cwo Shing was appointed to the Board on 29 August 2014.

He graduated with an International Diploma in Computer Studies from Informatics College, Kuala Lumpur, in 1991, and he has over 34 years of experience in the sales of process control equipment and measurement instruments. Currently, he is responsible for the overall management of the day-to-day operations and sales and business development functions of the Group. He also assists the Managing Director in setting the business direction and strategies of the Group.

He does not hold directorship in any other public companies and listed issuers. Save for the family relationship with Aik Swee Tong, who is his older brother, he has no family relationship with any other director and/or major shareholder of the Company.

Save for his interest in Turbo Bio, he does not have any conflict of interests or potential conflict of interests with the Group. He is a director and major shareholder of Dancovest which is a major shareholder of Turbo Bio. He is also a director of Turbo Bio. The Group, via its subsidiary, DESB, sells/purchases goods to/from Turbo Bio. The transactions with Turbo Bio are entered into based on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties. In addition, the Group will continue to monitor the transactions and will seek shareholders' mandate for new RRPTs if the relevant transaction threshold as prescribed in the MMLR of Bursa Securities is attained.

GONG WOUI TEIK

*Malaysian, Male, aged 73
Senior Independent Non-Executive Director*



Gong Woui Teik was appointed to the Board on 29 August 2014. He is also the Chairman of the Audit and Risk Management Committee and the Nomination Committee, and a member of the Remuneration Committee.

He obtained his qualification as Chartered Accountant from the Institute of Chartered Accountants in England and Wales ("ICAEW") in 1976. He is a fellow member of the ICAEW, a member of the Malaysian Institute of Accountants and a fellow member of the Chartered Tax Institute of Malaysia. He has over 50 years of experience in accounting, audit and tax related matters. He is currently the Senior Partner of GEP Associates PLT, a member firm of AGN International, which is a worldwide association of separate and independent accounting and advisory businesses.

He is also an Independent Non-Executive Director of Alcom Group Berhad, which is listed on the Main Market of Bursa Securities. He has no family relationship with any director and/or major shareholder of the Company nor does he have any conflict of interests or potential conflict of interests with the Group.

PROFILE OF DIRECTORS

LEE CHEN YOW

*Malaysian, Male, aged 47
Independent Non-Executive Director*



Lee Chen Yow was appointed to the Board on 29 August 2014. He is also the Chairman of the Remuneration Committee, and a member of the Audit and Risk Management Committee and the Nomination Committee.

He joined BDO Binder (now known as BDO PLT) as an audit assistant in 1996 under articleship with the Malaysian Institute of Certified Public Accountants ("MICPA") and obtained his MICPA qualification in 2002. In 2003, he left audit and transitioned from audit to working in accounting and finance departments of several public listed companies. In 2011, he established his own consulting company, Base Associates Management Consulting Sdn Bhd. He has accumulated over 28 years of experience in accounting, compliance and financial-related services across various sectors, including oil and gas, media and entertainment, property development, and construction. He is a member of the MICPA and the Malaysian Institute of Accountants ("MIA").

He is currently the Group Chief Financial Officer of Uzma Berhad, a company listed on the Main Market of Bursa Securities.

He does not hold directorship in any other public companies and listed issuers. He has no family relationship with any director and/or major shareholder of the Company nor does he have any conflict of interests or potential conflict of interests with the Group.

SHARON LEE CHING YEE

*Malaysian, Female, aged 54
Independent Non-Executive Director*



Sharon Lee Ching Yee was appointed to the Board on 26 May 2016. She is also a member of the Audit and Risk Management Committee, the Nomination Committee and the Remuneration Committee.

She graduated with a Bachelor of Laws degree from the University of London, England in 1996. She obtained her Certificate in Legal Practice in 1998 and was admitted as an Advocate and Solicitor of the High Court of Malaya in 1999. She also graduated with a Master in Business Administration from the University of Western Sydney, Australia in 2005. She founded Messrs Lee Sharon & Associates in 2004 and she is currently the Managing Partner of the firm. She has over 25 years of experience in legal practice and her areas of legal expertise encompasses corporate, secretarial, banking and conveyancing.

She does not hold directorship in any other public companies and listed issuers. She has no family relationship with any director and/or major shareholder of the Company nor does she have any conflict of interests or potential conflict of interests with the Group.

Additional notes on the Directors:

None of the Directors has any:

- (i) conviction for offences within the past five (5) years; and
- (ii) public sanction or penalty imposed by the relevant regulatory bodies on him or her during the financial year ended 31 December 2023,

which require disclosure pursuant to paragraph 3(h) of Part A of Appendix 9C of the MMLR of Bursa Securities.

PROFILE OF KEY SENIOR MANAGEMENT

Tang Yuen Kin

Group Chief Financial Officer and Director of MTL Engineering Sdn Bhd ("MTL") and Newexus Engineering Sdn Bhd ("Newexus")

Age	: 52
Gender	: Male
Nationality	: Malaysian
Qualifications	: <ul style="list-style-type: none"> • Master of Law Executive (Business Law), International Islamic University Malaysia, Kuala Lumpur • Master of Business Administration (Banking & Finance), Nanyang Technological University, Singapore • Bachelor of Accounting (First Class Honours), University of Malaya, Kuala Lumpur • Chartered Accountant, Malaysian Institute of Accountants • Certified Public Accountant, Malaysian Institute of Certified Public Accountants
Working experience	: <ul style="list-style-type: none"> • More than 25 years of experience in the areas of audit, accounting and finance, corporate finance and corporate planning, having worked in, among others, Price Waterhouse (now known as PricewaterhouseCoopers PLT), Securities Commission Malaysia, KPMG Corporate Advisory Sdn Bhd, AmInvestment Bank Berhad, Alliance Investment Bank Berhad and Sasbadi Holdings Berhad
Appointment to the current position	: November 2018 (as the Group Chief Financial Officer)
Directorship in public companies and listed issuers	: <ul style="list-style-type: none"> • Independent Non-Executive Chairman of Powerwell Holdings Berhad, which is listed on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities") • Independent Non-Executive Director of Sasbadi Holdings Berhad, which is listed on the Main Market of Bursa Securities • Independent Non-Executive Director of Wellspire Holdings Berhad, which is listed on the ACE Market of Bursa Securities
Family relationship with any director and/or major shareholder of Dancomech Holdings Berhad	: None
Conflict of interests or potential conflict of interests with Dancomech Holdings Berhad and its subsidiaries ("the Group")	: None

Aik Kwo Liang

Director and Senior Sales Manager of Dancomech Engineering Sdn Bhd ("DESB")

Age	: 50
Gender	: Male
Nationality	: Malaysian
Qualification	: Diploma in Computer Science, Informatics College, Kuala Lumpur
Working experience	: <ul style="list-style-type: none"> • More than 31 years of experience in the sales and distribution of process control equipment and measurement instruments to customers in the palm oil and oleochemicals, oil and gas and petrochemicals, engineering, procurement, construction and commissioning contracting, and hardware retailing industries
Appointment to the current position	: January 2007
Directorship in public companies and listed issuers	: None
Family relationship with any director and/or major shareholder of Dancomech Holdings Berhad	: Younger brother of Aik Swee Tong and Aik Cwo Shing, and uncle of Wong Seik Siang
Conflict of interests or potential conflict of interest with the Group	: None

PROFILE OF KEY SENIOR MANAGEMENT

Wong Seik Siang

Senior Business Development Manager of DESB

Age	: 43
Gender	: Male
Nationality	: Malaysian
Qualifications	: <ul style="list-style-type: none"> • Master of Business Administration, University of Technology, Sydney • Bachelor of Business, University of Technology, Sydney
Working experience	: <ul style="list-style-type: none"> • More than 11 years of experience in promoting and developing the sales and distribution of process control equipment and measurement instruments to customers mainly in the oil and gas industry
Appointment to the current position	: January 2024
Directorship in public companies and listed issuers	: None
Family relationship with any director and/or major shareholder of Dancomech Holdings Berhad	: Nephew of Aik Swee Tong, Aik Cwo Shing and Aik Kwo Liang
Conflict of interests or potential conflict of interest with the Group	: None

Tan Moon Chuan

Managing Director of MTL

Age	: 57
Gender	: Male
Nationality	: Malaysian
Qualification	: Certificate in Engineering (Machinist), National Training and Certification Craft Board (LLPPKK) (now known as Department of Skills Development (JPK))
Working experience	: <ul style="list-style-type: none"> • Co-founder of MTL • More than 21 years of experience in the areas of tool and die design and fabrication, providing technical advice and support to the engineering team • Has over 29 years of experience in business development and is responsible for the overall strategic planning of MTL
Appointment to the current position	: April 1994
Directorship in public companies and listed issuers	: None
Family relationship with any director and/or major shareholder of Dancomech Holdings Berhad	: None
Conflict of interests or potential conflict of interest with the Group	: MTL currently pays monthly rental to Tan Moon Chuan for the rental of properties. In addition, MTL purchases goods from M & T Mega Precision Engineering Sdn Bhd ("M&T"), in which Tan Moon Chuan is a director and holds 50% equity interest.

The transactions with Tan Moon Chuan and M&T are entered into based on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties. In addition, the Group will continue to monitor the transactions and will seek shareholders' mandate for new recurrent related party transactions ("RRPTs") if the relevant threshold as prescribed in the Main Market Listing Requirements ("MMLR") of Bursa Securities is attained.

PROFILE OF KEY SENIOR MANAGEMENT

Heah Choon Kwong Managing Advisor of MTL

Age	: 70
Gender	: Male
Nationality	: Malaysian
Qualification	: Lower Certificate of Education ("LCE")
Working experience	: <ul style="list-style-type: none"> • Co-founder of MTL • More than 41 years of experience in the air conditioning manufacturing industry, specifically in the areas of production operations and material management. He has gained extensive knowledge in the production of coil assembly, assembly of finished goods, as well as material planning and control • Responsible for overseeing material management within MTL
Appointment to the current position	: April 1994
Directorship in public companies and listed issuers	: None
Family relationship with any director and/or major shareholder of Dancomech Holdings Berhad	: None
Conflict of interests or potential conflict of interest with the Group	: None

Mun Peng Foong Director of MTL

Age	: 65
Gender	: Male
Nationality	: Malaysian
Qualification	: Diploma in Engineering, Federal Institute of Technology, Kuala Lumpur
Working experience	: <ul style="list-style-type: none"> • Co-founder of MTL • More than 31 years of experience in powder coating operations, with expertise in setting up powder coat lines and applying powder coat sprays on various metal parts used in household appliances and air conditioning systems • Takes charge of customer relations for the metal furniture segment of MTL
Appointment to the current position	: April 1994
Directorship in public companies and listed issuers	: None
Family relationship with any director and/or major shareholder of Dancomech Holdings Berhad	: None
Conflict of interests or potential conflict of interest with the Group	: <p>MTL currently pays monthly rental to Mun Peng Foong for the rental of properties. In addition, MTL purchases goods from M&T, in which Mun Peng Foong is a director and holds 50% equity interest.</p> <p>The transactions with Mun Peng Foong and M&T are entered into based on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties. In addition, the Group will continue to monitor the transactions and will seek shareholders' mandate for new RRPTs if the relevant threshold as prescribed in the MMLR of Bursa Securities is attained.</p>

PROFILE OF KEY SENIOR MANAGEMENT

Khu Gee Keong

General Manager of MTL and Director of Newexus

Age	: 66
Gender	: Male
Nationality	: Malaysian
Qualifications	: <ul style="list-style-type: none"> • Member, Association of International Accountants, United Kingdom • Member, Association of Accounting Technicians, United Kingdom
Working experience	: <ul style="list-style-type: none"> • More than 17 years of experience in cost and management accounting focusing on optimising company's profitability through effective cost control, improving operational efficiency, managing inventory, and setting product costing and pricing • More than 11 years of experience in financial management focusing on financial planning, strategy, forecasting and budgeting • Over 18 years of experience in management, have gained comprehensive knowledge in shaping the work environment, developing and implementing strategies, allocating resources, cultivating managerial talent, building organisations and overseeing operations
Appointment to the current position	: January 2006 (as the General Manager of MTL)
Directorship in public companies and listed issuers	: None
Family relationship with any director and/or major shareholder of Dancomech Holdings Berhad	: None
Conflict of interests or potential conflict of interest with the Group	: None

Chang Soo Hong

Director and Chief Executive Officer of Optimis Engineering Sdn Bhd ("Optimis")

Age	: 46
Gender	: Male
Nationality	: Malaysian
Qualification	: Bachelor of Electrical and Electronic Engineering (First Class Honours), University of Bath, United Kingdom
Working experience	: <ul style="list-style-type: none"> • Co-founder of Optimis, to supply process control equipment and measurement instruments to the water and waste water industry • More than 24 years of engineering experience in the areas of product development and testing, product design and after-sales services, business development, and sales and marketing, having worked in the electrical and electronics, palm oil filtration and separation machinery, and water, waste water and sewerage industries • Has gained extensive experience and technical knowledge in industrial automation system for the water and waste water industries
Appointment to the current position	: September 2009
Directorship in public companies and listed issuers	: None
Family relationship with any director and/or major shareholder of Dancomech Holdings Berhad	: None
Conflict of interests or potential conflict of interest with the Group	: None

PROFILE OF KEY SENIOR MANAGEMENT

Subramanian Subbiah Madasamy

Director and Senior General Manager of Arah Edar (M) Sdn Bhd ("Arah Edar")

Age	: 60
Gender	: Male
Nationality	: Indian
Qualifications	: <ul style="list-style-type: none"> • Master of Business Administration, Madurai Kamaraj University, India • Bachelor of Engineering (Mechanical), Madurai Kamaraj University, India
Working experience	: <ul style="list-style-type: none"> • Founder of Arah Edar • More than 36 years of experience in the design, project management, sales and distribution of material handling equipment and automation for ports and power, fertiliser, cement and sugar plants
Appointment to the current position	: January 2016
Directorship in public companies and listed issuers	: None
Family relationship with any director and/or major shareholder of Dancomech Holdings Berhad	: None
Conflict of interests or potential conflict of interest with the Group	: <p>Arah Edar acquires goods and services from A.E. Automotion Private Limited ("AE India"), in which Subramanian Subbiah Madasamy is a director, and he and his wife and daughter collectively hold 100% equity interest.</p> <p>The transactions with AE India are entered into based on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties, and the Group seeks yearly renewal of shareholders' mandate for RRPTs with AE India, as prescribed in the MMLR of Bursa Securities.</p>

Yew Teik Choon

Director of UTC Engineering Sdn Bhd ("UTC") and JusEV Charging Network Sdn Bhd ("JusEV")

Age	: 51
Gender	: Male
Nationality	: Malaysian
Qualification	: Bachelor of Electrical Engineering (Honours), University of Technology, Malaysia
Working experience	: <ul style="list-style-type: none"> • More than 26 years of experience in the areas of automation system, electrical engineering, main switchboard / motor control centre design, variable speed drive / soft starter supply, power quality analysis and mitigation, after-sales services, and sales and marketing • Has gained extensive experience and technical knowledge in industrial automation system for the water and waste water industries
Appointment to the current position	: <ul style="list-style-type: none"> • April 2008 (as a Director of UTC) • June 2022 (as a Director of JusEV)
Directorship in public companies and listed issuers	: None
Family relationship with any director and/or major shareholder of Dancomech Holdings Berhad	: None
Conflict of interests or potential conflict of interest with the Group	: <p>UTC purchases and sells goods from / to ALTV Engineering Sdn Bhd ("ALTV") and ESS (M) Sdn Bhd ("ESS"). Yew Teik Choon is a director and major shareholder (i.e. 49% equity interest) of ESS while his wife is a director and major shareholder (i.e. 30% equity interest) of ALTV.</p> <p>The transactions with ALTV and ESS are entered into based on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties. In addition, the Group will continue to monitor the transactions and will seek shareholders' mandate for new RRPTs if the relevant threshold as prescribed in the MMLR of Bursa Securities is attained.</p>

PROFILE OF KEY SENIOR MANAGEMENT

Poon Chee Peng Director of Mechpump Sdn Bhd ("Mechpump")

Age	: 46
Gender	: Male
Nationality	: Malaysian
Qualification	: Bachelor of Chemistry (Honours), University of Putra Malaysia
Working experience	: <ul style="list-style-type: none"> • Co-founder of Mechpump • More than 21 years of pump experience in the palm oil mill industry, and active in the oleochemicals, water supply and waste water, pulp and paper and other general industries • Experience in providing pump consultancy services, and supplying and commissioning, for projects in Malaysia as well as overseas such as in Indonesia, Thailand, Central Africa, and Central America
Appointment to the current position	: July 2019
Directorship in public companies and listed issuers	: None
Family relationship with any director and/or major shareholder of Dancomech Holdings Berhad	: None
Conflict of interests or potential conflict of interest with the Group	: <p>Mechpump sells goods to RPS Traders Sdn Bhd ("RPS"), in which Poon Chee Peng is a director, and he holds 55% equity interest.</p> <p>The transactions with RPS are entered into based on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties. In addition, the Group will continue to monitor the transactions and will seek shareholders' mandate for new RRPTs if the relevant threshold as prescribed in the MMLR of Bursa Securities is attained.</p>

Choo Cheok Meng Operations and Factory Manager of Dancomech Pumps Sdn Bhd

Age	: 51
Gender	: Male
Nationality	: Malaysian
Qualification	: Sijil Pelajaran Malaysia
Working experience	: <ul style="list-style-type: none"> • More than 31 years of experience in the manufacture, sales, troubleshooting and maintenance of pumps
Appointment to the current position	: September 2020
Directorship in public companies and listed issuers	: None
Family relationship with any director and/or major shareholder of Dancomech Holdings Berhad	: None
Conflict of interests or potential conflict of interest with the Group	: None

PROFILE OF KEY SENIOR MANAGEMENT

Wong Chee Weng Director of JusEV

Age	:	47
Gender	:	Male
Nationality	:	Malaysian
Qualification	:	Bachelor of Electrical and Electronic Engineering (Honours), Nottingham Trent University, United Kingdom
Working experience	:	<ul style="list-style-type: none"> • Co-founder of JusEV, to provide electric vehicle ("EV") charging infrastructure solutions to residential and commercial segments • 23 years of experience in project management, sales and marketing, after-sales services, and product development and testing, and product design, within the industrial automation sector • Has diversified into EV charging business since 2019 and is considered one of the pioneers in the EV charging industry locally by distributing more than 300 units of EV supply equipment
Appointment to the current position	:	June 2022
Directorship in public companies and listed issuers	:	None
Family relationship with any director and/or major shareholder of Dancomech Holdings Berhad	:	None
Conflict of interests or potential conflict of interest with the Group	:	None

Additional notes on the above key senior management:

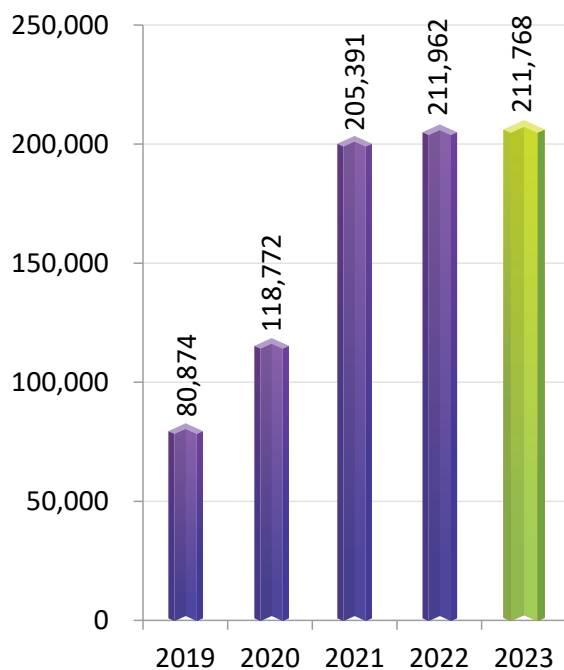
None of the key senior management has any:

- (i) conviction for offences within the past five (5) years; and
- (ii) public sanction or penalty imposed by the relevant regulatory bodies on him or her during the financial year ended 31 December 2023,

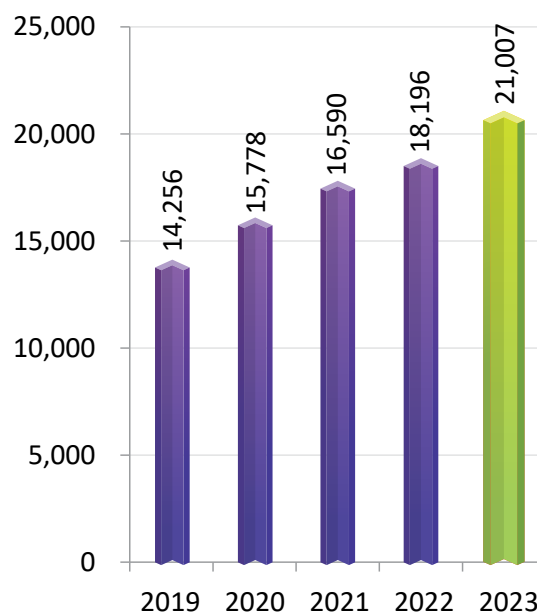
which require disclosure pursuant to paragraph 4A(g) of Part A of Appendix 9C of the MMLR of Bursa Securities.

FINANCIAL HIGHLIGHTS

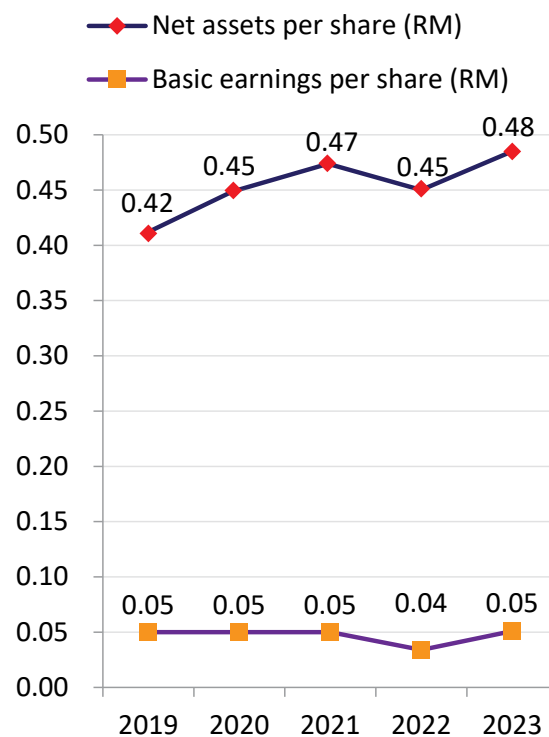
Revenue (RM'000)



Profit for the Financial Year Attributable to Owners of the Company (RM'000)



Shareholders' Equity (RM'000)



MANAGEMENT DISCUSSION AND ANALYSIS

1. BUSINESS OVERVIEW

Dancomech Holdings Berhad (“Dancomech” or “the Company”) is an investment holding company while the Group (i.e. Dancomech and its subsidiaries) is principally involved in the following activities:

- (i) Trading and distribution of process control equipment (such as valves, switches, actuators, bursting discs/explosion protection devices, expansion joints, float/steam traps, etc.), measurement instruments (such as gauges, recorders, pressure transmitters, sight glasses, etc.), and industrial pumps (“Trading Division”);
- (ii) Manufacture of industrial pumps (“Pump Manufacturing Division”);
- (iii) Provision of material handling system solutions (“MHS Solutions Division”);
- (iv) Production of metal stamping parts and components, and design and manufacture of tools and dies (“Metal Stamping Division”); and
- (v) Electrical, electronic and instrumentation engineering, contracting, commissioning and servicing, and trading of electric vehicle charging stations, software solution, equipment and other relevant accessories (“E&E Engineering Division”).

Our Trading Division comprises the following subsidiaries:

- (i) Dancomech Engineering Sdn Bhd (“DESB”), our wholly-owned subsidiary, which focuses on supplying the products to customers in the palm oil and oleochemicals, oil and gas, and general and other industries;
- (ii) Optimis Engineering Sdn Bhd (“Optimis”), our 55%-owned subsidiary, which focuses on supplying the products to customers in the water and waste water industry; and
- (iii) Mechpump Sdn Bhd (“Mechpump”), our 60%-owned subsidiary, which focuses on the trading of industrial pumps.

The Pump Manufacturing Division is made up of our 70%-owned subsidiary, Dancomech Pumps Sdn Bhd (“DPumps”). On the other hand, the MHS Solutions Division is undertaken via our 55%-owned subsidiary, Arah Edar (M) Sdn Bhd (“Arah Edar”), while the Metal Stamping Division comprises our 70%-owned subsidiary, MTL Engineering Sdn Bhd (“MTL”), and its 70%-owned subsidiary, i.e. Newexus Engineering Sdn Bhd (“Newexus”).

The E&E Engineering Division comprises the following subsidiaries:

- (i) UTC Engineering Sdn Bhd (“UTC”), our 55%-owned subsidiary, which is involved in electrical, electronic and instrumentation engineering, contracting, commissioning and servicing; and
- (ii) JusEV Charging Network Sdn Bhd (“JusEV”), our 61.45% (effective interest)-owned subsidiary, which is involved in the trading of electric vehicle charging stations, software solution, equipment and other relevant accessories. The Company acquired JusEV on 1 March 2023.

Dancomech was listed on the Main Market of Bursa Malaysia Securities Berhad (“Bursa Securities”) on 21 July 2016. The Group’s operations are located in the following locations:

Company	Location
Dancomech, DESB, Optimis and JusEV	Seksyen U1, Shah Alam, Selangor
DPumps	Ipoh, Perak
Arah Edar	Brickfields, Kuala Lumpur
Mechpump	Klang, Selangor
MTL and Newexus	Section 36, Shah Alam, Selangor
UTC	Subang Jaya, Selangor

MANAGEMENT DISCUSSION AND ANALYSIS

Our Trading Division, which is our main division of operations, purchases third-party products from overseas suppliers based in countries such as Germany, the United Kingdom, the People's Republic of China, Taiwan, South Korea, Spain, Italy, etc., while the manufacture of our Trading Division's own brand products, namely WAGI, VMX and Omaval, is outsourced to original equipment manufacturers in the People's Republic of China and Taiwan.

Our second largest division in terms of profitability, i.e. Metal Stamping, provides manufacturing services mainly to the consumer electronics sector, in particular, to manufacturers of heating, ventilation and air-conditioning ("HVAC") products, and metal furniture products.

2. FINANCIAL REVIEW

Financial Performance

A summary of the Group's financial performance for the financial year ended 31 December 2023 ("FYE 2023") vis-à-vis the financial year ended 31 December 2022 ("FYE 2022") is as follows:

	FYE 31 December			
	2023	2022	Increase/(Decrease)	
	RM'000	RM'000	RM'000	%
Revenue	211,768	211,962	(194)	(0.1)
Gross profit ("GP")	48,412	45,176	3,236	7.2
Profit before tax ("PBT")	29,869	26,913	2,956	11.0
Profit after tax ("PAT")	22,352	19,131	3,221	16.8
Profit for the financial year attributable to owners of the Company	21,007	18,196	2,811	15.4
GP margin (%)	22.9	21.3		
PBT margin (%)	14.1	12.7		
PAT margin (%)	10.6	9.0		

A breakdown of the Group's revenue by operating division is as follows:

Revenue by operating division	FYE 31 December			
	2023	2022	Increase/(Decrease)	
	RM'000	RM'000	RM'000	%
Trading	99,760	76,332	23,428	30.7
Pump Manufacturing	5,142	4,761	381	8.0
MHS Solutions	816	-	816	>100.0
Metal Stamping	94,951	124,708	(29,757)	(23.9)
E&E Engineering	15,709	9,998	5,711	57.1
Others (i.e. investment holding)	381	381	-	-
	216,759	216,180	579	0.3
Eliminations	(4,991)	(4,218)	(773)	
Total	211,768	211,962	(194)	(0.1)

From the geographical market perspective, the Group's revenue was derived from the following markets:

	FYE 31 December			
	2023	2022	Increase/(Decrease)	
	RM'000	RM'000	RM'000	%
Malaysia	173,577	200,521	(26,944)	(13.4)
Indonesia	26,552	2,295	24,257	>100.0
Other overseas markets (excluding Indonesia)	11,639	9,146	2,493	27.3
Total	211,768	211,962	(194)	(0.1)

MANAGEMENT DISCUSSION AND ANALYSIS

The Group recorded a marginal drop of 0.1% in revenue from RM211.96 million in FYE 2022 to RM211.77 million in FYE 2023 mainly due to the lower revenue contribution from our Metal Stamping Division arising from lower demand from its customers in the HVAC industry. However, this was offset by the higher revenue recorded by our Trading Division and E&E Engineering Division with the recovery of the local and overseas markets post the Covid-19 pandemic.

The Group recorded an increase in GP (of RM3.24 million, equivalent to 7.20%), PBT (of RM2.96 million, equivalent to 11.0%), PAT (of RM3.22 million, equivalent to 16.8%), and profit for the financial year attributable to owners of the Company (of RM2.81 million, equivalent to 15.4%) in FYE 2023 mainly due to the higher revenue recorded by our Trading Division which has a higher gross profit margin compared to that of our Metal Stamping Division.

The review of our operating divisions is provided in section 3 below.

Financial Position

A summary of the Group's financial position as at 31 December 2023 vis-à-vis 31 December 2022, is as follows:

	As at 31 December		Increase/(Decrease)	
	2023	2022		
	RM'000	RM'000	RM'000	%
Property, plant and equipment ("PPE")	77,146	76,532	614	0.8
Fixed deposits, cash and bank balances, and financial asset at fair value through profit or loss	106,070	104,926	1,144	1.1
Current assets	222,462	210,623	11,839	5.6
Equity attributable to owners of the Company	213,303	201,146	12,157	6.0
Total borrowings (including lease liabilities)	17,356	18,788	(1,432)	(7.6)
Current liabilities	55,739	54,141	1,598	3.0
Current ratio (times)	3.99	3.89		
Debt-to-equity ratio (times)	0.08	0.09		

The Group's PPE showed a marginal increase of RM0.61 million (equivalent to 0.8%) in FYE 2023 mainly due to the acquisition of additional plant and machinery by MTL for the expansion of its operations.

The Group's fixed deposits, cash and bank balances, and financial asset at fair value through profit or loss also recorded a marginal increase of RM1.14 million (equivalent to 1.1%) in FYE 2023 mainly due to net cash generated from operating activities amounting to RM14.79 million and net interest received of RM1.22 million. However, the increase was partly offset by, among others, dividends paid to shareholders of the Company of RM8.85 million, purchase of property, plant and equipment of RM3.58 million, and repayment of borrowings (including lease liabilities) of RM2.64 million.

The Group's current ratio improved marginally from 3.89 times as at 31 December 2022 to 3.99 times as at 31 December 2023. On the other hand, the Group's debt-to-equity ratio decreased marginally from 0.09 times as at 31 December 2022 to 0.08 times as at 31 December 2023.

The increase in the equity attributable to owners of the Company of RM12.16 million (equivalent to 6.0%) in FYE 2023 was due to the following:

- Profit for FYE 2023 attributable to owners of the Company of RM21.01 million; less
- Dividends of RM8.85 million paid to shareholders during FYE 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

3. REVIEW OF OPERATING DIVISIONS

Trading Division

Our Trading Division contributed RM99.76 million (equivalent to 46.0%) to the Group's revenue (before consolidation eliminations) for FYE 2023 vis-à-vis RM76.33 million (equivalent to 35.3%) for FYE 2022. As mentioned in section 2 above, the higher revenue recorded by our Trading Division in FYE 2023 was mainly due to the higher demand from its customers with the recovery of the local and overseas markets post the Covid-19 pandemic.

Pump Manufacturing Division

Our Pump Manufacturing Division contributed RM5.14 million (equivalent to 2.4%) to the Group's revenue (before consolidation eliminations) for FYE 2023 vis-à-vis RM4.76 million (equivalent to 2.2%) for FYE 2022. The increase in the revenue from our Pump Manufacturing Division was due to the increased demand for industrial pumps from its customers in FYE 2023 post the Covid-19 pandemic.

MHS Solutions Division

Our MHS Solutions Division contributed RM0.82 million (equivalent to 0.4%) to the Group's revenue (before consolidation eliminations) for FYE 2023 vis-à-vis zero revenue contribution for FYE 2022. The insignificant contribution by our MHS Solutions Division was due to its inability to win any major contracts in FYE 2023.

Metal Stamping Division

Our Metal Stamping Division contributed RM94.95 million (equivalent to 43.8%) to the Group's revenue (before consolidation eliminations) for FYE 2023 vis-à-vis RM124.71 million (equivalent to 57.7%) for FYE 2022. As mentioned in section 2 above, the decrease in revenue was due to the lower demand from its customers in the HVAC industry.

E&E Engineering Division

Our E&E Engineering Division contributed RM15.71 million (equivalent to 7.2%) to the Group's revenue (before consolidation eliminations) for FYE 2023 vis-à-vis RM10.00 million (equivalent to 4.6%) for FYE 2022. As mentioned in section 2 above, the higher revenue recorded by our E&E Engineering Division in FYE 2023 was mainly due to the higher demand from its customers with the recovery of the local and overseas markets post the Covid-19 pandemic.

4. ANTICIPATED OR KNOWN RISKS

Economic, Political, Legal and Regulatory Uncertainties

Any adverse development in the economic, political, legal and regulatory environment in Malaysia as well as in countries where the Group sources our supplies or sells our products could adversely affect our operations and financial performance. In addition, any widespread or prolonged economic, political, legal or regulatory uncertainties will affect business confidence and the tendency of our customers and end-users to spend.

The economic, political, legal and regulatory uncertainties include, among others, changes in general economic and business conditions, changes in government legislations and policies, risks of lockdown, movement restrictions, war or expropriation, currency exchange controls, etc.

The Group seeks to mitigate this risk by practising prudent management, vigilance, and efficient operating procedures, and complying with the relevant laws and regulations.

Competition Risk

The Group faces competition from our competitors and we expect the competition to remain strong as some competitors may have greater financial, marketing, management and other resources, and the ability to offer a wider range of products. Any stiff competition may negatively affect the Group's performance and profitability. To remain competitive, we will continue to provide quality and a wide range of products and services to our customers, and maintain good rapport with them.

Dependency on the Performance of End-user Markets

The Group supplies the products to customers mainly involved in the palm oil and oleochemicals, oil and gas, water and waste water, and HVAC industries. In this regard, we are dependent on the performance of the said industries. To mitigate this risk, we continue to monitor the developments in the industries closely and we are on a constant lookout for opportunities to develop new and other markets.

MANAGEMENT DISCUSSION AND ANALYSIS

Dependency on Suppliers

The Group sources the products from third-party suppliers. In this regard, any termination or withdrawal of or disruption to our relationships with the suppliers may have a negative impact on our business operations and financial performance. Nevertheless, we have been having many years of relationships with most of the suppliers and we will continue to maintain good relationships with them. In addition, we will also continue to look for additional suppliers without affecting our relationships with the existing suppliers.

Foreign Exchange Rate and Price Risks

Our Trading Division purchases mainly from overseas suppliers, which exposes us to foreign exchange rate and price fluctuations. The foreign exchange rate and price fluctuations could lead to increase in the costs of our products. In mitigating such fluctuations, we normally hold 4 to 6 months of stocks not only to guard against any foreseeable increase in costs, but also to keep an adequate level of inventories for timely delivery to our customers. In addition, we adopt a cost-plus approach in our pricing policy, which we generally pass on the increased costs to our customers to maintain a sustainable profit margin while remaining price competitive. We also mitigate the movement of the foreign currencies by operating foreign currency accounts where we receive payments in the respective currencies and utilise the currencies without converting them in order to further minimise our exposure to exchange rate fluctuations.

Credit Risk

To a certain extent, our financial performance and position are dependent on the creditworthiness of our customers, which we normally grant them credit periods of up to 120 days. In the event of significant delay or default in payment by our customers, it may adversely affect our financial position and results should there be any impairment required for bad or doubtful debts. To mitigate this risk, we will assess the credit standing of our existing and prospective customers prior to accepting their orders. In addition, we regularly review our trade receivable ageing and follow up closely on collection of debts including sending out reminder letters, making calls and field visits as well as taking legal action on a case-to-case basis to recover outstanding debts.

5. PROSPECTS

The Group has shown resilience by recording a 15.4% growth in the profit attributable to owners of the Company from RM18.20 million in FYE 2022 to RM21.01 million in FYE 2023 despite the uncertainties and challenges faced by the Group in the domestic and overseas markets arising from the global economic and political headwinds. As a matter of fact, FYE 2023 is a record year for the Group in terms of profitability. In this regard, the continuous hard work put in by the Group has paid off in FYE 2023.

The Group foresees the domestic and overseas market conditions to remain challenging in the financial year ending 31 December 2024 ("FYE 2024"). Nonetheless, the Group will continue to make strong effort to pursue sales while taking steps to address the market uncertainties and challenges. In addition, the Group will also continue with its strategy to seek and explore potential opportunities for acquisitions and collaborations in order to enhance our profitability.

Premised on the above and barring any unforeseen circumstances, the Group expects our prospects and performance for FYE 2024 to be satisfactory.

6. DIVIDEND POLICY

We have a dividend pay-out policy of up to 40% of our yearly consolidated profit attributable to owners of the Company. However, such 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.

MANAGEMENT DISCUSSION AND ANALYSIS

The historical dividend pay-out ratio of the Company for the past five (5) financial years is as follows:

	FYE 31 December				
	2019	2020	2021	2022	2023
Dividends (RM'000)	5,320	6,154	7,050	8,851	9,957
Consolidated profit attributable to owners of the Company (RM'000)	14,256	15,778	16,590	18,196	21,007
Dividend pay-out ratio (%)	37.3	39.0	42.5	48.6	47.4

Notwithstanding the dividend pay-out policy, the Company had decided to reward our shareholders with higher dividend pay-out ratios of 42.5%, 48.6% and 47.4% of our consolidated profit attributable to owners of the Company for FYE 2021, FYE 2022 and FYE 2023, respectively.

SUSTAINABILITY STATEMENT

The Board of Directors (“the Board”) of Dancomech Holdings Berhad (“Dancomech” or “the Company”) has the overall responsibility for the Group (i.e. Dancomech and its subsidiaries)’s sustainability matters which are categorised into three (3) areas, namely economic, environmental and social (“EES”). This Sustainability Statement discloses the material sustainability issues and impacts arising from the activities of the Group for the financial year ended 31 December 2023 (“FYE 2023”).

This Sustainability Statement has not been subjected to any internal review by the Group’s outsourced internal auditors or independent assurance performed in accordance with recognised assurance standards.

SCOPE

The scope of reporting covers the following divisions of the Group:

- (i) Our Trading Division, which comprises our subsidiaries, Dancomech Engineering Sdn Bhd, Optimis Engineering Sdn Bhd and Mechpump Sdn Bhd;
- (ii) Our Pump Manufacturing Division, which comprises our subsidiary, Dancomech Pumps Sdn Bhd;
- (iii) Our Material Handling System Solutions Division, which comprises our subsidiary, Arah Edar (M) Sdn Bhd;
- (iv) Our Metal Stamping Division, which comprises our subsidiary, MTL Engineering Sdn Bhd, and its subsidiary, Newexus Engineering Sdn Bhd; and
- (v) Our E&E Engineering Division, which comprises our subsidiaries, UTC Engineering Sdn Bhd and JusEV Charging Network Sdn Bhd.

This Sustainability Statement is to be read in conjunction with the rest of the Company’s Annual Report 2023, which highlights other financial and non-financial aspects of our operations.

GOVERNANCE STRUCTURE

Sustainability is embedded within the Group and is led from the top where the Board is the highest authority accountable for the Group’s sustainability matters. The Board delegates the responsibility for identifying the Group’s sustainability risks to the Audit and Risk Management Committee (“ARMC”), and the Board and the ARMC will undertake the process of identifying sustainability risks and devising appropriate strategies, plans and targets to address the risks on a yearly basis, with intervening reviews carried out as and when required.

The Managing Director leads Management in implementing the sustainability strategies and plans approved by the Board, and reports to the ARMC and the Board on the sustainability matters on a quarterly basis.

STAKEHOLDER ENGAGEMENT

The Group recognises the importance of engaging our internal and external stakeholders in order to better understand and identify the EES risks and opportunities arising from our activities. A summary of our key stakeholders, the engagement approaches, the sustainability focus areas, and how we manage the sustainability matters, is set out herewith:

Key Stakeholder	Engagement Approach	Sustainability Focus Area	How We Manage Sustainability Matters
Customers	<ul style="list-style-type: none"> Meetings and engagements Email correspondences and telephone calls Field visits Marketing materials Our corporate website 	<ul style="list-style-type: none"> Business ethics Product pricing Quality of products and services Compliance with relevant regulations 	<ul style="list-style-type: none"> Practise good business ethics and corporate governance Offer competitive pricing Provide quality products and services Adhere to relevant regulations

SUSTAINABILITY STATEMENT

Key Stakeholder	Engagement Approach	Sustainability Focus Area	How We Manage Sustainability Matters
Suppliers	<ul style="list-style-type: none"> Meetings and engagements Email correspondences and telephone calls Visits and product training 	<ul style="list-style-type: none"> Business ethics Sales performance and brand awareness Pricing and payment terms 	<ul style="list-style-type: none"> Practise good business ethics and corporate governance Continue to pursue growth in sales Pay suppliers within the credit periods
Employees	<ul style="list-style-type: none"> Meetings and engagements Open-door communication Yearly appraisal On-the-job and formal training Recreational events and activities 	<ul style="list-style-type: none"> Employee welfare and benefits Job stability and career progression Health and safety Fair employment practices 	<ul style="list-style-type: none"> Offer competitive remuneration packages Provide opportunities for career progression and training Provide a safe and conducive workplace Adopt and observe the Code of Conduct, Code of Ethics of Directors, Whistle-blower Policy and Anti-Bribery and Corruption Policy
Shareholders/ Investors	<ul style="list-style-type: none"> General meetings Quarterly reports Announcements via Bursa Malaysia Securities Berhad ("Bursa Securities") Annual report Our corporate website Meetings with investors, analysts and fund managers 	<ul style="list-style-type: none"> Sustainability in growth and business continuity Value creation Corporate governance 	<ul style="list-style-type: none"> Put in place strategies for growth organically and via merger and acquisition activities Continue to pursue sustainable return on equity and dividend payment Practise good corporate governance in accordance with the Malaysian Code on Corporate Governance
Government/ Regulators	<ul style="list-style-type: none"> Meetings and engagements Email correspondences and telephone calls On-site inspections 	<ul style="list-style-type: none"> Compliance with relevant laws and regulations Business ethics and corporate governance 	<ul style="list-style-type: none"> Comply with relevant laws and regulations Practise good business ethics and corporate governance in accordance with the Malaysian Code on Corporate Governance
Community	<ul style="list-style-type: none"> Charity and volunteering programmes 	<ul style="list-style-type: none"> Business ethics and corporate governance Good corporate citizenship 	<ul style="list-style-type: none"> Practise good business ethics and corporate governance in accordance with the Malaysian Code on Corporate Governance Assess the EES impacts when undertaking any activities by the Group

SUSTAINABILITY STATEMENT

MATERIAL SUSTAINABILITY MATTERS

Arising from the above engagements with the key stakeholders, the Group has identified the following material sustainability matters that require the Group to give priority in addressing them:

Material Sustainability Matter	Category
Business ethics and corporate governance	Economic impact
Quality of products and services	Economic impact
Relationship with suppliers	Economic impact
Employee welfare and benefits, and career progression	Social impact
Employee health and safety	Social impact

Business Ethics and Corporate Governance

Over the years, the Group's consistent adherence to ethical business practices has earned us the trust of our customers, suppliers, employees, shareholders and other stakeholders. In this regard, we have continued to perform well as a company, an employer and a corporate citizen.

We promote integrity and implement responsible and ethical business policies and practices in our operations through good corporate governance. We also conduct our operations with honesty, integrity and openness, and respect for human rights and interests of our employees. We have adopted various policies and procedures such as the Board Charter, the Code of Ethics of Directors, the Code of Conduct, the Diversity Policy, the Corporate Disclosure Policies and Procedures, the Whistle-blower Policy, the Anti-Bribery and Corruption Policy, and the Related Party Transactions Policy, which are put in place to ensure that we practise good business ethics and corporate governance. Our Directors and employees are required to comply with the relevant laws, rules and regulations applicable to our Group's businesses. For any known malpractices or wrongdoings, the Group provides an avenue for whistle blowing under the Whistle-blower Policy.

As shown in the Performance Table below, we have undertaken a corruption-related risk assessment on all our operations, and provided anti-corruption training to all of our executive employees and 88.01% of our non-executive employees. In addition, we did not record any incident of corruption across our operations in FYE 2023.

Quality of Products and Services

The Group's business sustainability is built on the trust and confidence from our customers. Offering good quality products and services with competitive pricing as well as attending to our customers' needs has been the Group's tradition.

In our continued effort to provide quality products and services to our customers, we source responsibly and apply rigorous systems to ensure our products meet the standards of quality and safety. In ensuring effective deliverables, our sales personnel are constantly in touch with the customers to ensure that we are able to meet their demand and address their concerns on a timely and effective manner. Our sales personnel are also responsible for managing, monitoring and addressing any customer complaints promptly.

Relationship with Suppliers

The Group has been having many years of relationship with most of the suppliers and principals and we will continue to maintain the good relationship with them through, among others, pursuing more sales of their products, providing feedback on their products given by our customers, and adhering to the credit terms granted by them.

In support of local suppliers, our Group sourced 63.20% of our supplies from them in FYE 2023.

SUSTAINABILITY STATEMENT

Employee Welfare and Benefits, and Career Progression

The Group's employees are the backbone of our operations and are directly responsible for all our business activities. To attract and retain them, we offer competitive remuneration packages to our employees. In addition, we also organise activities such as birthday celebrations, sport and social activities, lunches/dinners and trips, aimed at promoting and fostering employee integration and teamwork.

Employee engagement is an important driver of performance and organisational success. Management engages with our employees on an on-going basis to address their needs and the matters brought up by them. In addition, management undertakes yearly appraisals of the employees to provide feedback on their performance, achievements and weaknesses.

We also provide opportunities for on-the-job and external training, where applicable, to the employees in order for them to enhance their skills and knowledge for upward mobility. In addition, we expose our employees to challenging tasks and responsibilities from time to time to prepare them for career progression.

For FYE 2023, our executive employees and non-executive employees underwent 1,684 and 452 hours of training, respectively.

Employee Health and Safety

The health and safety of the Group's employees is one of our foremost concerns.

We believe healthy employees tend to be happier, show better productivity, lead to improved morale and positive contribution to the work environment, and drive down overall healthcare costs. As such, we encourage our employees to have a balance between work and family commitments, and to manage work-related stress well by pursuing a healthy lifestyle and participating in sport and social activities organised by the Group, where possible.

It is the Group's responsibility to ensure a safe working environment for our employees. The entrances to our offices are guarded by security guards and/or secured with controlled access to ensure that only our employees and authorised visitors can enter our offices at all times. In addition, the Group has implemented policies to ensure the safety of our employees at work.

As shown in the Performance Table below, the Group did not report any work-related fatalities and zero substantiated complaints concerning human rights violations in FYE 2023 while the lost-time incident rate was 0.86. In addition, the Group has 360 (out of 463 employees as at 31 December 2023) trained in health and safety standards.

In addition to the above, we report on the following other material sustainability matters as set out in Annexure PN9-A of Practice Note 9 of the Main Market Listing Requirements ("MMLR") of Bursa Securities:

Community / Society

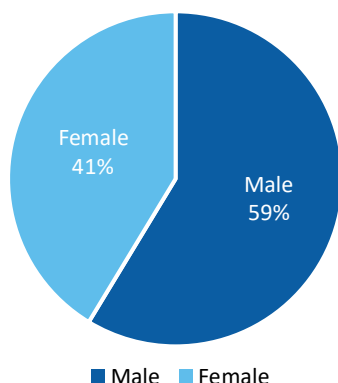
The Group had donated and contributed RM15,956.00 to the local community benefitting approximately 240 individuals in FYE 2023.

SUSTAINABILITY STATEMENT

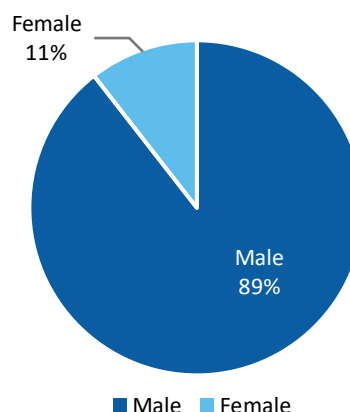
Diversity of Employees and Directors

The breakdown of the Group's employees by gender and age group for Executive and Non-Executive for FYE 2023 is as follows:

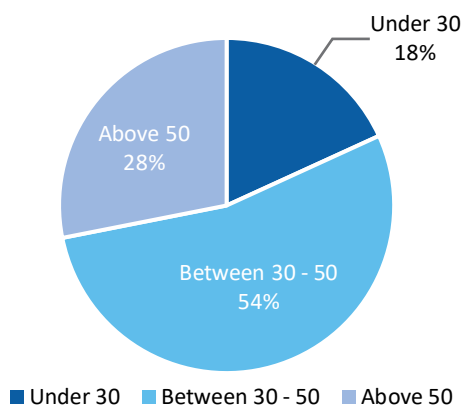
Executive - By Gender



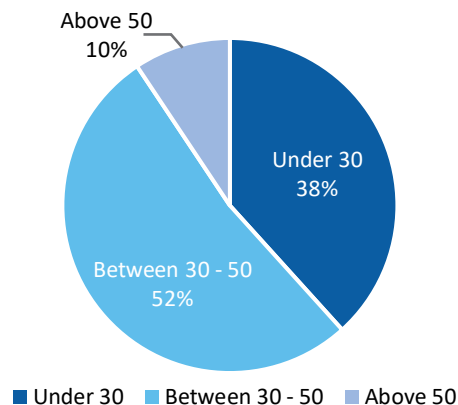
Non-Executive - By Gender



Executive - By Age

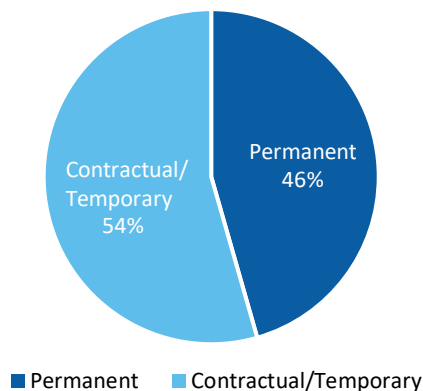


Non-Executive - By Age



The breakdown of the Group's employees by permanent vis-à-vis contractual or temporary staff for FYE 2023 is as follows:

Permanent vs Contractual/Temporary



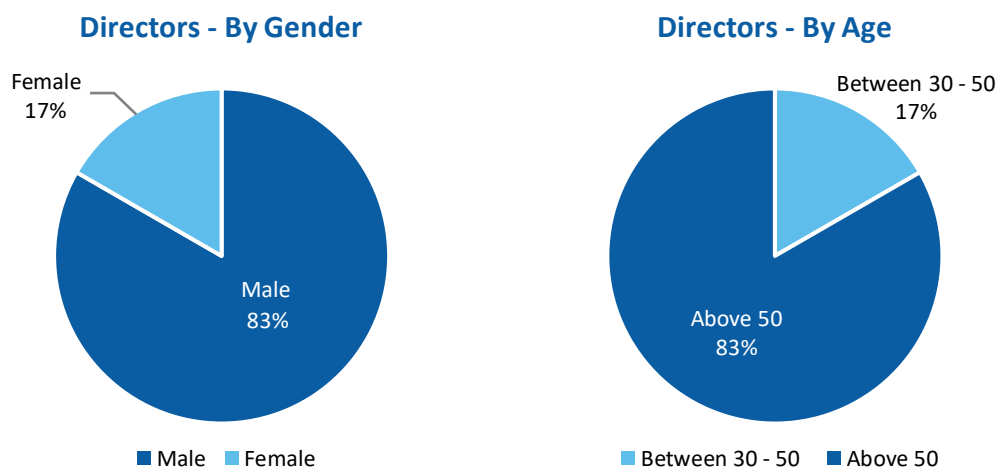
The bulk of the contractual/temporary staff of the Group were hired in the subsidiary, MTL Engineering Sdn Bhd, which is involved in the production of metal stamping parts and components.

The Group had experienced employee turnover in FYE 2023, as follows:

FYE 2023	
Total number of employee turnover:	
- Executive	19
- Non-Executive	72
Total	91

SUSTAINABILITY STATEMENT

The breakdown of the Directors of the Company by gender and age group for FYE 2023 is as follows:



Environment Impact

The Group has also considered and taken responsibility to manage the impact of our operations on the environment.

The Group has identified the opportunity to reduce energy and water usage and paper consumption in order to lessen the impact on the environment arising from our operations. The initiatives undertaken by the Group to save energy and water, and reduce paper consumption are as follows:

- Installation of a solar power system at the Group's Head Office which enables the generation and consumption of electricity using sunlight at the Head Office;
- Upgrading of less energy efficient office equipment and appliances to more energy efficient ones;
- Constant reminders to employees to switch off the lights, air-conditioners, computers, photocopiers, etc., when they are not in the office or when they leave for home, and to turn off the tap when not in use;
- Reducing paper consumption by encouraging our employees to prioritise using electronic means to share and store documents, to reduce printing or photocopying, and to print on double sides if printing is necessary; and
- Increasing the use of online services offered by banks for banking transactions to reduce the issue of cheques.

For FYE 2023, the Group consumed 3,163.65 megawatt per hour ("MWh") of electricity supplied by Tenaga Nasional Berhad while another 77.665 MWh consumed was generated by our solar power system. In addition, the Group used 15.156 megalitres of water in FYE 2023.

Data Privacy and Security

For FYE 2023, the Group did not receive any substantiated complaints concerning breaches of customer privacy and losses of customer data.

MOVING FORWARD

The Board recognises that embedding sustainability into the Group's business is a continuous and evolving practice in which the Board will continue to enhance the practice in order to sustain our business operations and financial performance moving forward.

SUSTAINABILITY STATEMENT

PERFORMANCE TABLE

The Performance Table below has been prepared in accordance with paragraph 6.2(f) of Practice Note 9 of the MMLR of Bursa Securities:

Indicator	Measurement Unit	2023
Bursa (Anti-corruption)		
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category		
Executive	Percentage	100.00
Non-executive/Technical Staff	Percentage	88.01
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	100.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0
Bursa (Community/Society)		
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	15,956.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	240
Bursa (Diversity)		
Bursa C3(a) Percentage of employees by gender and age group, for each employee category		
Age Group by Employee Category		
Executive Under 30	Percentage	18.18
Executive Between 30-50	Percentage	53.72
Executive Above 50	Percentage	28.10
Non-executive/Technical Staff Under 30	Percentage	38.30
Non-executive/Technical Staff Between 30-50	Percentage	52.34
Non-executive/Technical Staff Above 50	Percentage	9.36
Gender Group by Employee Category		
Executive Male	Percentage	58.68
Executive Female	Percentage	41.32
Non-executive/Technical Staff Male	Percentage	89.47
Non-executive/Technical Staff Female	Percentage	10.53
Bursa C3(b) Percentage of directors by gender and age group		
Male	Percentage	83.33
Female	Percentage	16.67
Under 30	Percentage	0.00
Between 30-50	Percentage	16.67
Above 50	Percentage	83.33
Bursa (Energy management)		
Bursa C4(a) Total energy consumption	Megawatt	3,241.31
Bursa (Health and safety)		
Bursa C5(a) Number of work-related fatalities	Number	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0.86
Bursa C5(c) Number of employees trained on health and safety standards	Number	360

SUSTAINABILITY STATEMENT

Indicator	Measurement Unit	2023
Bursa (Labour practices and standards)		
Bursa C6(a) Total hours of training by employee category		
Executive	Hours	1,684
Non-executive/Technical Staff	Hours	452
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	54.43
Bursa C6(c) Total number of employee turnover by employee category		
Executive	Number	19
Non-executive/Technical Staff	Number	72
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0
Bursa (Supply chain management)		
Bursa C7(a) Proportion of spending on local suppliers	Percentage	63.20
Bursa (Data privacy and security)		
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0
Bursa (Water)		
Bursa C9(a) Total volume of water used	Megalitres	15.156000

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“the Board”) of Dancomech Holdings Berhad (“Dancomech” or “the Company”) is pleased to present this Statement to provide shareholders and investors with an overview of the corporate governance practices of Dancomech and its subsidiaries (“the Group”) as well as details on the application of the practices set out in the Malaysian Code on Corporate Governance (“MCCG”) during the financial year ended 31 December 2023 (“FYE 2023”). This Statement is to be read together with the Corporate Governance Report which is available on the Company’s website at www.dancomech.com.my.

The Board is fully committed to promoting good corporate governance culture within the Group in creating and delivering sustainable value and long-term success of our businesses.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

(I) Board Responsibilities

The Board has the responsibility for the Group’s overall strategic direction and leadership, governance structure which encompasses an adequate and effective risk management and internal control system, and compliance with the relevant laws and regulations, as well as maintaining an oversight on management.

In discharging its duties and functions, the Board assumes the following responsibilities:

- Establishing, reviewing, adopting and monitoring the strategic plan of the Group;
- Overseeing the conduct of the Group’s businesses to evaluate whether the businesses are properly managed;
- Identifying principal risks, including corruption risks, and ensuring the implementation of an appropriate control system to manage the risks;
- Establishing a succession plan including appointing, training, fixing the compensation of and, where appropriate, replacing the Executive Directors and senior management of the Group;
- Developing and implementing an investor relations programme or shareholder communication policy to ensure effective communication with our shareholders and other stakeholders;
- Reviewing the adequacy and integrity of the Group’s internal control and management information system, including the system for ensuring compliance with applicable laws, regulations, rules, directives and guidelines;
- Ensuring that the Group adheres to high standards of ethics and corporate behaviour; and
- Strategic planning, overseeing financial and operational performance, monitoring risk management processes, merger and acquisition activities, and reviewing the adequacy of the internal control system.

The Board currently comprises six (6) members, i.e. the Managing Director, the Executive Director and four (4) Independent Non-Executive Directors, which include the Independent Non-Executive Chairman.

The roles of the Chairman, the Managing Director, the Executive Director and the Non-Executive Directors are clearly separated to ensure that there is a balance of power and authority. As set out in Dancomech’s Board Charter, the positions of Chairman and Managing Director are separated and clearly defined, and this is to ensure that no individual has unrestricted decision-making power.

The Chairman, Datuk Zainal Abidin Bin Ujud, is primarily responsible for the leadership of the Board in ensuring the effectiveness of the roles of the Board in all aspects. The Managing Director, Aik Swee Tong, and the Executive Director, Aik Cwo Shing, are responsible for the implementation of the policies and decisions of the Board and the development of the Group’s business strategies apart from the day-to-day management of the Group’s operations.

The Non-Executive Directors play a leading role in the Board Committees, i.e. the Audit and Risk Management Committee, the Nomination Committee and the Remuneration Committee. They are primarily responsible for providing objective and independent judgment to the decision-making of the Board.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Company Secretaries appointed by the Company are suitably qualified and competent, and with the relevant experience and skills. The Board obtains appropriate advice and support from the Company Secretaries on company secretarial matters, compliance with the relevant laws and regulations and adoption of corporate governance best practices. The Company Secretaries also ensure that the Board meetings are properly convened and the proceedings are properly recorded.

The Board members have full and unrestricted access to information on the Group's business and affairs in discharging their duties. The Board members receive complete and accurate information and materials within a reasonable time period prior to every meeting, and the minutes are circulated in a timely manner upon conclusion of the meeting. The Board members may seek advice, interact with, and request for explanations, information or updates on any aspects of the Group's operations from the management. In addition, the Board may seek independent professional advice, where appropriate, at the Group's expense.

The Board has adopted a Board Charter which serves as a primary reference for the Board members of their duties and responsibilities as Directors of the Company as well as the functions of the Board Committees. The Board Charter is reviewed periodically to ensure that it complies with the relevant legislations and best practices, and remains relevant and effective.

The Group has put in place the Code of Ethics of Directors and the Code of Conduct for the Directors and officers (which include Directors, management and employees), respectively. The Code of Ethics of Directors focuses the Directors to areas of ethical risk, provides guidance to Directors to help them recognise and deal with ethical issues, provides mechanisms to report unethical conduct, and helps foster a culture of integrity, honesty and accountability. Similarly, the Code of Conduct is intended to promote a corporate culture that engenders ethical conduct permeating throughout the Group.

The Group has also put in place the Whistle-blower Policy where all employees are encouraged to maintain the highest level of corporate ethics and to have a professional responsibility to disclose any known malpractices or wrongdoings to the appropriate persons on the Board. In addition, the Group has adopted the Anti-Bribery and Corruption Policy which sets out the principles of the Group against bribery and corruption practices, and provides guidance to the officers and business associates of the Group in dealing with potential bribery and corruption issues that may arise in the day-to-day business of the Group.

A copy of our Board Charter, Code of Ethics of Directors, Code of Conduct, Whistle-Blower Policy, and Anti-Bribery and Corruption Policy can be viewed on the Company's website at www.dancomech.com.my.

Sustainability is embedded within the Group and is led from the top where the Board is the highest authority accountable for the Group's sustainability matters. The Board delegates the responsibility for identifying the Group's sustainability risks to the Audit and Risk Management Committee, and the Board and the Audit and Risk Management Committee will undertake the process of identifying sustainability risks and devising appropriate strategies, plans and targets to address the risks on a yearly basis, with intervening reviews carried out as and when required.

The Managing Director leads Management in implementing the sustainability strategies and plans approved by the Board, and reports to the Audit and Risk Management Committee and the Board on the sustainability matters on a quarterly basis.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(II) Board Composition

As mentioned above, the Board currently comprises six (6) members, i.e. the Managing Director, the Executive Director and four (4) Independent Non-Executive Directors, which include the Independent Non-Executive Chairman. In this regard, two-thirds (2/3) of the Board members are Independent Directors.

The Step-Up recommendation in the MCCG is for the board to have a policy which limits the tenure of its independent directors to nine (9) years without further extension. After serving for nine (9) years, an independent director may continue to serve on the board as a non-independent director. If the board intends to retain an independent director beyond nine (9) years, the board should justify and seek annual shareholders' approval through a two (2)-tier voting process. Three (3) of the Independent Non-Executive Directors, i.e. Datuk Zainal Abidin Bin Ujud, Gong Wooi Teik and Lee Chen Yow, have served on the Board for more than nine (9) years. As such, the Company is seeking shareholders' approval through a two (2)-tier voting process at the forthcoming Eleventh (11th) Annual General Meeting ("AGM") to retain the said Directors as Independent Directors.

The Group considers the following criteria when appointing and recruiting any Board member and senior management:

- The person's skills, knowledge, expertise and experience;
- The person's character and personality;
- The person's competencies, commitment and career track record; and
- Any potential conflict of interest that the person may have with the Group.

In addition, the Group has adopted the Diversity Policy to promote diversity in the Board and the workforce of the Group. In this regard, the Group is committed to managing diversity, which may result from a range of factors including age, gender, ethnicity, nationality, cultural background or other personal factors, as a means of enhancing the Group's performance by recognising and utilising contribution of diverse skills and talents of our directors, management and employees. With regard to gender diversity, the Board is committed to having female representation on the Board and senior management though no specific target percentage is set. Currently, the Company has one (1) female Director out of the six (6) members on our Board.

A copy of our Diversity Policy can be viewed on the Company's website at www.dancomech.com.my.

The Nomination Committee ("NC") of Dancomech comprises the following members:

Chairman:

Gong Wooi Teik (*Senior Independent Non-Executive Director*)

Members:

Lee Chen Yow (*Independent Non-Executive Director*)

Sharon Lee Ching Yee (*Independent Non-Executive Director*)

All the members of the NC (including the Chairman) are Independent Directors.

The full Terms of Reference setting out the NC's composition, quorum and meeting procedures, and duties and responsibilities, can be viewed on the Company's website at www.dancomech.com.my.

The duties and responsibilities of the NC include, among others, identifying and nominating candidates to fill Board vacancies as and when they arise, and undertaking an annual review of the effectiveness of the Board as a whole, the Board Committees and the individual Directors. For FYE 2023, there was no Board vacancy to be filled.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

During FYE 2023, the NC undertook the following activities:

- Performed an annual review and assessment of the performance of the Board as a whole, the Board Committees and the contributions of each Director for the financial year ended 31 December 2022, and was of the opinion that:
 - the Board structure, size and composition was adequate and commensurate with the size of the Group and its business operations.
 - the diversity (including gender) in the composition of the Board was satisfactory.
 - the experiences, contribution and competencies of the individual Directors, as well as their mix of skills were adequate to enable the Board to discharge its duties and responsibilities effectively.
 - the contribution of each individual Director on the Board and the Board Committees was satisfactory.
 - the Board and the Board Committees had been functioning effectively.
 - the Independent Directors met the requirements of independence and were thus independent.
- Considered and recommended to the Board for the re-election of the Directors who retired by rotation at the Company's Tenth (10th) Annual General Meeting.
- Reviewed the term of office and performance of the Audit and Risk Management Committee ("ARMC") and each of its members, and was satisfied that the ARMC had carried out their duties and responsibilities in accordance with their terms of reference.

For FYE 2023, there were five (5) Board meetings held and the attendance records of the Directors are as follows:

Director	Attendance
Datuk Zainal Abidin Bin Ujud	5 out of 5
Aik Swee Tong	5 out of 5
Aik Cwo Shing	5 out of 5
Gong Wooi Teik	5 out of 5
Lee Chen Yow	5 out of 5
Sharon Lee Ching Yee	5 out of 5

The Board also noted that none of the Directors holds more than five (5) directorships in listed issuers.

(III) Remuneration

The Remuneration Committee ("RC") of Dancomech comprises the following members:

Chairman:

Lee Chen Yow (*Independent Non-Executive Director*)

Members:

Gong Wooi Teik (*Senior Independent Non-Executive Director*)

Sharon Lee Ching Yee (*Independent Non-Executive Director*)

All the members of the RC (including the Chairman) are Independent Directors.

The full Terms of Reference setting out the RC's composition, quorum and meeting procedures, and duties and responsibilities, can be viewed on the Company's website at www.dancomech.com.my.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The RC is responsible for recommending to the Board the remuneration packages for the Executive Directors, Non-Executive Directors and senior management personnel of the Group after taking into consideration, among others, their individual responsibilities and contributions, and the Group's long-term business objectives and growth. None of the Executive Directors, Non-Executive Directors and senior management personnel participates in determining their individual remuneration packages, which are reviewed annually.

Details of the remuneration of the Directors received/receivable from the Company and Group for FYE 2023 are as follows:

Company

Director	Fees RM'000	Salaries RM'000	Bonuses RM'000	Other emoluments RM'000	Total RM'000
Datuk Zainal Abidin Bin Ujud	42.1	-	-	2.5	44.6
Aik Swee Tong	-	-	-	-	-
Aik Cwo Shing	-	-	-	-	-
Gong Wooi Teik	35.5	-	-	2.5	38.0
Lee Chen Yow	35.5	-	-	2.5	38.0
Sharon Lee Ching Yee	35.5	-	-	2.5	38.0
Total	148.6	-	-	10.0	158.6

Group

Director	Fees RM'000	Salaries RM'000	Bonuses RM'000	Other emoluments RM'000	Total RM'000
Datuk Zainal Abidin Bin Ujud	42.1	-	-	2.5	44.6
Aik Swee Tong	18.0	720.0	433.9	185.4	1,357.3
Aik Cwo Shing	42.0	744.0	433.9	189.6	1,409.5
Gong Wooi Teik	35.5	-	-	2.5	38.0
Lee Chen Yow	35.5	-	-	2.5	38.0
Sharon Lee Ching Yee	35.5	-	-	2.5	38.0
Total	208.6	1,464.0	867.8	385.0	2,925.4

CORPORATE GOVERNANCE OVERVIEW STATEMENT

With the best interest of the Group in mind, and taking into consideration the sensitivity, privacy, security, and issue of staff poaching, the Board has opted not to disclose on a named basis the remuneration of the top five (5) senior management in the bands of RM50,000. Instead, the Board discloses the top five (5) senior management's remuneration on an aggregate basis for FYE 2023, as follows:

Type of Remuneration	RM'000
Fees	18.0
Salaries and bonuses	2,192.6
Other emoluments	716.7
Total	2,927.3

Other than the above, the Company has arranged for Directors' and Officers' Liability Insurance to indemnify the Directors and officers of the Group against liabilities incurred by them during the discharge of their duties while in office.

The Board acknowledges that it is essential for the Directors to invest time and effort to enhance their knowledge and skills by attending the relevant training programmes. Details of some of the training programmes, forums or conferences attended or participated by the Directors during FYE 2023 and up to the date of approval for the issuance of this Statement are as follows:

Director	Title of Training Programme/Forum/Conference
Datuk Zainal Abidin Bin Ujud	<ul style="list-style-type: none"> Board Oversight of Climate Risks And Opportunities
Aik Swee Tong	<ul style="list-style-type: none"> Advocacy Sessions for Directors and CEOs of Main Market Listed Issuers Leser Product Training - Ready for H2: Expertise that creates trust!
Aik Cwo Shing	<ul style="list-style-type: none"> Advocacy Sessions for Directors and CEOs of Main Market Listed Issuers Leser Product Training - Ready for H2: Expertise that creates trust! Mankenbergl Product Training - Selection and Application of Control Valves Made Easy
Gong Wooi Teik	<ul style="list-style-type: none"> TP Horizon/Transition or Transformation 2024 Budget Seminar Securities Commission's Audit Oversight Board Conversation with Audit Committees
Lee Chen Yow	<ul style="list-style-type: none"> AmBank International ESG Conference 2023 National OGSE Roadshow 2023
Sharon Lee Ching Yee	<ul style="list-style-type: none"> Franchise Law AMLA Compliance Training - What You Should Know Issues and Development to Companies Act 2016 The Insolvency (Amendment) Bill 2023

In addition, the Directors' training also includes briefings by the Company Secretaries and the external auditors from time to time during the Board and Audit and Risk Management Committee meetings on the relevant updates pertaining to statutory and regulatory requirements.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

(I) ARMC

The ARMC of Dancomech comprises the following members:

Chairman:

Gong Wooi Teik (*Senior Independent Non-Executive Director*)

Members:

Lee Chen Yow (*Independent Non-Executive Director*)

Sharon Lee Ching Yee (*Independent Non-Executive Director*)

All the members of the ARMC (including the Chairman) are Independent Directors. In addition, Gong Wooi Teik and Lee Chen Yow are members of the Malaysian Institute of Accountants. Please refer to the Audit and Risk Management Committee Report contained in this Annual Report for more information on the ARMC.

(II) Risk Management and Internal Control Framework

The Board has the overall responsibility for risk management and internal control of the Group. The Board and the ARMC work closely with management to identify, evaluate, manage and report major risks that affect the Group as well as the measures taken to mitigate the risks, and to review the adequacy and effectiveness of the internal control system. Details on the risk management and internal control system of the Group are set out in the Statement on Risk Management and Internal Control of this Annual Report.

The Group has outsourced the internal audit function to BDO Governance Advisory Sdn Bhd, an external professional firm which is independent of the activities and operations of the Group, and BDO Governance Advisory Sdn Bhd reports directly to the ARMC. Details on the outsourced internal audit function are set out in the Audit and Risk Management Committee Report and the Statement on Risk Management and Internal Control of this Annual Report.

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

(I) Engagement with Stakeholders

The Group has put in place the Corporate Disclosure Policies and Procedures to develop and maintain a positive relationship with all shareholders and stakeholders through active two (2) – way communication and to promote and demonstrate a high standard of integrity and transparency through timely, accurate, quality and full disclosure of material information to investors, the financial community and other stakeholders. A copy of the Corporate Disclosure Policies and Procedures can be viewed at the Company's website at www.dancomech.com.my. The Company's website also provides the relevant information on the Group. In addition, all announcements are uploaded to the website on a timely manner.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(II) Conduct of General Meetings

The Group views its general meetings as an important avenue for communication and dialogue with shareholders. Notice of the annual general meeting is issued to the shareholders at least 28 days before the meeting to allow shareholders time to make the necessary preparation and arrangements to participate in the meeting.

The Group will continue to leverage on technology to facilitate communication and engagement with shareholders by conducting the forthcoming AGM, i.e. the Eleventh (11th) AGM, on a virtual basis via live streaming and online remote voting from the Broadcast Venue. Please refer to the Administrative Notes enclosed in this Annual Report for further details on the said virtual meeting.

Notwithstanding that the forthcoming AGM will be conducted on a virtual basis, all the Board members will be participating in the meeting. In this regard, shareholders are invited to raise questions pertaining to the Group's financial statements and other items for adoption at the meeting. The senior management and the external auditors will also be participating in the meeting to respond to shareholders' queries.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

Members of the Audit and Risk Management Committee (“ARMC”)

The ARMC of Dancomech Holdings Berhad (“Dancomech” or “the Company”) comprises the following members:

Chairman:

Gong Wooi Teik (*Senior Independent Non-Executive Director*)

Members:

Lee Chen Yow (*Independent Non-Executive Director*)

Sharon Lee Ching Yee (*Independent Non-Executive Director*)

The composition of the ARMC complies with paragraph 15.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”), as follows:

- The ARMC is currently made up of three (3) members;
- All the ARMC members (including the Chairman) are independent non-executive directors; and
- Mr Gong Wooi Teik and Mr Lee Chen Yow are members of the Malaysian Institute of Accountants.

Terms of Reference

The full terms of reference setting out the ARMC’s composition, quorum and meeting procedures, authority, and responsibilities and duties can be viewed on Dancomech’s website, www.dancomech.com.my.

Meeting Attendance

During the financial year ended 31 December 2023, the ARMC held a total of five (5) meetings and the attendance records of the ARMC members at the meetings are as follows:

Member	Attendance
Gong Wooi Teik	5 out of 5
Lee Chen Yow	5 out of 5
Sharon Lee Ching Yee	5 out of 5

The agendas for the meetings, together with the relevant papers and reports, were distributed to the members prior to the meetings. The Company Secretary attended all the meetings held during the financial year under review. In addition, the Executive Directors, the Group Chief Financial Officer, key management personnel, external auditors and outsourced internal auditors also attended the meetings when invited by the ARMC to provide information and present reports during the deliberation of matters pertaining to their respective areas.

Summary of Work

During the financial year ended 31 December 2023, the ARMC carried out, among others, the following work:

- Reviewed the Group (i.e. Dancomech and our subsidiaries)’s unaudited quarterly results for each of the four (4) quarters prior to recommending for approval by the Board of Directors (“the Board”) to release the announcements to Bursa Securities.
- Reviewed the related party transactions entered into by the Group on a quarterly basis to ensure that the transactions with related parties were undertaken on terms and conditions that were not materially different from those obtainable in transactions with unrelated parties.
- Reviewed the sustainability matters of the Group presented by management on a quarterly basis.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

- Reviewed and discussed with the external auditors, TGS TW PLT (TGS”), on their audit work and findings on the financial statements of the Group for the financial year ended 31 December 2022.
- Carried out a private discussion with TGS without the presence of the Executive Directors and Management, focusing on any issues, problems and reservations arising from their audit on the financial statements of the Group for the financial year ended 31 December 2022, and if there were any other matters that TGS would like to bring to the attention of the ARMC.
- Reviewed the audited financial statements of the Group and the Company for the financial year ended 31 December 2022 prior to recommending the same to the Board for approval and for tabling to the shareholders for adoption at the annual general meeting in 2023.
- Reviewed the circular to shareholders in relation to the proposed renewal of shareholders’ mandate for recurrent related party transactions of a revenue or trading nature, and Audit Committee Statement in relation thereto, prior to recommending the same to the Board for approval to distribute to shareholders for the annual general meeting in 2023.
- Reviewed the Register of Risks and Risk Matrix of the Group.
- Reviewed the Statement on Risk Management and Internal Control (“SORMIC”) and the Audit and Risk Management Committee Report prior to recommending the same to the Board for approval to include in the 2022 Annual Report of the Company.
- Reviewed and recommended to the Board for the re-appointment of TGS as the external auditors of the Company for the financial year ended 31 December 2023.
- Reviewed and discussed with TGS on their audit plan for the financial statements of the Group for the financial year ended 31 December 2023 covering, among others:
 - (i) Audit objectives;
 - (ii) Engagement and reporting requirements;
 - (iii) Quality management control;
 - (iv) TGS quality framework;
 - (v) Audit plan;
 - (vi) Audit approach;
 - (vii) Audit materiality;
 - (viii) Key audit areas and matters;
 - (ix) Adoption of new Malaysian Financial Reporting Standards;
 - (x) Compliance with laws and regulations, and fraud-related matters;
 - (xi) SORMIC;
 - (xii) Other information included in the Annual Report;
 - (xiii) Engagement team;
 - (xiv) Proposed reporting schedules; and
 - (xv) Proposed audit fees.
- Reviewed and evaluated the performance of the outsourced internal auditors, BDO Governance Advisory Sdn Bhd (“BDO Governance Advisory”).
- Reviewed and deliberated on BDO Governance Advisory’s reports as detailed in the Internal Audit Function section below, and followed-up on the actions taken by Management in addressing the issues and recommendations raised by BDO Governance Advisory.
- Reviewed, discussed and approved the internal audit plan of the Group for 2024 as prepared by BDO Governance Advisory.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

Internal Audit Function

The internal audit function of the Group is outsourced to BDO Governance Advisory, an external professional firm which is independent of the activities and operations of the Group. BDO Governance Advisory reports directly to the ARMC.

During the financial year ended 31 December 2023, BDO Governance Advisory carried out the following work:

- Undertook internal control reviews, as follows:
 - High level review of the sales, production, procurement, and inventory management of the Company's subsidiary, UTC Engineering Sdn Bhd; and
 - Review of the human resource management of the Company's subsidiary, MTL Engineering Sdn Bhd.
- Presented the reports on internal control reviews setting out their findings and recommendations, together with Management's responses and actions, to the ARMC for deliberation.
- Presented and discussed the internal audit plan of the Group for 2024 with the ARMC.

The fees incurred by the Group in relation to the outsourced internal audit function for the financial year ended 31 December 2023 were RM42,000.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors (“the Board”) of Dancomech Holdings Berhad (“Dancomech” or “the Company”) is pleased to present this Statement on Risk Management and Internal Control of Dancomech and our subsidiaries (“the Group”) for the financial year ended 31 December 2023 (“this Statement”) pursuant to paragraph 15.26(b) of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers issued by the Taskforce on Internal Control with the support and endorsement of Bursa Securities.

BOARD’S RESPONSIBILITY

The Board affirms its overall responsibility for the establishment of a sound risk management practice and internal control system with regular reviews to ensure its adequacy and integrity to safeguard shareholders’ investments and the Group’s assets.

Nevertheless, the Board recognises the inherent limitations in any system of risk management and internal control as the system is designed to mitigate and manage rather than to eliminate the risks that may affect the achievement of the Group’s business objectives. Therefore, such a system can only provide reasonable but not absolute assurance against material misstatement, financial losses or fraud.

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

Risk management and internal control are embedded in the Group’s management system. On an ongoing basis, management is responsible for identifying, evaluating, managing and reporting major risks that affect the Group’s strategic and business plans. The register of risks is continuously developed and updated by management and heads of department to monitor and manage the identified risks.

The key elements of the Group’s internal control system include:

1. An organisation structure with clearly defined levels of authority, accountability and responsibility of job functions and specifications;
2. Board Committees (i.e. Audit and Risk Management Committee, Nomination Committee and Remuneration Committee) that undertake the duties and responsibilities as set out in their respective Terms of Reference;
3. Formalised policies such as Code of Conduct, Code of Ethics of Directors, Related Party Transactions Policy, Whistle-Blower Policy, and Anti-Bribery and Corruption Policy;
4. Internal policies, processes and procedures drawn up and put in place, and reviewed and revised when necessary, to ensure compliance with internal controls, and relevant laws and regulations;
5. Financial performances being reported by management, and reviewed by the Audit and Risk Management Committee and the Board on a periodic basis;
6. Periodic Board, Board Committee and management meetings being held to deliberate on, among others, financial, operational, risk and compliance matters;
7. Active and close involvement of the Executive Directors in the Group’s daily business operations;
8. Annual budgeting process whereby the annual budget prepared by management is deliberated and approved by the Board;
9. Outsourced internal audit function which reports to the Audit and Risk Management Committee; and
10. Insurance coverage on the Group’s assets, where necessary, at the amounts decided as appropriate by management based on the business risks, past experiences, market practices and advice from insurers.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTERNAL AUDIT FUNCTION

The Group's internal audit function is outsourced to an external professional firm to assist the Audit and Risk Management Committee and the Board in providing an independent assessment on the adequacy, efficiency and effectiveness of the Group's internal control system. The outsourced internal auditors report directly to the Audit and Risk Management Committee.

During the financial year ended 31 December 2023, the outsourced internal auditors undertook internal control reviews on the following areas:

1. High level review of the sales, production, procurement, and inventory management of the Company's subsidiary, UTC Engineering Sdn Bhd, covering the following areas:
 - Sales management;
 - Production;
 - Procurement management; and
 - Inventory management.
2. Internal control review of the human resource ("HR") management of the Company's subsidiary, MTL Engineering Sdn Bhd, covering the following areas:
 - Recruitment;
 - Resignation / Retirement / Termination;
 - Monthly payroll and contribution;
 - Leave management;
 - Training and development;
 - HR management system; and
 - Foreign worker management.

The objectives of the above reviews were as follows:

1. To assess the adequacy and integrity of the system of internal controls;
2. To assess compliance with policies and procedures, and recommended best practices; and
3. To identify any potential areas for improvement in the effectiveness and efficiency of the processes, if any.

The key audit findings together with the recommendations for improvement by the outsourced internal auditors, and management responses were presented and deliberated at the Audit and Risk Management Committee meetings.

WEAKNESSES IN INTERNAL CONTROLS WHICH RESULTED IN MATERIAL LOSSES, IF ANY

During the financial year ended 31 December 2023 and up to the date of approval for issuance of this Statement, there were no material losses incurred by the Group arising from weaknesses in our internal control system.

REVIEW OF THIS STATEMENT

Pursuant to paragraph 15.23 of the MMLR of Bursa Securities, the Company's external auditors have reviewed this Statement for inclusion in the 2023 Annual Report of the Company, and have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal control and risk management.

CONCLUSION

The Board is of the view that the Group's risk management and internal control system is operating adequately and effectively in all material aspects, and has received the same assurance from the Managing Director and the Chief Financial Officer of the Group.

ADDITIONAL INFORMATION

1. UTILISATION OF PROCEEDS

No proceeds were raised from any corporate proposals during the financial year ended 31 December 2023.

2. AUDIT AND NON-AUDIT FEES

The Company and our subsidiaries ("the Group") have incurred the following fees for services rendered by the external auditors during the financial year ended 31 December 2023:

	Group RM	Company RM
Audit fees	137,000	19,000
Non-audit fees	3,000	3,000

3. MATERIAL CONTRACTS INVOLVING DIRECTORS AND/OR MAJOR SHAREHOLDERS

There were no material contracts entered into by the Company and/or our subsidiaries involving the interest of directors and/or major shareholders, which subsisted at the end of the financial year ended 31 December 2023 or entered into since the end of the previous financial year.

4. RECURRENT RELATED PARTY TRANSACTIONS

Details of the recurrent related party transactions entered into by the Group pursuant to the shareholders' mandate obtained by the Company at its Tenth (10th) Annual General Meeting held on 25 May 2023 are set out below:

Mandated Related Party	Transacting Party within the Group	Nature of Transactions	Value Transacted from 25 May 2023 up to 15 April 2024 (RM'000)
A.E. Automotion Private Limited ("AE India")	Arah Edar (M) Sdn Bhd ("Arah Edar")	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 Arach Edar	275
SB Belts & Gears Sdn Bhd ("SB Belts")	Arah Edar	Net debit note issued to SB Belts by Arach Edar for services not performed by SB Belts pertaining to the procurement of products and services in relation to design, engineering, fabrication and installation of bulk and unit material handling system and equipment	(183)

STATEMENT OF DIRECTORS' RESPONSIBILITY

The Directors are required to prepare financial statements that give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year under review as well as their results and cash flows for the financial year then ended, in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016.

In preparing the financial statements, the Directors have:

- adopted appropriate accounting policies and applied them consistently;
- made reasonable and prudent judgements and estimates;
- ensured that applicable approved accounting standards have been complied with, subject to any material departures being disclosed and explained in the financial statements; and
- prepared the financial statements on a going concern basis.

The Directors are also responsible for ensuring that proper accounting and other records are kept to enable the financial statements to comply with the Companies Act 2016, as well as taking reasonable steps to safeguard the assets of the Group and the Company, and to prevent and detect fraud and other such irregularities.

LIST OF PROPERTIES AS AT 31 DECEMBER 2023

Registered/ Beneficial owner	Title/Address	Description/ Existing use	Tenure	Land area/ Built-up area (sq. ft.)	Approximate age of building (Years)	Audited net book value as at 31 December 2023 (RM'000)	Date of acquisition/ completion
Dancomech Engineering Sdn Bhd	Title: HS(D) No. 102177 PT 15990 Mukim Damansara Daerah Petaling Negeri Selangor Address: Lot 19 Jalan Pelukis U1/46 Seksyen U1 40150 Shah Alam Selangor Darul Ehsan	Description: Industrial land erected upon with a three- storey office cum warehouse. Existing use: Office and warehouse of Dancomech Engineering Sdn Bhd. Partial space of the second floor is rented out to a third-party tenant which uses it as a car showroom.	Freehold	Land area: 79,523.80 Built-up area: 97,679.17	10	Land: 11,915 Building: 11,311 Total: 23,226	14.02.2014 ^
Dancomech Properties Sdn Bhd	Title: PN 378804, Lot No 55429 Mukim Hulu Kinta Daerah Kinta Negeri Perak Address: Plot 34, Medan Tasek Kawasan Perindustrian Tasek 31400 Ipoh Perak Darul Ridzuan	Description: Industrial land erected upon with 1 single-storey detached office, 5 single-storey detached factories, 1 single-storey detached utility building, and 2 single-storey store/ storage buildings. Existing use: Factory and office of Dancomech Pumps Sdn Bhd.	Leasehold 99 years Remaining lease period: 43 years	Land area: 130,684.64 Built-up area: 51,428.00	55	Land: 3,179 Building: 503 Total: 3,682	07.06.2017
Dancomech Properties Sdn Bhd	Title: Geran 532182, Lot 207701 Mukim Plentong Johor Bahru, Johor Address: No. 116, 116-01 & 116-02 Jalan Sierra Perdana 4/1 Taman Sierra Perdana 81750 Masai Johor Darul Takzim	Description: 3-storey office shop lot. Existing use: Rented out to TDE Engineering Sdn Bhd (formerly known as Tripeer Dancomech Engineering Sdn Bhd) as an office.	Freehold	Land area: 1,539.24 Built-up area: 4,503.00	10	Total: 997	19.11.2018

LIST OF PROPERTIES AS AT 31 DECEMBER 2023

Registered/ Beneficial owner	Title/Address	Description/ Existing use	Tenure	Land area/ Built-up area (sq. ft.)	Approximate age of building (Years)	Audited net book value as at 31 December 2023 (RM'000)	Date of acquisition/ completion
MTL Engineering Sdn Bhd	Title: GM 7001, Lot No 57167 Mukim Klang Daerah Klang Selangor Address: PT 38353 Jalan Bukit Kemuning Seksyen 32 40460 Shah Alam Selangor Darul Ehsan	Description: Industrial land erected upon with a double-storey detached factory and a three-storey front office annex. Existing use: Factory and office of MTL Engineering Sdn Bhd.	Freehold	Land area: 62,335.80 Built-up area: 37,338.00	19	Land: 6,200 Building: 3,400 Total: 9,600	03.08.2020 [#]
MTL Engineering Sdn Bhd	Title: HSM 22311, Lot No PT 34342 Mukim Klang Daerah Klang Selangor Address: PT 34342 Jalan Bukit Kemuning Seksyen 34 40460 Shah Alam Selangor Darul Ehsan	Description: Industrial land erected upon with 2 single- storey detached factories (with 1 incorporating a double-storey office). Existing use: Factory and office of MTL Engineering Sdn Bhd.	Freehold	Land area: 96,311.10 Built-up area: 17,400.00	5	Land: 12,500 Building: 298 Total: 12,798	03.08.2020 [#]
MTL Engineering Sdn Bhd	Title: Geran Mukim 1047, Lot 22226 Mukim Klang Tempat Sungai Rasau Ulu Daerah Klang Selangor Address: 22226 Jalan Bukit Kemuning Seksyen 32 40460 Shah Alam Selangor Darul Ehsan	Description: Agricultural land (in the process of conversion to industrial). Existing use: Vacant.	Freehold	Land area: 98,016.17	Not applicable	Total: 9,685	26.05.2022

LIST OF PROPERTIES AS AT 31 DECEMBER 2023

Registered/ Beneficial owner	Title/Address	Description/ Existing use	Tenure	Land area/ Built-up area (sq. ft.)	Approximate age of building (Years)	Audited net book value as at 31 December 2023 (RM'000)	Date of acquisition/ completion
UTC Engineering Sdn Bhd	Title: Geran 218792, Lot 49014 Pekan Subang Jaya Daerah Petaling Selangor Address: No. 3, Jalan USJ 21/11 47640 Subang Jaya Selangor Darul Ehsan	Description: 3-storey office shop lot. Existing use: Office of UTC Engineering Sdn Bhd.	Freehold	Land area: 2,002.09 Built-up area: 5,500.00	21	Total: 1,945	23.09.2022

Notes:

^ Date of issuance of certificate of completion and compliance

Date of acquisition of MTL Engineering Sdn Bhd by Dancomech Holdings Berhad



FINANCIAL STATEMENTS

Directors' Report	49
Statement by Directors and Statutory Declaration	55
Independent Auditors' Report	56
Statements of Financial Position	61
Statements of Profit or Loss and Other Comprehensive Income	63
Statements of Changes in Equity	64
Statements of Cash Flows	67
Notes to the Financial Statements	70

DIRECTORS' REPORT

The Directors have pleasure in submitting 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 disclosed in Note 7 to the financial statements.

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

FINANCIAL RESULTS

	Group RM	Company RM
Profit for the financial year	22,352,209	51,810
Attributable to:		
Owners of the Company	21,007,167	51,810
Non-controlling interests	1,345,042	-
	22,352,209	51,810

RESERVES AND PROVISIONS

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

DIVIDENDS

Since the end of the last financial year, the Company paid:

	RM
Second interim single-tier dividend of RM0.0125 per ordinary share in respect of the financial year ended 31 December 2022 declared on 27 February 2023 and paid on 31 March 2023	5,531,878
First interim single-tier dividend of RM0.0075 per ordinary share in respect of the financial year ended 31 December 2023 declared on 24 August 2023 and paid on 26 September 2023	3,319,126
	8,851,004

On 26 February 2024, the Board of Directors of the Company have declared and approved a second interim single-tier dividend of RM0.015 per ordinary share in respect of the financial year ended 31 December 2023. The dividend will be paid on 4 April 2024.

DIRECTORS' REPORT

ISSUE OF SHARES AND DEBENTURES

There was no issuance of shares or debentures during the financial year.

OPTIONS 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 until the date of this report are:

Datuk Zainal Abidin Bin Ujud

Aik Swee Tong[^]

Aik Cwo Shing^{*}

Gong Wooi Teik

Lee Chen Yow

Sharon Lee Ching Yee

[^] *Director of the Company and of its subsidiaries (except Optimis Engineering Sdn. Bhd.)*

^{*} *Director of the Company and of its subsidiaries*

The Directors who held office in the subsidiaries (excluding Directors who are also Directors of the Company) during the financial year up to date of this report:

Aik Hui Luan

Aik Kwo Liang

Chang Soo Hong

Chiang Siau Poh

Khu Gee Keong

Mun Peng Foong

Poon Chee Peng

Subramanian Subbiah Madasamy

Tan Moon Chuan

Tang Fook Siong

Tang Yuen Kin

Wong Chee Weng

Wong Chiau Siew

Yew Teik Choon

DIRECTORS' REPORT

DIRECTORS' INTERESTS IN SHARES

The interest and deemed interests in the shares of the Company and of its related corporations of those who were Directors at financial year end (including their spouses or children) according to the Register of Directors' Shareholdings are as follows:

Directors of the Company

	Number of ordinary shares		
	At 1.1.2023	Acquired	Sold / Transferred
			At 31.12.2023
Direct interests			
Datuk Zainal Abidin Bin Ujud	200,000	-	-
Aik Swee Tong			
- own	23,868,616	-	-
- others [^]	4,955,000	200,000	-
Aik Cwo Shing	23,868,616	-	-
Gong Wooi Teik	300,000	-	-
Lee Chen Yow	141,100	38,900	-
Indirect interest			
Aik Swee Tong*	147,663,730	-	-
Aik Cwo Shing*	147,663,730	-	-

[^] Interest held by his spouse

* Deemed interest by virtue of the shareholdings in ABC Equity Sdn. Bhd.

Directors of the Company's subsidiaries

	Number of ordinary shares		
	At 1.1.2023	Acquired	Sold / Transferred
			At 31.12.2023
Direct interests			
Aik Kwo Liang	14,137,714	-	-
Aik Hui Luan	11,763,628	-	-
Wong Chiau Siew	13,896,352	-	(2,000,000)
Chang Soo Hong	200,000	-	-
Mun Peng Foong	22,000	-	-

By virtue of their interests in the shares of the Company, Aik Swee Tong and Aik Cwo Shing are also deemed interested in the shares of all the subsidiaries during the financial year to the extent that the Company has an interest under Section 8 of the Companies Act 2016.

Other than as disclosed above, none of the other Directors in office at the end of the financial year have any interest in shares in the Company or its related corporations during the financial year.

DIRECTORS' REPORT

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by 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, other than Director who have significant financial interests in companies which traded with certain companies in the Group in the ordinary course of business and legal fee paid to a firm in which a Director is a member as disclosed in Note 32 to the financial statements.

The details of the directors' remuneration for the financial year ended 31 December 2023 are set out below:

	Group RM	Company RM
Fees	208,600	148,600
Salaries, wages and other emoluments	2,341,800	10,000
Defined contribution plans	373,088	-
Social security contributions	1,901	-
	2,925,389	158,600

Neither during nor at the end of the financial year, was the Company a party to any arrangement whose object was 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 AND INSURANCE COSTS

During the financial year, the total amount of indemnity coverage and insurance premium paid for the Directors and certain officers of the Company were RM3,000,000 and RM5,000 respectively. No indemnity was given to or insurance effected for auditors of the Group during the financial year.

OTHER STATUTORY INFORMATION

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company have been written down to an amount which the current assets might be expected so to realise.

DIRECTORS' REPORT

OTHER STATUTORY INFORMATION (CONTINUED)

- (b) At the date of this report, the Directors are not aware of any circumstances:
- (i) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
 - (iii) not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading; or
 - (iv) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (c) At the date of this report, there does not exist:
- (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.
- (d) In the opinion of the Directors:
- (i) no contingent liability or other liability 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 and of the Company to meet their obligations as and when they fall due;
 - (ii) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
 - (iii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature 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.

SUBSIDIARIES

The details of the subsidiaries are disclosed in Note 7 to the financial statements.

DIRECTORS' REPORT

AUDITORS

The Auditors, TGS TW PLT (202106000004 (LLP0026851-LCA) & AF002345), have expressed their willingness to continue in office.

Auditor's remuneration for the Group and the Company as set out in Note 27 to the financial statements are RM137,000 and RM19,000 respectively.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 3 April 2024.

.....)	
AIK SWEE TONG)	
)	
)	
)	
)	DIRECTORS
)	
)	
)	
)	
.....)	
AIK CWO SHING)	

KUALA LUMPUR

STATEMENT BY DIRECTORS

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 61 to 120 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 dated 3 April 2024.

.....
AIK SWEE TONG

.....
AIK CWO SHING

KUALA LUMPUR

STATUTORY DECLARATION

I, Tang Yuen Kin, being the Officer primarily responsible for the financial management of Dancomech Holdings Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 61 to 120 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declaration Act 1960.

Subscribed and solemnly declared)
by the abovenamed at Kuala Lumpur in)
the Federal Territory on 3 April 2024)

.....
TANG YUEN KIN
(MIA No.: 15984)

Before me,

Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF DANCOMECH HOLDINGS BERHAD

[REGISTRATION NO.: 201301020455 (1050285-U)]
(INCORPORATED IN MALAYSIA)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Dancomech Holdings Berhad, which comprise the statements of financial position as at 31 December 2023, and the statements of profit or loss and other 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 61 to 120.

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 of their cash flows for the financial year then ended in accordance with 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.

Key audit matters

How we address the key audit matters

1. Goodwill impairment review

As at 31 December 2023, the carrying amount of the Group's goodwill on consolidation amounted to RM1,977,804 mainly arising from acquisition of UTC Engineering Sdn. Bhd..

Goodwill were tested for impairment annually in accordance to MFRS 136 Impairment of Assets. This assessment requires management to make estimates concerning the estimated future cash flows and associated discount rates based on management's view of future business prospects. Due to the inherent uncertainty involved in forecasting and discounting future cash flows, this is the key judgemental area that our audit was concentrated on.

Our procedures performed in relation to managements' impairment assessment and testing included the following:

- assessed the reliability of the cash flows forecasts and supporting evidence of the underlying assumptions, by checking to approved budgets and comparing to recent performance and prior financial years' forecasted results;
- performed sensitivity analysis on the key inputs (including discount rates and long term growth rates) to the impairment model, to understand the impact that reasonably possible changes to key assumptions would have on the overall carrying value of the goodwill at the end of the reporting period;
- checked the key assumptions used by management, in particular, revenue growth rate comparing to business plans, historical results and market data; and
- assessed the adequacy and reasonableness of the disclosures in the financial statements.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF DANCOMECH HOLDINGS BERHAD (CONTINUED)

[REGISTRATION NO.: 201301020455 (1050285-U)]
(INCORPORATED IN MALAYSIA)

Report on the audit of the financial statements (continued)

Key audit matters (continued)

Key audit matters

How we address the key audit matters

2. Impairment of trade receivables

The Group has material credit exposures in its trade receivables. Given the nature of these assets, the assessment of impairment involves significant estimation uncertainty subjective assumptions and the application of significant judgement.

The focus of our work involved auditing the Group's credit analyses and associated impairment assessments of trade receivables that were either in default or significantly overdue at the financial year end. Our procedures performed in relation to managements' impairment assessment and testing included the following:

- circulated trade receivables balance confirmations and performed alternative audit procedures for those trade receivables with no replies by vouching to the invoices and delivery orders, and checking to the subsequent collections;
- analysed the aging of trade receivables;
- analysed and assessed the recoverability of those trade receivables exceeded credit terms and through enquiring with management and by obtaining sufficient and appropriate audit evidences to support the conclusion; and
- assessed the adequacy and reasonableness of the disclosures in the financial statements.

3. Valuation of inventories

Valuation of inventories is a significant audit risk as inventories may be held for long periods of time before sold that making it vulnerable to obsolescence or theft. This could result in an overstatement of the value of the inventories of the cost is higher than the net realisable value. Furthermore, the assessment and application of inventories provisions are subject to significant management judgement.

Our procedures included, amongst others:

- attending inventories count at the financial year end and to assess the adequacy of controls over the existence of inventories;
- testing a sample of inventories items to ensure they were held at the lower of cost and net realisable value; and
- evaluating management judgement with regards to the application of provisions to the inventories.

There is no key audit matter to be communicated in respect of the audit of the financial statements of the Company.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF DANCOMECH HOLDINGS BERHAD (CONTINUED)

[REGISTRATION NO.: 201301020455 (1050285-U)]
(INCORPORATED IN MALAYSIA)

Report on the audit of the financial statements (continued)

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 other information included in 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 the 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 the financial statements of the Group and of the Company that give a true and fair view in accordance with 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 and the Company or to cease operations, or have no realistic alternative but to do so.

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 of the Company's internal control.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF DANCOMECH HOLDINGS BERHAD (CONTINUED)

[REGISTRATION NO.: 201301020455 (1050285-U)]
(INCORPORATED IN MALAYSIA)

Auditors' responsibilities for the audit of the financial statements (continued)

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: (continued)

- 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 and 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 and 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 DANCOMECH HOLDINGS BERHAD (CONTINUED)

[REGISTRATION NO.: 201301020455 (1050285-U)]
(INCORPORATED IN MALAYSIA)

Other matter

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 purposes. We do not assume responsibility to any other person for the content of this report.

TGS TW PLT

202106000004 (LLP0026851-LCA) & AF002345

Chartered Accountants

OOI POH LIM

03087/10/2025 J

Chartered Accountant

KUALA LUMPUR

3 April 2024

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
ASSETS					
Non-current assets					
Property, plant and equipment	4	77,146,389	76,532,056	-	-
Intangible assets	5	232,264	-	-	-
Investment property	6	996,559	1,018,745	-	-
Investment in subsidiaries	7	-	-	78,613,526	78,562,526
Investment in an associate	8	-	23,156	164,915	164,915
Deferred tax assets	9	103,000	10,794	-	-
Goodwill on consolidation	10	1,977,804	1,977,804	-	-
Fixed deposits with licensed banks	11	416,198	407,384	-	-
		80,872,214	79,969,939	78,778,441	78,727,441
Current assets					
Inventories	12	59,714,059	46,555,065	-	-
Trade receivables	13	48,222,280	52,385,205	-	-
Contract assets	13	109,483	1,851,242	-	-
Other receivables	14	6,686,060	4,158,157	276,000	166,000
Amount due from subsidiaries	15	-	-	40,639,621	38,696,576
Amount due from an associate	16	1,353,028	467,917	-	-
Tax recoverable		724,017	686,444	87,126	64,241
Financial asset at fair value through profit or loss	17	3,906,553	3,774,256	-	-
Fixed deposits with licensed banks	11	66,689,446	59,849,369	-	-
Cash and bank balances	18	35,057,429	40,894,961	1,082,301	12,057,047
		222,462,355	210,622,616	42,085,048	50,983,864
Total assets		303,334,569	290,592,555	120,863,489	129,711,305
EQUITY AND LIABILITIES					
EQUITY					
Share capital	19	110,397,223	110,397,223	110,397,223	110,397,223
Merger deficit	20	(41,477,141)	(41,477,141)	-	-
Retained earnings	20	144,382,502	132,226,339	10,442,266	19,241,460
		213,302,584	201,146,421	120,839,489	129,638,683
Non-controlling interests ("NCI")		18,995,113	17,912,664	-	-
Total equity		232,297,697	219,059,085	120,839,489	129,638,683

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023 (CONTINUED)

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
EQUITY AND LIABILITIES (continued)					
LIABILITIES					
Non-current liabilities					
Deferred tax liabilities	9	2,320,433	2,294,083	-	-
Loan and borrowings	21	10,910,046	12,876,719	-	-
Lease liabilities	22	2,067,303	2,221,417	-	-
		15,297,782	17,392,219	-	-
Current liabilities					
Loan and borrowings	21	3,197,059	2,574,970	-	-
Lease liabilities	22	1,182,003	1,114,730	-	-
Trade payables	23	28,896,310	33,185,996	-	-
Contract liabilities	23	10,758,381	6,716,614	-	-
Other payables	24	8,591,858	7,412,596	24,000	72,622
Tax payable		3,113,479	3,136,345	-	-
		55,739,090	54,141,251	24,000	72,622
Total liabilities		71,036,872	71,533,470	24,000	72,622
Total equity and liabilities		303,334,569	290,592,555	120,863,489	129,711,305

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
Revenue	25	211,767,997	211,962,437	-	-
Cost of sales		(163,356,423)	(166,786,244)	-	-
Gross profit		48,411,574	45,176,193	-	-
Other income		4,249,263	3,093,750	456,794	9,225,051
Selling and distribution expenses		(626,132)	(822,262)	-	-
Administrative expenses		(19,882,386)	(16,416,879)	(376,190)	(318,029)
Other expenses		(2,248,201)	(1,759,945)	-	-
Net gain/(loss) on impairment of financial assets		848,030	(1,832,936)	-	-
Profit from operation		30,752,148	27,437,921	80,604	8,907,022
Finance costs	26	(859,452)	(519,802)	-	-
Share of results of an associate	8	(23,156)	(4,844)	-	-
Profit before tax	27	29,869,540	26,913,275	80,604	8,907,022
Taxation	28	(7,517,331)	(7,782,604)	(28,794)	(63,641)
Profit for the financial year, representing total comprehensive income for the financial year		22,352,209	19,130,671	51,810	8,843,381
Profit for the financial year attributable to:					
Owners of the Company		21,007,167	18,196,268	51,810	8,843,381
NCI		1,345,042	934,403	-	-
		22,352,209	19,130,671	51,810	8,843,381
Total comprehensive income for the financial year attributable to:					
Owners of the Company		21,007,167	18,196,268	51,810	8,843,381
NCI		1,345,042	934,403	-	-
		22,352,209	19,130,671	51,810	8,843,381
Earnings per share:					
Basic (sen)	29	0.05	0.04		
Diluted (sen)	29	N/A	N/A		

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

<div> <div> Attributable to owners of the Company </div> <div> <div> Non-distributable </div> <div> Distributable </div> </div> </div>									
Note	Share capital RM	Merger deficit RM	Warrant reserve RM	Other reserve RM	Retained earnings RM	Total RM	NCI RM	Total equity RM	
Group									
At 1 January 2022	77,302,299	(41,477,141)	50,054,130	(50,054,130)	121,948,301	157,773,459	17,113,261	174,886,720	
Transactions with owners:									
Issuance of share pursuant to exercise of warrants	19	-	(48,113,400)	48,113,400	-	33,094,924	-	33,094,924	
Expiry of warrants		-	(1,940,730)	1,940,730	-	-	-	-	
Dividend paid to NCI		-	-	-	-	-	(135,000)	(135,000)	
Dividend paid to owners	30	-	-	-	(7,918,230)	(7,918,230)	-	(7,918,230)	
Total transactions with owners		-	(50,054,130)	50,054,130	(7,918,230)	25,176,694	(135,000)	25,041,694	
Profit for the financial year, representing total comprehensive income for the financial year		-	-	-	18,196,268	18,196,268	934,403	19,130,671	
At 31 December 2022	110,397,223	(41,477,141)	-	-	132,226,339	201,146,421	17,912,664	219,059,085	

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

	Attributable to owners of the Company					Total equity RM
	Share capital RM	Merger deficit RM	Retained earnings RM	Total RM	NCI RM	
Group (continued)						
At 1 January 2023	110,397,223	(41,477,141)	132,226,339	201,146,421	17,912,664	219,059,085
Transactions with owners:						
Acquisition of a subsidiary	-	-	-	-	(37,593)	(37,593)
Dividend paid to NCI	-	-	-	-	(225,000)	(225,000)
Dividend paid to owners	-	-	(8,851,004)	(8,851,004)	-	(8,851,004)
Total transactions with owners	-	-	(8,851,004)	(8,851,004)	(262,593)	(9,113,597)
Profit for the financial year, representing total comprehensive income for the financial year	-	-	21,007,167	21,007,167	1,345,042	22,352,209
At 31 December 2023	110,397,223	(41,477,141)	144,382,502	213,302,584	18,995,113	232,297,697

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

	Note	Attributable to owners of the Company				Total equity RM
		Share capital RM	Non-distributable	Warrant reserve RM	Distributable Retained earnings RM	
Company						
At 1 January 2022		77,302,299	50,054,130	(50,054,130)	18,316,309	95,618,608
Transactions with owners:						
Issuance of share pursuant to exercise of warrants	19	33,094,924	(48,113,400)	48,113,400	-	33,094,924
Expiry of warrants		-	(1,940,730)	1,940,730	-	-
Dividend paid to owners	30	-	-	-	(7,918,230)	(7,918,230)
Total transactions with owners		33,094,924	(50,054,130)	50,054,130	(7,918,230)	25,176,694
Profit for the financial year, representing total comprehensive income for the financial year		-	-	-	8,843,381	8,843,381
At 31 December 2022		110,397,223	-	-	19,241,460	129,638,683
At 1 January 2023		110,397,223	-	-	19,241,460	129,638,683
Transaction with owners:						
Dividend paid to owners	30	-	-	-	(8,851,004)	(8,851,004)
Total transaction with owners		-	-	-	(8,851,004)	(8,851,004)
Profit for the financial year, representing total comprehensive income for the financial year		-	-	-	51,810	51,810
At 31 December 2023		110,397,223	-	-	10,442,266	120,839,489

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Cash flows from operating activities				
Profit before tax	29,869,540	26,913,275	80,604	8,907,022
Adjustments for:				
Amortisation of intangible assets	47,287	-	-	-
(Reversal of)/Allowance for expected credit losses on trade receivables	(848,030)	1,832,936	-	-
Bad debts written off	-	8,691	-	-
Depreciation on property, plant and equipment	4,181,079	3,885,625	-	-
Depreciation on investment property	22,186	22,186	-	-
Interest expenses	859,452	519,802	-	-
Gain on early termination of lease contracts	(12,713)	(40,569)	-	-
Gain on disposal of property, plant and equipment	(10,000)	(52,000)	-	-
Goodwill written off	129,924	-	-	-
Impairment of contract assets	1,757,148	1,533,094	-	-
Share of result of an associate	23,156	4,844	-	-
Unrealised loss/(gain) on foreign exchange	324,327	(115,032)	-	-
Provision for slow-moving inventories	508,522	-	-	-
Property, plant and equipment written off	4	872	-	-
Dividend income from subsidiaries	-	-	-	(8,965,000)
Dividend income from quoted investment	(21,980)	(5,685)	-	-
Fair value gain on financial assets through profit or loss	(110,317)	(78,929)	-	-
Interest income	(2,084,271)	(953,663)	(181,794)	(260,051)
Operating profit/(loss) before working capital changes	34,635,314	33,475,447	(101,190)	(318,029)
Changes in working capital:				
Inventories	(13,542,453)	(5,566,580)	-	-
Receivables	2,627,931	(10,576,781)	(275,000)	-
Payables	(4,433,263)	(2,495,404)	(48,622)	17,865
Contract assets	(15,389)	2,669,728	-	-
Contract liabilities	4,041,767	5,196,868	-	-
Associate	(885,111)	(283,868)	-	-
	(12,206,518)	(11,056,037)	(323,622)	17,865
Cash generated from/(used in) operations	22,428,796	22,419,410	(424,812)	(300,164)
Tax paid	(7,814,769)	(5,833,368)	(73,430)	(25,105)
Tax refund	171,143	112,230	21,751	-
Net cash from/(used in) operating activities	14,785,170	16,698,272	(476,491)	(325,269)

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
Cash flows from investing activities					
Purchase of property, plant and equipment	A	(3,578,560)	(8,792,650)	-	-
Proceed from disposal of property, plant and equipment		169,110	52,000	-	-
Placement of fixed deposits with licensed banks		(8,530,729)	(22,636,261)	-	-
Net cash inflows from acquisition of a subsidiary		224,139	-	-	-
Acquisition of additional shares in an associate		-	(28,000)	-	(28,000)
Acquisition of intangible assets		(5,200)	-	-	-
Dividend received		-	-	165,000	8,965,000
Interest received		1,936,679	837,880	181,794	260,051
Acquisition of a subsidiary		-	-	(51,000)	-
Net cash (used in)/from investing activities		(9,784,561)	(30,567,031)	295,794	9,197,051
Cash flows from financing activities					
Repayment to a Director		-	(24,000)	-	-
Advances to subsidiaries		-	-	(1,943,045)	(26,019,076)
Repayments of term loans		(1,786,923)	(1,615,743)	-	-
Repayments of lease liabilities	B	(1,300,137)	(1,077,266)	-	-
Drawdown/(Repayments) of bankers' acceptance		384,511	(25,000)	-	-
Placements of pledged fixed deposits		(153,352)	(3,557,848)	-	-
Proceeds from issue of shares upon exercise of warrants		-	33,094,924	-	33,094,924
Dividends paid to owners		(8,851,004)	(7,918,230)	(8,851,004)	(7,918,230)
Dividend paid to NCI		(225,000)	(135,000)	-	-
Interest paid		(859,452)	(519,802)	-	-
Interest received		147,592	115,783	-	-
Net cash (used in)/from financing activities		(12,643,765)	18,337,818	(10,794,049)	(842,382)
Net (decrease)/increase in cash and cash equivalents		(7,643,156)	4,469,059	(10,974,746)	8,029,400
Effect of exchange translation differences		(87,394)	110,833	-	-
Cash and cash equivalents at the beginning of the financial year		43,457,476	38,877,584	12,057,047	4,027,647
Cash and cash equivalents at the end of the financial year		35,726,926	43,457,476	1,082,301	12,057,047

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
Cash and cash equivalents at the end of the financial year comprises:					
Cash and bank balances		35,057,429	40,894,961	1,082,301	12,057,047
Bank overdrafts	21	(57,828)	-	-	-
Fixed deposits with licensed banks		67,105,644	60,256,753	-	-
		102,105,245	101,151,714	1,082,301	12,057,047
Less: Fixed deposits pledged with licensed banks	11	(6,896,962)	(6,743,610)	-	-
Fixed deposits maturity more than 3 months	11	(59,481,357)	(50,950,628)	-	-
		35,726,926	43,457,476	1,082,301	12,057,047

NOTES TO STATEMENTS OF CASH FLOWS

A. Purchase of property, plant and equipment

Total additions	4	5,688,118	18,113,949	-	-
Purchase through lease arrangements		(2,109,558)	(1,811,299)	-	-
Purchase through term loan		-	(7,510,000)	-	-
Cash payment		3,578,560	8,792,650	-	-

B. Cash outflows for leases as a lessee

Included in net cash from operating activities:

Payment relating to low value assets	27	6,690	65,523	-	-
Payment relating to short-term leases	27	908,262	1,050,121	-	-
		914,952	1,115,644	-	-

Included in net cash from financing activities:

Payment of lease liabilities	1,300,137	1,077,266	-	-
Payment on interest of lease liabilities	153,199	142,486	-	-
	1,453,336	1,219,752	-	-
	2,368,288	2,335,396	-	-

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of the Bursa Malaysia Securities Berhad.

The registered office of the Company is located at Lot 5, Level 10, Menara Great Eastern 2, No. 50, Jalan Ampang, 50450 Kuala Lumpur.

The principal place of business of the Company is located at No. 19, Jalan Pelukis U1/46, Seksyen U1, 40150 Shah Alam, Selangor Darul Ehsan.

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are disclosed in Note 7 to the financial statements.

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

2. BASIS OF PREPARATION

(a) Statement of compliance

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

The financial statements of the Group and of the Company have been prepared under the historical cost convention, unless otherwise indicated in the material accounting policies below.

Adoption of new and amended standards

During the financial year, the Group and the Company have adopted the following new and amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are mandatory for current financial year:

MFRS 17	Insurance Contracts
Amendments to MFRS 17	Insurance Contracts
Amendments to MFRS 17	Initial Application of MFRS 17 and MFRS 9 - Comparative Information
Amendments to MFRS 101	Disclosure of Accounting Policies
Amendments to MFRS 108	Definition of Accounting Estimates
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to MFRS 112	International Tax Reform - Pillar Two Model Rules

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (CONTINUED)

2. BASIS OF PREPARATION (CONTINUED)

(a) Statement of compliance (continued)

Adoption of new and amended standards (continued)

The adoption of the amendments to MFRSs did not have any significant impact on the financial statements of the Group and of the Company, except for the followings:

Amendments to MFRS 101 Presentation of Financial Statements – Disclosure of Accounting Policies

The amendments require the disclosure of “material”, rather than “significant”, accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Although the amendments did not result in any changes to the Group’s and the Company’s accounting policies, it impacted the accounting policy information disclosed in the financial statements. The material accounting policy information is disclosed in Note 3 to the financial statements.

Standard issued but not yet effective

The Group and the Company have not applied the following new and amendments to MFRSs that have been issued by the MASB but are not yet effective for the Group and the Company:

		Effective dates for financial periods beginning on or after
Amendments to MFRS 16	Lease Liabilities in a Sales and Leaseback	1 January 2024
Amendments to MFRS 101	Classification of Liabilities as Current or Non-Current	1 January 2024
Amendments to MFRS 101	Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 107 and MFRS 7	Supplier Finance Arrangements	1 January 2024
Amendments to MFRS 121	Lack of Exchangeability	1 January 2025
Amendments to MFRS 10 and MFRS 128	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

The Group and the Company intend to adopt the above new and amendments to MFRSs when they become effective.

The initial applications of the abovementioned new and amendments to MFRSs are not expected to have any significant impacts on the financial statements of the Group and of the Company.

(b) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (“RM”), which is the Company’s functional currency. All financial information is presented in RM and has been rounded to the nearest RM except when otherwise stated.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (CONTINUED)

2. BASIS OF PREPARATION (CONTINUED)

(c) Significant accounting judgements, estimates and assumptions

The preparation of the Group's and of the Company's financial statements require management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Judgements

The following are the judgements made by management in the process of applying the Group's and of the Company's accounting policies that have the most significant effect on the amounts recognised in the financial statements:

Classification between investment property and property, plant and equipment

The Group has developed certain criteria based on MFRS 140 Investment Property in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes.

If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are significant that a property does not qualify as investment property.

Determining the lease term of contracts with renewal and termination options of the Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether or not it is reasonably certain to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

The Group includes the renewal period as part of the lease term for leases of land and building with non-cancellable period included as part of the lease term as these are reasonably certain to be exercised because there will be a significant negative effect on operation if a replacement asset is not readily available. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (CONTINUED)

2. BASIS OF PREPARATION (CONTINUED)

(c) Significant accounting judgements, estimates and assumptions (continued)

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are set out below:

Useful lives of property, plant and equipment and investment properties

The Group regularly reviews the estimated useful lives of property, plant and equipment and investment properties based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment and investment properties would increase the recorded depreciation and decrease the value of property, plant and equipment and investment properties. The carrying amount at the reporting date for property, plant and equipment and investment properties are disclosed in Notes 4 and 6 to the financial statements.

Impairment of goodwill on consolidation

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use amount requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The key assumptions used to determine the value in use is disclosed in Note 10 to the financial statement.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the unused tax losses, unabsorbed capital allowances and other deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of recognised and unrecognised deferred tax assets are disclosed in Notes 9 and 28 to the financial statements respectively.

Inventories valuation

Inventories are measured at the lower of cost and net realisable value. The Group estimates the net realisable value of inventories based on an assessment of expected selling prices. Demand levels and pricing competition could change from time to time. If such factors result in an adverse effect on the Group's products, the Group might be required to reduce the value of its inventories. Details of inventories are disclosed in Note 12 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (CONTINUED)

2. BASIS OF PREPARATION (CONTINUED)

(c) Significant accounting judgements, estimates and assumptions (continued)

Key sources of estimation uncertainty (continued)

Provision for expected credit loss of financial assets at amortised cost

The Group and the Company review the recoverability of their receivables, include trade and other receivables at each reporting date to assess whether an impairment loss should be recognised. The impairment provisions for receivables are based on assumptions about risk of default and expected loss rates. The Group and the Company use judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's and the Company's past history, existing market conditions at the end of each reporting period.

The Group and the Company use a provision matrix to calculate expected credit loss for receivables. The provision rates are based on number of days past due.

The provision matrix is initially based on the Group's and the Company's historical observed default rates. The Group and the Company will calibrate the matrix to adjust the historical credit loss experience. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and expected credit loss is a significant estimate. The carrying amounts at the reporting date for receivables are disclosed in Notes 13, 14, 15 and 16 to the financial statements.

Discount rate used in leases

Where the interest rate implicit in the lease cannot be readily determined, the Group uses the incremental borrowing rate to measure the lease liabilities. The incremental borrowing rate is the interest rate that the Group would have to pay to borrow over a similar term, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Therefore, the incremental borrowing rate requires estimation, particularly when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the incremental borrowing rate using observable inputs when available and is required to make certain entity-specific estimates.

Income taxes

Judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Group and the Company recognise liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (CONTINUED)

3. MATERIAL ACCOUNTING POLICIES

The Group and the Company apply the material accounting policies set out below, consistently throughout all periods presented in the financial statements unless otherwise stated.

(a) Basis of consolidation

(i) Investments in subsidiaries

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses.

(ii) Goodwill on consolidation

The excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary company acquired (i.e., a bargain purchase), the gain is recognised in profit or loss.

Goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment annually or more frequent when there is objective evidence that the carrying value may be impaired.

(iii) NCI

The Group recognises NCI in the acquiree by acquisition basis. The Group elects to measure the NCI in the acquiree at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

(b) Investments in an associate

Investment in associate is measured in the Company's statement of financial position at cost less any impairment losses.

(c) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

(i) Recognition and measurement

Property, plant and equipment, except for land and building, are measured at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefit associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (CONTINUED)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(c) Property, plant and equipment (continued)

(ii) Depreciation

Depreciation is recognised in the profit or loss on straight-line basis over the estimated useful life of each component of an item of property, plant and equipment from the date that they are available for use.

The estimated useful lives for the current and comparative periods are as follows:

Buildings	2% - 5%
Leasehold land	Over the lease term
Leasehold premises	Over the lease term
Motor vehicles	10% - 20%
Plant and machinery	10% - 20%
Office equipment	10% - 33.33%
Renovation	20%
Tools, equipment and forklift	10%

The residual values, useful lives and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimated and the expected pattern of consumption of the future economic benefits embodied in the property, plant and equipment.

(d) Leases

(i) Lease and non-lease components

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group is a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

(ii) Recognition exemption

The Group has elected not to recognise right-of-use assets and liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(e) Investment properties

Investment properties are measured at cost, including transaction costs, less any accumulated depreciation and impairment losses.

Investment properties are depreciated on a straight-line method to write down the cost of each asset to their residual values over their estimated useful lives. The principal annual depreciation rates are:

Building	2%
----------	----

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (CONTINUED)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(f) Financial instruments

At the reporting date, the Group and the Company have financial assets at amortised cost on their statements of financial position. The Group's financial assets at amortised cost include trade receivables, other receivables, amount due from an associate, fixed deposits with licensed banks and cash and bank balances. The Company's financial assets at amortised cost include other receivables, amount due from subsidiaries and cash and bank balances.

At the reporting date, the Group and the Company carry only financial liabilities at amortised cost on their statements of financial position. The Group's financial liabilities at amortised cost include loan and borrowings, trade payables and other payables. The Company's financial liabilities at amortised cost include other payables.

(g) Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost of raw materials, finished goods and work-in-progress comprise cost of purchase and other costs incurred in bringing it to their present location and condition are determined on a weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(h) Contract balances

(i) Contract assets

Contract asset is the right to consideration for goods or services transferred to the customers. The Group's contract asset is the excess of revenue recognised over the billings to-date and deposits or advances received from customers.

Where there is objective evidence of impairment, the amount of impairment losses is determined by comparing the contract assets' carrying amount and the present value of estimated future cash flows to be generated by the contract asset.

Contract asset is reclassified to trade receivables at the point at which invoices have been billed to customers. Contract assets are subject to impairment assessment in accordance of MFRS 9 Financial Instruments.

(ii) Contract liabilities

Contract liability is the obligation to transfer goods or services to customers for which the Group has received the consideration or has billed the customers. The Group's contract liabilities are recognised as revenue when the Group performs its obligation under the contracts.

(i) Impairment of financial assets

The Group and the Company recognise allowance for expected credit losses ("ECLs") for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (CONTINUED)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(i) Impairment of financial assets (continued)

For trade receivables, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognise loss allowance based on lifetime ECLs at each reporting date. The Group and the Company have established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

(j) Revenue recognition

(i) Revenue from contracts with customers

Revenue is recognised when the Group satisfied a performance obligation ("PO") by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A PO may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied PO.

The Group recognised revenue from sales of goods.

Revenue from sale of goods is recognised when control of the products has transferred, being the products are delivered to the customer.

Following delivery of the goods to the customer's specific location, the customer has full discretion over the manner of distribution and price to sell the goods, and bears the risks of obsolescence and loss in relation to the goods.

(ii) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(iii) Dividend income

Dividend income is recognised when the Company's right to receive payment is established.

(iv) Interest income

Interest income is recognised on accruals basis using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (CONTINUED)

4. PROPERTY, PLANT AND EQUIPMENT

	Freehold land RM	Buildings RM	Leasehold land RM	Leased premises RM	Motor vehicles RM	Plant and machinery RM	Office equipment RM	Renovation RM	Tools, equipment and forklift RM	Work-in- progress RM	Total RM
Group											
Cost											
At 1 January 2022	30,614,918	19,684,799	3,661,296	886,158	5,993,356	25,143,734	2,322,532	4,200,459	103,181	-	92,610,433
Additions	9,685,336	2,026,193	-	1,715,299	1,083,437	3,002,888	168,485	206,994	2,850	222,467	18,113,949
Disposals	-	-	-	-	(258,000)	(125,000)	-	-	-	-	(383,000)
Written off	-	-	-	-	-	-	(40,437)	-	-	-	(40,437)
Termination of lease contracts	-	-	-	(756,160)	-	-	-	-	-	-	(756,160)
Expiration of lease contracts	-	-	-	(129,999)	-	-	-	-	-	-	(129,999)
At 31 December 2022	40,300,254	21,710,992	3,661,296	1,715,298	6,818,793	28,021,622	2,450,580	4,407,453	106,031	222,467	109,414,786
Additions	-	-	-	2,109,558	65,000	2,823,780	232,202	450,518	-	7,060	5,688,118
Disposals	-	-	-	-	(73,500)	(203,455)	(12,545)	(30,600)	-	-	(320,100)
Written off	-	-	-	-	-	-	(16,460)	-	-	-	(16,460)
Acquisition of a subsidiary	-	-	-	99,425	-	-	155,262	5,350	-	-	260,037
Termination of lease contracts	-	-	-	(1,403,570)	-	-	-	-	-	-	(1,403,570)
At 31 December 2023	40,300,254	21,710,992	3,661,296	2,520,711	6,810,293	30,641,947	2,809,039	4,832,721	106,031	229,527	113,622,811

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (CONTINUED)

4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Freehold land RM	Buildings RM	Leasehold land RM	Leased premises RM	Motor vehicles RM	Plant and machinery RM	Office equipment RM	Renovation and forklift RM	Tools, equipment RM	Work-in- progress RM	Total RM
Accumulated depreciation											
At 1 January 2022	-	3,141,155	335,980	628,066	4,720,117	16,535,653	1,699,080	3,035,706	14,268	-	30,110,025
Charge for the financial year	-	710,141	73,352	383,307	406,253	1,865,237	152,308	284,371	10,656	-	3,885,625
Disposals	-	-	-	-	(258,000)	(125,000)	-	-	-	-	(383,000)
Written off	-	-	-	-	-	-	(39,565)	-	-	-	(39,565)
Termination of lease contracts	-	-	-	(560,356)	-	-	-	-	-	-	(560,356)
Expiration of lease contracts	-	-	-	(129,999)	-	-	-	-	-	-	(129,999)
At 31 December 2022	-	3,851,296	409,332	321,018	4,868,370	18,275,890	1,811,823	3,320,077	24,924	-	32,882,730
Charge for the financial year	-	402,586	73,352	746,787	455,792	2,024,142	199,761	268,084	10,575	-	4,181,079
Disposals	-	-	-	-	(73,500)	(45,280)	(11,610)	(30,600)	-	-	(160,990)
Written off	-	-	-	-	-	-	(16,456)	-	-	-	(16,456)
Acquisition of a subsidiary	-	-	-	13,811	-	-	9,418	284	-	-	23,513
Termination of lease contracts	-	-	-	(433,454)	-	-	-	-	-	-	(433,454)
At 31 December 2023	-	4,253,882	482,684	648,162	5,250,662	20,254,752	1,992,936	3,557,845	35,499	-	36,476,422
Carrying amount											
At 31 December 2023	40,300,254	17,457,110	3,178,612	1,872,549	1,559,631	10,387,195	816,103	1,274,876	70,532	229,527	77,146,389
At 31 December 2022	40,300,254	17,859,696	3,251,964	1,394,280	1,950,423	9,745,732	638,757	1,087,376	81,107	222,467	76,532,056

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (CONTINUED)

4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) Including in net carrying amount of property, plant and equipment are right-of-use assets as follows:

	2023 RM	Group 2022 RM
Leasehold land	3,178,612	3,251,964
Leased premises	1,872,549	1,394,280
Machinery	585,703	2,790,780
Motor vehicles	337,893	699,541
	5,974,757	8,136,565

(b) Depreciation charge of right-of-use assets are as follows:

	2023 RM	Group 2022 RM
Leasehold land	73,352	73,352
Leased premises	746,787	383,307
Machinery	228,843	341,994
Motor vehicles	75,714	136,256
	1,124,696	934,909

(c) Cost of additions to the right-of-use assets are as follows:

	2023 RM	Group 2022 RM
Leased premises	2,109,558	1,715,299
Motor vehicles	-	104,731
	2,109,558	1,820,030

(d) Property, plant and equipment pledged to a licensed bank as security for the related lease liabilities are as follows:

	2023 RM	Group 2022 RM
Machinery	585,703	2,790,780
Motor vehicles	337,893	699,541
	923,596	3,490,321

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (CONTINUED)

4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

- (e) Property, plant and equipment pledged to licensed banks as security for the related term loans are as follows:

	Group	
	2023 RM	2022 RM
Freehold land	40,300,254	40,300,254
Buildings	17,457,110	17,859,696
	57,757,364	58,159,950

5. INTANGIBLE ASSETS

	Software RM	Total RM
Group Cost		
At 1 January 2022/31 December 2022/1 January 2023	-	-
Acquisition of a subsidiary	279,000	279,000
Additions	5,200	5,200
At 31 December 2023	284,200	284,200
Accumulated amortisation		
At 1 January 2022/31 December 2022/1 January 2023	-	-
Acquisition of a subsidiary	4,649	4,649
Amortisation for the financial year	47,287	47,287
At 31 December 2023	51,936	51,936
Carrying amount		
At 31 December 2023	232,264	232,264
At 31 December 2022	-	-

These products are assessed to have a finite life of at least 5 years upon commercialisation.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (CONTINUED)

6. INVESTMENT PROPERTY

	Group	
	2023 RM	2022 RM
Freehold building		
Cost		
At 1 January/31 December	1,109,278	1,109,278
Accumulated depreciation		
At 1 January	90,533	68,347
Charge for the financial year	22,186	22,186
At 31 December	112,719	90,533
Carrying amount		
At 31 December	996,559	1,018,745
Fair value of investment property	996,559	1,072,000

The fair value of the investment property of the Group was estimated by the Directors based on the recent transacted prices in the market of properties with similar condition and location. In estimating the fair value of the property, the highest and best use of the property is its current use.

(i) Income and expenses recognised in profit or loss

The following are recognised in profit or loss in respect of investment property:

	Group	
	2023 RM	2022 RM
Income and expenses recognised in profit or loss:		
Rental income	45,600	45,600
Direct operating expenses	32,762	32,076

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (CONTINUED)

7. INVESTMENT IN SUBSIDIARIES

	Company	
	2023	2022
	RM	RM
At cost		
<u>In Malaysia</u>		
Unquoted share	78,613,526	78,562,526

Details of the subsidiaries are as follows:

Name of company	Place of business/ Country of incorporation	Effective interest (%)		Principal activities
		2023	2022	
Dancomech Engineering Sdn. Bhd.	Malaysia	100	100	Trading and distribution of process control equipment and measurement instruments.
Optimis Engineering Sdn. Bhd. ("OESB")	Malaysia	55	55	Trading and distribution of process control equipment and measurement instruments to the water industry.
Dancomech Properties Sdn. Bhd.	Malaysia	100	100	Investment holding.
Dancomech Pumps Sdn. Bhd.	Malaysia	70	70	Manufacturing of all type dealers industrial machinery.
Arah Edar (M) Sdn. Bhd. ("AESB")	Malaysia	55	55	Material handling system solution provider.
Mechpump Sdn. Bhd.	Malaysia	60	60	Trading and distribution of industrial pumps.
MTL Engineering Sdn. Bhd. ("MTLSB")	Malaysia	70	70	Production of metal stamping parts and components.
UTC Engineering Sdn. Bhd. ("UTCBSB")	Malaysia	55	55	Electrical, electronic, and instrumentation engineering, contracting, commissioning and servicing.
JusEV Charging Network Sdn. Bhd. ("JusEV")	Malaysia	61.45*	-	Trading of electric vehicle charging stations, software solution, equipment, and other relevant accessories.
Held through MTL Engineering Sdn. Bhd.:				
Newexus Engineering Sdn. Bhd.	Malaysia	70	70	Design and manufacturing of tools and dies.

* Effective equity interest, as Dancomech Holdings Berhad and UTCBSB acquired 51% and 19% equity interests, respectively, in JusEV on 1 March 2023.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (CONTINUED)

7. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) Material partly-owned subsidiaries

Set out below are the Group's subsidiaries that have material non-controlling interest:

Name of company	Proportion of ownership interest and voting rights held by NCI interest	Profit allocated to NCI RM	Accumulated NCI RM
2023			
OESB	45%	410,714	2,095,291
MTLSB	30%	1,408,383	15,013,823
AESB	45%	(534,486)	(15,535)
UTCSB	45%	258,786	1,142,028
Other individual immaterial subsidiaries		(198,355)	759,506
		1,345,042	18,995,113
2022			
OESB	45%	231,883	1,909,577
MTLSB	30%	1,563,550	13,605,440
AESB	45%	(1,248,954)	518,951
UTCSB	45%	161,881	883,242
Other individual immaterial subsidiaries		226,043	995,454
		934,403	17,912,664

Summarised financial information for each subsidiary that has non-controlling interest that are material to the Group is set out below. The summarised financial information below represents amounts before inter-company eliminations.

(i) Summarised statement of financial position

	OESB RM	MTLSB RM	AESB RM	UTCSB RM
2023				
Non-current assets	66,390	45,496,575	142,773	2,833,720
Current assets	6,103,498	38,890,795	1,466,143	9,935,984
Non-current liabilities	(7,000)	(12,354,825)	(63,328)	(1,838,764)
Current liabilities	(1,506,686)	(21,495,994)	(1,580,109)	(8,393,099)
Net assets/(liabilities)	4,656,202	50,536,551	(34,521)	2,537,841

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (CONTINUED)

7. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) Material partly-owned subsidiaries (continued)

(i) Summarised statement of financial position (continued)

	OESB RM	MTLSB RM	AESB RM	UTCSB RM
2022				
Non-current assets	130,691	44,801,062	212,384	2,991,519
Current assets	4,646,608	42,695,553	2,292,999	8,164,636
Non-current liabilities	(15,740)	(14,936,724)	(64,146)	(2,117,085)
Current liabilities	(518,055)	(26,713,906)	(1,288,010)	(7,076,310)
Net assets	4,243,504	45,845,985	1,153,227	1,962,760

(ii) Summarised statement of profit or loss and other comprehensive income

	OESB RM	MTLSB RM	AESB RM	UTCSB RM
2023				
Revenue	3,521,128	94,951,258	816,495	14,691,914
Profit/(Loss) for the financial year, representing total comprehensive income for the financial year	912,698	4,543,423	(1,187,748)	575,080
2022				
Revenue	3,476,173	124,707,588	-	9,998,181
Profit/(Loss) for the financial year, representing total comprehensive income for the financial year	515,296	5,211,833	(2,775,452)	359,736

(iii) Summarised statement of cash flows

	OESB RM	MTLSB RM	AESB RM	UTCSB RM
2023				
Net cash from/(used in) operating activities	585,229	7,405,898	728,235	(517,091)
Net cash used in investing activities	(976,832)	(3,059,138)	-	(38,454)
Net cash (used in)/from financing activities	(374,899)	(2,651,125)	182,510	280,202
Net (decrease)/increase in cash and cash equivalents	(766,502)	1,695,635	910,745	(275,343)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (CONTINUED)

7. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) Material partly-owned subsidiaries (continued)

(iii) Summarised statement of cash flows (continued)

	OESB RM	MTLSB RM	AESB RM	UTCSB RM
2022				
Net cash from/(used in)				
operating activities	1,128,019	6,782,468	(2,631,333)	34,593
Net cash used in investing activities	35,588	(7,931,468)	-	(108,585)
Net cash (used in)/from financing activities	(369,156)	1,931,665	(1,977,465)	(16,072)
Net increase/(decrease) in cash and cash equivalents	794,451	782,665	(4,608,798)	(90,064)

(b) Acquisition of a subsidiary

On 1 March 2023, the Company and UTCSB acquired 51% and 19% equity interest, respectively, in JusEV. The purchase consideration for the acquisition consists of cash consideration of RM51,000 and RM19,000 respectively.

Consideration, assets recognised and liabilities assumed

	2023 RM
Fair value of consideration	70,000
<u>Fair value of identifiable assets acquired and liabilities assumed</u>	
Property, plant and equipment	236,524
Intangible assets	274,351
Inventories	125,063
Trade and other receivables	89,653
Cash and bank balances	294,139
Lease liabilities	(86,567)
Trade and other payables	(1,030,680)
NCI	37,593
Total identifiable net assets	(59,924)
Goodwill	129,924
<u>Net cash inflow arising from acquisition of a subsidiary</u>	
Fair value of consideration paid	70,000
Cash and cash equivalents acquired	(294,139)
	(224,139)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (CONTINUED)

8. INVESTMENT IN AN ASSOCIATE

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Unquoted shares, at cost	188,386	160,386	164,915	136,915
Additions	-	28,000	-	28,000
Share of results	(188,386)	(165,230)	-	-
Carrying amount	-	23,156	164,915	164,915

The details of an associate are as follows:

Name of company	Place of business/ Country of incorporation	Effective interest (%)		Principal activities
		2023	2022	
TDE Engineering Sdn. Bhd., formerly known as Tripeer Dancomech Engineering Sdn. Bhd. ("TDESB", effectively on 14 th September 2023)	Malaysia	40	40	Trading and distribution of process control equipment and measurement instruments.

(a) Summarised statement of financial position

	2023 RM	2022 RM
Non-current assets	86,452	117,093
Current assets	1,497,818	610,481
Non-current liabilities	(77,531)	(89,925)
Current liabilities	(1,532,905)	(579,759)
Net (liabilities)/assets	(26,166)	57,890

(b) Summarised statement of profit or loss and other comprehensive income

	2023 RM	2022 RM
Loss for the financial year	(84,056)	(7,759)
Included in profit or loss for the financial year is:		
Revenue	3,407,745	1,576,152

The Group has not recognised losses relating to TDESB, where its share of losses exceeded the Group's interest in the associate. The Group's cumulative share of unrecognised losses at the ended of the reporting period was RM10,466 (2022: RMNil), which is part of the share of the current financial year's losses amounting to RM33,622. The Group has no obligations in respect of these losses.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (CONTINUED)

9. DEFERRED TAX ASSETS/(LIABILITIES)

	Assets RM	Liabilities RM	Net RM
Group			
At 1 January 2022	119,000	(2,442,546)	(2,323,546)
Recognised in profit or loss	(108,206)	(179,891)	(288,097)
Over provision in prior financial year	-	328,354	328,354
At 31 December 2022	10,794	(2,294,083)	(2,283,289)
Recognised in profit or loss	92,206	(126,556)	(34,350)
Over provision in prior financial year	-	100,206	100,206
At 31 December 2023	103,000	(2,320,433)	(2,217,433)

The components and movements of deferred tax assets and liabilities are as follows:

	Property, plant and equipment RM	Inventories RM	Provision RM	Total RM
Group				
At 1 January 2022	(2,556,546)	106,000	127,000	(2,323,546)
Recognised in profit or loss	(208,097)	7,000	(87,000)	(288,097)
Over provision in prior financial year	328,354	-	-	328,354
At 31 December 2022	(2,436,289)	113,000	40,000	(2,283,289)
Recognised in profit or loss	(212,350)	122,000	56,000	(34,350)
Over provision in prior financial year	100,206	-	-	100,206
At 31 December 2023	(2,548,433)	235,000	96,000	(2,217,433)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (CONTINUED)

10. GOODWILL ON CONSOLIDATION

	Group	
	2023 RM	2022 RM
Brought forward	1,977,804	1,977,804
Acquisition of a subsidiary	129,924	-
Written off	(129,924)	-
Carried forward	1,977,804	1,977,804

The carrying amounts of goodwill allocated to the Group's cash generating units ("CGU") are as follows:

	Group	
	2023 RM	2022 RM
UTC Engineering Sdn. Bhd.	1,977,804	1,977,804

(a) Recoverable amount on value in use

For the purpose of impairment testing, the recoverable amount of goodwill at the end of the financial year was determined based on a value-in-use calculation by discounting the future cash flows generated from the continuing use of cash generated unit ("CGU") and was based on the following assumptions:

- (i) Pre-tax cash flow projection based on the most recent financial budgets covering a five (2022: five) years period;
- (ii) The anticipated annual revenue growth rate used in the cash flow budgets and plans of the CGU is 1% (2022: 1%); and
- (iii) Pre-tax discount rate of 12.91% (2022: 9.33%) per annum has been applied in determining the recoverable amount of the CGU. The discount rate was estimated based on the Group's weighted average cost of capital.

The value assigned to the key assumptions represent management's assessment of future trends in the industry and are based on both external sources and internal sources.

(b) Sensitivity to changes in assumptions

The management believes that no reasonably possible change in the key assumptions on which management has based on its determination of the CGU's recoverable amount would cause the CGU's carrying amount to exceed its recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (CONTINUED)

11. FIXED DEPOSITS WITH LICENSED BANKS

	Group	
	2023 RM	2022 RM
Non-current		
Fixed deposits with licensed banks	416,198	407,384
Current		
Fixed deposits with licensed banks	66,689,446	59,849,369
	67,105,644	60,256,753

The interest rate of fixed deposits with licensed banks of the Group ranged from 1.85% to 4.40% (2022: 1.50% to 4.05%) per annum. The maturities of fixed deposits with licensed banks of the Group ranged from 30 to 365 days (2022: 30 to 365 days).

The fixed deposits with licensed banks of the Group amounting to RM59,481,357 (2022: RM50,950,628) are matured more than 3 months which are held for investments purposes.

The fixed deposits with licensed banks of the Group amounting to RM6,896,962 (2022: RM6,743,610) are pledged to licensed banks as securities for credit facilities granted to subsidiaries as disclosed in Note 21 to the financial statements.

12. INVENTORIES

	Group	
	2023 RM	2022 RM
Raw materials	9,351,460	7,737,067
Work-in-progress	8,207,122	6,046,931
Finished goods	37,863,748	30,879,486
Goods in transit	4,291,729	1,891,581
	59,714,059	46,555,065
Recognised in profit or loss:		
Inventories recognised as cost of sales	132,859,585	145,553,814
Provision for slow-moving inventories	508,522	-

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (CONTINUED)

13. TRADE RECEIVABLES AND CONTRACT ASSETS

Trade receivables

	Group	
	2023 RM	2022 RM
Trade receivables	49,708,166	54,719,121
Less: Allowance for expected credit losses ("ECLs")	(1,485,886)	(2,333,916)
	48,222,280	52,385,205

Trade receivables are non-interest bearing and are generally on cash term to 120 days (2022: cash term to 120 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Included in trade receivables of the Group is an amount of RM30,721 (2022: RM34,830) due from non-controlling interests.

The movement in allowance for ECLs of trade receivables during the financial year is as follows:

	Group	
	2023 RM	2022 RM
Brought forward	2,333,916	552,485
Allowance for ECLs	268,123	2,141,415
Written off	-	(51,505)
Reversal of allowance for ECLs	(1,116,153)	(308,479)
Carried forward	1,485,886	2,333,916

The following table provide information about the exposure to credit risk and allowance for ECLs for trade receivables:

	Gross amount RM	ECLs RM	Net amount RM
Group			
2023			
Not past due	26,361,195	(26,266)	26,334,929
Past due:			
Less than 30 days	7,321,426	(14,061)	7,307,365
31 to 60 days	3,238,647	(8,151)	3,230,496
61 to 90 days	1,921,767	(10,739)	1,911,028
More than 90 days	10,865,131	(1,426,669)	9,438,462
	49,708,166	(1,485,886)	48,222,280

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (CONTINUED)

13. TRADE RECEIVABLES AND CONTRACT ASSETS (CONTINUED)

Trade receivables (continued)

The following table provide information about the exposure to credit risk and allowance for ECLs for trade receivables:

	Gross amount RM	ECLs RM	Net amount RM
Group			
2022			
Not past due	33,490,201	(96)	33,490,105
Past due:			
Less than 30 days	9,227,058	(37)	9,227,021
31 to 60 days	3,577,860	(44)	3,577,816
61 to 90 days	1,970,096	(116)	1,969,980
More than 90 days	6,453,906	(2,333,623)	4,120,283
	54,719,121	(2,333,916)	52,385,205

Contract assets

	Group 2023 RM	Group 2022 RM
Brought forward	1,851,242	6,054,064
Addition during the financial year	18,890	52,477
Invoice issued	(3,501)	(2,722,205)
Impairment during the financial year	(1,757,148)	(1,533,094)
Carried forward	109,483	1,851,242

The contract assets primarily related to Group's right to consideration for work completed on contracts but not yet billed as at the reporting date. This balance will be invoiced progressively upon the acceptance of completed works by customers.

The foreign currency profile of trade receivables and contract assets are as follows:

	Group 2023 RM	Group 2022 RM
EURO ("EUR")	76,744	143,341
Singapore Dollar ("SGD")	-	1,310,170
United States Dollar ("USD")	14,753,237	6,431,964

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (CONTINUED)

14. OTHER RECEIVABLES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Non-trade receivables	100,306	133,845	-	-
Deposits	915,352	2,874,927	-	-
Prepayments	1,096,081	846,892	1,000	1,000
Dividend receivable	-	-	275,000	165,000
Advances to suppliers	4,574,321	302,493	-	-
	6,686,060	4,158,157	276,000	166,000

The foreign currency profile of other receivables are as follows:

	Group	
	2023 RM	2022 RM
EUR	2,854,653	113,862
Renminbi ("RMB")	287,797	165,960
USD	862,078	1,242,914

15. AMOUNT DUE FROM SUBSIDIARIES

Amount due from subsidiaries are non-trade in nature, unsecured and interest bearing at 3% to 5% (2022: 3% to 5%) per annum and repayable on demand.

16. AMOUNT DUE FROM AN ASSOCIATE

Amount due from an associate is trade in nature, unsecured and non-interest bearing and repayable in 120 days (2022: 30 days).

17. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group	
	2023 RM	2022 RM
At fair value		
Quoted money market funds	3,906,553	3,774,256

The fair value of the above quoted investment is classified at Level 1 for the purpose of fair value of financial instruments disclosures.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (CONTINUED)

18. CASH AND BANK BALANCES

The foreign currency profile of cash and bank balances is as follows:

	Group	
	2023 RM	2022 RM
EUR	408,468	163,739
Sterling Pound ("GBP")	53,594	29,547
USD	3,229,483	4,655,112

19. SHARE CAPITAL

	Group and Company			
	Number of ordinary shares		Amount	
	2023 Units	2022 Units	2023 RM	2022 RM
Issued and fully paid up				
At 1 January	442,550,214	332,233,800	110,397,223	77,302,299
Exercise of warrants	-	110,316,414	-	33,094,924
At 31 December	442,550,214	442,550,214	110,397,223	110,397,223

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

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

20. RESERVES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Merger deficit	(41,477,141)	(41,477,141)	-	-
Retained earnings	144,382,502	132,226,339	10,442,266	19,241,460
	102,905,361	90,749,198	10,442,266	19,241,460

(a) Merger deficit

The merger deficit represents the difference between the nominal value of shares issued by the Company and the nominal value of shares of subsidiaries accounted for arising from the merger method.

(b) Retained earnings

The entire retained earnings of the Group and of the Company are available for distribution as single-tier dividends.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (CONTINUED)

21. LOAN AND BORROWINGS

	Group	
	2023 RM	2022 RM
Secured		
Banker overdraft	57,828	-
Bankers' acceptance	1,189,511	805,000
Term loans	12,859,766	14,646,689
	14,107,105	15,451,689
Non-current		
Term loans	10,910,046	12,876,719
Current		
Banker overdraft	57,828	-
Bankers' acceptance	1,189,511	805,000
Term loans	1,949,720	1,769,970
	3,197,059	2,574,970
	14,107,105	15,451,689

The above credit facilities obtained from licensed financial institution are secured on the following:

- charge over certain freehold land and building of the Group as disclosed in Note 4 to the financial statements;
- charge on fixed deposits with licensed banks of the Group as disclosed in Note 11 to the financial statements;
- joint and severally guaranteed by certain of Directors of the Company; and
- corporate guarantee by the Company.

Term loan I is repayable by 300 monthly instalments commencing from January 2014.

Term loan II is repayable by 120 monthly instalments commencing from November 2016.

Term loan III is repayable by 240 monthly instalments commencing from December 2016.

Term loan IV is repayable by 84 monthly instalments commencing from September 2020.

Term loan V is repayable by 120 monthly instalments commencing from August 2022.

Term loan VI is repayable by 180 monthly instalments commencing from November 2022.

Bankers' acceptance facilities are repayable within 118 days (2022: 118 days).

Bank overdraft facilities are repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (CONTINUED)

21. LOAN AND BORROWINGS (CONTINUED)

The average effective interest rate are as follows:

	Group	
	2023	2022
	%	%
Banker overdraft	6.65	-
Bankers' acceptance	3.34 - 5.98	4.30 - 5.73
Term loans	2.72 - 6.70	3.03 - 6.29

22. LEASE LIABILITIES

	Group	
	2023	2022
	RM	RM
Non-current	2,067,303	2,221,417
Current	1,182,003	1,114,730
	3,249,306	3,336,147

The maturity analysis of lease liabilities at the end of the reporting period:

	Group	
	2023	2022
	RM	RM
Within 1 year	1,297,681	1,229,149
Between 1 - 5 years	2,155,680	2,331,630
More than 5 years	-	15,341
	3,453,361	3,576,120
Less: Future finance charges	(204,055)	(239,973)
Present value of lease liabilities	3,249,306	3,336,147

The Group leases various properties, machinery and motor vehicles. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (CONTINUED)

23. TRADE PAYABLES AND CONTRACT LIABILITIES

Trade payables

The normal trade credit terms granted to the Group ranged from cash term to 120 days (2022: cash to 120 days) depending on the term of the contracts.

Contract liabilities

	Group	
	2023 RM	2022 RM
Brought forward	6,716,614	1,519,746
Addition during the financial year	6,310,848	6,567,346
Recognised in profit or loss during the financial year	(2,269,081)	(1,370,478)
Carried forward	10,758,381	6,716,614

The contract liabilities primarily related to advanced consideration received/receivable from few customers. The amount will be recognised as revenue when the performance obligations are satisfied.

The foreign currency profile of trade payables are as follows:

	Group	
	2023 RM	2022 RM
EUR	2,963,383	2,809,592
GBP	260,742	59,465
USD	5,183,622	7,654,343

24. OTHER PAYABLES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Non-trade payables	3,503,802	3,146,597	-	14,972
Accruals	4,382,602	3,333,750	24,000	57,650
Deposits received	480,256	796,285	-	-
Dividend payable	225,000	135,000	-	-
Sales and services tax payable ("SST")	198	964	-	-
	8,591,858	7,412,596	24,000	72,622

Included in other payables of the Group is an amount of RM201,633 (2022: RM201,633) due to non-controlling interests.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (CONTINUED)

24. OTHER PAYABLES (CONTINUED)

The foreign currency profile of other payables are as follows:

	Group	
	2023 RM	2022 RM
SGD	254,221	-
USD	163,030	202,862

25. REVENUE

	Group	
	2023 RM	2022 RM
Revenue from contracts with customers:		
Sales of goods	211,767,997	211,962,437
Timing of revenue recognition:		
At a point in time	211,767,997	211,913,461
Over time	-	48,976
	211,767,997	211,962,437
Geographical market:		
Malaysia	173,577,322	200,521,181
Indonesia	26,552,188	2,294,801
Others	11,638,487	9,146,455
	211,767,997	211,962,437

26. FINANCE COSTS

	Group	
	2023 RM	2022 RM
Interest expenses on bank overdraft	7,592	392
Interest expenses on bankers' acceptance	52,848	17,718
Interest expenses on lease liabilities	153,199	142,486
Interest expenses on letter of credit	801	10,113
Interest expenses on supplier	6,638	-
Interest expenses on term loans	617,226	349,093
Interest expenses on advances	21,148	-
	859,452	519,802

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (CONTINUED)

27. PROFIT BEFORE TAX

Profit before tax is determined after charging/(crediting) amongst other, the following items:

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Auditors' remuneration				
- Current year	137,000	119,000	19,000	18,000
- Non-audit services	3,000	3,000	3,000	3,000
- Under provision in prior financial year	-	500	-	-
(Reversal of)/Allowance for ECLs on trade receivables	(848,030)	1,832,936	-	-
Gain on disposal of property, plant and equipment	(10,000)	(52,000)	-	-
Rental income	(687,100)	(530,722)	-	-
(Gain)/Loss on foreign exchange				
- Realised	(149,905)	195,252	-	-
- Unrealised	324,327	(115,032)	-	-
Dividend income from subsidiaries	-	-	-	(8,965,000)
Dividend income from quoted investment	(21,980)	(5,685)	-	-
Fair value gain on financial assets through profit or loss	(110,317)	(78,929)	-	-
Gain on early termination of lease contracts	(12,713)	(40,569)	-	-
Amortisation of intangible assets	47,287	-	-	-
Management fee income	-	(7,000)	-	-
Bad debts written off	-	8,691	-	-
Property, plant and equipment written off	4	872	-	-
Provision for slow-moving inventories	508,522	-	-	-
Share of result of an associate	23,156	4,844	-	-
Depreciation on property, plant and equipment	4,181,079	3,885,625	-	-
Depreciation on investment property	22,186	22,186	-	-
Goodwill written off	129,924	-	-	-
Interest income	(67,540)	(71,095)	(181,794)	(260,051)
Interest income from fixed deposits with licensed banks				
- Pledged	(147,592)	(115,783)	-	-
- Investing purposes	(1,869,139)	(766,785)	-	-
Impairment of contract asset	1,757,148	1,533,094	-	-
Lease expenses relating to:				
- Short-term leases (a)	908,262	1,050,121	-	-
- Low value assets (a)	6,690	65,523	-	-

- (a) The Group leases various properties and office equipment with contract terms of not more than one year or with value not more than RM20,000. These leases are short-term or low value item. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (CONTINUED)

28. TAXATION

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Tax expenses recognised in profit or loss				
Current tax				
Current financial year provision	8,074,603	7,497,346	-	32,257
(Over)/Under provision in prior financial years	(491,416)	325,515	28,794	31,384
	7,583,187	7,822,861	28,794	63,641
Deferred tax				
Origination and reversal of temporary differences	34,350	288,097	-	-
Over provision in prior financial years	(100,206)	(328,354)	-	-
	(65,856)	(40,257)	-	-
	7,517,331	7,782,604	28,794	63,641

A reconciliation of income tax expenses applicable to profit before tax at the statutory tax rate to income tax expenses at the effective income tax of the Group and of the Company are as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Profit before tax	29,869,540	26,913,275	80,604	8,907,022
At Malaysian statutory tax rate of 24% (2022: 24%)	7,168,690	6,459,186	19,345	2,137,685
Expenses not deductible for tax purposes	747,038	608,501	46,655	46,172
Income not subject to tax	(136,595)	(42,564)	(66,000)	(2,151,600)
Movement of deferred tax assets not recognised	329,820	760,320	-	-
(Over)/Under provision of tax expenses in prior financial years	(491,416)	325,515	28,794	31,384
Over provision of deferred tax in prior financial years	(100,206)	(328,354)	-	-
	7,517,331	7,782,604	28,794	63,641

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (CONTINUED)

28. TAXATION (CONTINUED)

Unrecognised deferred tax assets

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

	Group	
	2023 RM	2022 RM
Property, plant and equipment	(113,038)	(73,470)
Provision	4,362,324	3,614,733
Unabsorbed business losses	823,497	330,737
Unutilised capital allowances	214,054	-
	5,286,837	3,872,000

Deferred tax assets have not been recognised in respect of these items as they may not have sufficient taxable profits to be used to offset.

	Group	
	2023 RM	2022 RM
<u>Unabsorbed business losses</u>		
- Year of assessment 2029	823,497	330,737

Any amount not utilised upon expired period of the above year of assessment will be disregarded.

In accordance with the provision of Finance Act 2018, the unutilised business losses could be carried forward for a maximum of seven consecutive years of assessment. Any balance of the unutilised business losses at the end of the seventh year shall be disregarded.

The Finance Act 2021, stated that the time frame to carry forward unutilised business losses for year of assessment 2019 and subsequent years of assessment be extended from seven to ten consecutive years of assessment. The other temporary difference do not expire under current tax legislation.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (CONTINUED)

29. EARNINGS PER SHARE

(a) Earnings per share

The basic earnings per share are calculated based on the consolidated profit for the financial year attributable to owners of the Company and the weighted average number of ordinary shares in issue during the financial year as follows:

	Group	
	2023 RM	2022 RM
Profit attributable to owners of Company	21,007,167	18,196,268
Weighted average number of ordinary shares in issue (units)	442,550,214	411,873,567
Basic earning per ordinary shares (in sen)	0.05	0.04

(b) Diluted earnings per share

The Group and the Company have no dilution in their earnings per ordinary share as there are no dilutive ordinary shares. There have been no other transactions involving ordinary shares or potential ordinary shares since the end of the financial year and before the authorisation of these financial statements.

30. DIVIDEND PAID

	Group and Company	
	2023 RM	2022 RM
Dividends recognised as distribution to owners of the Company:		
Second interim single-tier dividend of RM0.0125 per ordinary share in respect of the financial year ended 31 December 2021 declared on 25 February 2022 and paid on 31 March 2022	-	4,599,103
First interim single-tier dividend of RM0.0075 per ordinary share in respect of the financial year ended 31 December 2022 declared on 24 August 2022 and paid on 26 September 2022	-	3,319,127
Second interim single-tier dividend of RM0.0125 per ordinary share in respect of the financial year ended 31 December 2022 declared on 27 February 2023 and paid on 31 March 2023	5,531,878	-
First interim single-tier dividend of RM0.0075 per ordinary share in respect of the financial year ended 31 December 2023 declared on 24 August 2023 and paid on 26 September 2023	3,319,126	-
	8,851,004	7,918,230

On 26 February 2024, the Board of Directors of the Company have declared and approved a second interim single-tier dividend of RM0.015 per ordinary share in respect of the financial year ended 31 December 2023. The dividend will be paid on 4 April 2024.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (CONTINUED)

31. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below show the details of changes in the liabilities of the Group arising from financing activities, including both cash and non-cash changes:

	Bankers' acceptance RM	Term loans RM	Lease liabilities RM
Group			
At 1 January 2022	830,000	8,752,432	2,838,487
Modification of lease term	-	-	(236,373)
Drawdown	805,000	7,510,000	1,811,299
Repayment	(830,000)	(1,615,743)	(1,077,266)
At 31 December 2022	805,000	14,646,689	3,336,147
At 1 January 2023	805,000	14,646,689	3,336,147
Acquisition of a subsidiary	-	-	86,567
Termination of lease contracts	-	-	(982,829)
Drawdown	3,978,819	-	2,109,558
Repayment	(3,594,308)	(1,786,923)	(1,300,137)
At 31 December 2023	1,189,511	12,859,766	3,249,306

32. STAFF COST

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Salaries, wages and other emoluments	29,807,405	27,213,475	158,600	152,800
Defined contribution plans	2,606,307	2,409,418	-	-
Social security contributions	256,837	225,832	-	-
	32,670,549	29,848,725	158,600	152,800

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (CONTINUED)

32. STAFF COST (CONTINUED)

Included in staff costs is aggregate amount of remuneration received and receivables by the Non-Executive Directors and the Executive Directors of the Company during the financial year as below:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Non-Executive Directors				
Fees	148,600	142,800	148,600	142,800
Other emoluments	10,000	10,000	10,000	10,000
	158,600	152,800	158,600	152,800
Executive Directors				
Fees	60,000	60,000	-	-
Salaries, wages and other emoluments	2,331,800	1,644,000	-	-
Defined contribution plans	373,088	263,040	-	-
Social security contributions	1,901	1,645	-	-
	2,766,789	1,968,685	-	-
	2,925,389	2,121,485	158,600	152,800

33. RELATED PARTY DISCLOSURES

(a) Identifying related parties

For the purposes of these financial statements, parties are considered to be related to the Group and the Company if the Group and the Company have the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly. The key management personnel comprise the Directors and management personnel of the Group and of the Company, having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company directly or indirectly.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (CONTINUED)

33. RELATED PARTY DISCLOSURES (CONTINUED)

(b) Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. In addition to the related party balances disclosed elsewhere in the financial statements, the significant related party transactions of the Group and of the Company are as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Transactions with subsidiaries				
- Dividend received	-	-	-	8,965,000
- Interest received from	-	-	196,522	251,845
Transactions with related parties				
- Purchases from	351,602	(1,856,856)	-	-
- Sales to	774,432	876,682	-	-
- Management fee received	-	7,000	-	-
- Tax services paid	2,200	2,200	-	-
Transactions with an associate				
- Rental charge to	45,600	45,600	-	-
- Sales to	2,245,955	915,708	-	-
Transactions with non-controlling interest				
- Dividend payable to	225,000	135,000	-	-

(c) Compensation of key management personnel

Remuneration of key management personnel other than directors are as follows:

	Group	
	2023 RM	2022 RM
Salaries, wages and other emoluments	2,569,104	2,442,223
Defined contribution plans	353,280	383,896
Social security contributions	4,963	4,290
	2,927,347	2,830,409

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (CONTINUED)

34. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services, and has the following reportable segments:

Pump manufacturing	:	Manufacturing of all type dealers industrial machinery.
Trading	:	Trading and distribution of process control equipment, measurement instruments and industrial pumps.
MHS solutions	:	Provision of material handling system solutions.
Metal stamping	:	Production of metal stamping parts and components and design and manufacturing of tools and dies.
E&E engineering	:	Electrical, electronic and instrumentation engineering, contracting, commissioning and servicing, and trading of electric vehicle charging station, software solution, equipment and other relevant accessories.
Others	:	Investment holding and provision of management.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

Transactions between segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation. The measurement basis and classification are consistent with those adopted in the previous financial year.

Information about segment assets and liabilities are neither included in the internal management reports nor provided regularly to the management. Hence, no disclosures are made on segment assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (CONTINUED)

34. SEGMENT INFORMATION (CONTINUED)

Group	Note	Pump manufacturing RM	Trading RM	MHS solutions RM	Metal stamping RM	E&E engineering RM	Others RM	Adjustments and eliminations RM	Total RM
2023									
External customer		612,441	99,759,894	816,495	94,951,258	15,708,637	45,600	(126,328)	211,767,997
Inter-segment		4,529,194	-	-	-	-	336,000	(4,865,194)	-
Total revenue		5,141,635	99,759,894	816,495	94,951,258	15,708,637	381,600	(4,991,522)	211,767,997
Results									
Interest income		-	2,007,917	-	81,775	9,307	181,794	(196,522)	2,084,271
Finance costs		(10,500)	(8,069)	(12,412)	(765,376)	(260,439)	-	197,344	(859,452)
Amortisation of intangible assets		-	-	-	-	(47,287)	-	-	(47,287)
Depreciation:									
- Property, plant and equipment		(193,691)	(560,109)	(95,708)	(2,973,805)	(246,914)	-	(110,852)	(4,181,079)
- Investment property		-	-	-	-	-	-	(22,186)	(22,186)
Share of results of an associate		-	-	-	-	-	-	(23,156)	(23,156)
Other non-cash items	A	-	(570,748)	(759,640)	(421,843)	35,346	-	-	(1,716,885)
Tax expense		(111,748)	(6,095,717)	16,120	(911,499)	(243,455)	(155,682)	(15,350)	(7,517,331)
Segment profit/(loss)	B	363,716	16,482,419	(1,175,336)	5,227,024	683,595	495,587	(949,615)	21,127,390
Assets									
Investment in an associate		-	-	-	-	-	174,915	(174,915)	-
Additions to non-current assets other than financial instruments and deferred tax assets	C	71,105	58,939	118,858	5,300,723	138,493	-	-	5,688,118
Segment assets	D	4,663,805	191,811,055	1,509,425	80,310,357	12,476,134	127,997,720	(116,260,944)	302,507,552
Liabilities									
Segment liabilities	E	1,825,723	58,181,523	1,550,292	18,024,766	6,794,489	4,237,312	(42,367,556)	48,246,549

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (CONTINUED)

34. SEGMENT INFORMATION (CONTINUED)

Group	Note	Pump manufacturing RM	Trading RM	MHS solutions RM	Metal stamping RM	E&E engineering RM	Others RM	Adjustments and eliminations RM	Total RM
2022									
External customer		925,077	76,331,591	-	124,707,588	9,998,181	45,600	(45,600)	211,962,437
Inter-segment		3,836,188	-	-	-	-	336,000	(4,172,188)	-
Total revenue		4,761,265	76,331,591	-	124,707,588	9,998,181	381,600	(4,217,788)	211,962,437
Results									
Interest income		-	875,168	22,200	40,360	7,729	260,051	(251,845)	953,663
Finance costs		(10,500)	(12,824)	(34,923)	(601,876)	(111,524)	-	251,845	(519,802)
Depreciation:									
- Property, plant and equipment		(226,913)	(577,433)	(97,908)	(2,390,419)	(174,546)	-	(418,406)	(3,885,625)
- Investment property		-	-	-	-	-	(22,186)	-	(22,186)
Share of results of an associate		-	-	-	-	-	-	(4,844)	(4,844)
Other non-cash items	A	-	401,158	(3,614,733)	92,569	(150,990)	-	188,618	(3,083,378)
Tax expense		(66,004)	(5,176,389)	(251,887)	(2,066,365)	(113,638)	(127,784)	19,463	(7,782,604)
Segment profit/(loss)	B	193,167	15,033,714	(2,762,729)	6,111,699	463,531	8,670,283	(9,012,855)	18,696,810
Assets									
Investment in an associate		-	-	-	-	-	174,915	(151,759)	23,156
Additions to non-current assets other than financial instruments and deferred tax assets	C	214,656	327,448	123,681	15,406,512	2,041,652	-	-	18,113,949
Segment assets ^D		4,233,515	170,619,429	2,505,383	82,824,662	10,773,130	136,183,920	(117,244,722)	289,895,317
Liabilities									
Segment liabilities	E	1,804,176	54,933,910	1,244,271	23,326,991	5,921,332	4,285,172	(44,200,646)	47,315,206

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (CONTINUED)

34. SEGMENT INFORMATION (CONTINUED)

Adjustments and eliminations

Inter-segment revenues are eliminated on consolidation.

- A. Other non-cash items consist of the following as presented in the respective notes to the financial statements:

	Group	
	2023 RM	2022 RM
Other non-cash items:		
Reversal of/(Allowance) for ECLs on trade receivables	848,030	(1,832,936)
Impairment of contract assets	(1,757,148)	(1,533,094)
Bad debts written off	-	(8,691)
Dividend income from quoted investment	21,980	5,685
Gain on disposal of property, plant and equipment	10,000	52,000
Gain on early termination of lease contracts	12,713	40,569
Goodwill written off	(129,924)	-
Unrealised (loss)/gain on foreign exchange	(324,327)	115,032
Fair value gain on financial assets through profit or loss	110,317	78,929
Provision of slow-moving inventories	(508,522)	-
Property, plant and equipment written off	(4)	(872)
	(1,716,885)	(3,083,378)

- B. The following items are added to/(deducted from) segment profit to arrive at profit after tax reported in the consolidated statement of profit or loss and other comprehensive income.

	Group	
	2023 RM	2022 RM
Segment profit	21,127,390	18,696,810
Interest income	2,084,271	953,663
Finance costs	(859,452)	(519,802)
Profit after tax	22,352,209	19,130,671

- C. Additions to non-current assets other than financial instruments consist of:

	Group	
	2023 RM	2022 RM
Property, plant and equipment	5,688,118	18,113,949

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (CONTINUED)

34. SEGMENT INFORMATION (CONTINUED)

Adjustments and eliminations (continued)

- D. The following items are added to segment assets to arrive at total assets reported in the consolidated statement of financial position.

	2023 RM	Group 2022 RM
Segment assets	302,507,552	289,895,317
Deferred tax assets	103,000	10,794
Tax recoverable	724,017	686,444
Total assets	303,334,569	290,592,555

- E. The following items are added to segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position.

	2023 RM	Group 2022 RM
Segment liabilities	48,246,549	47,315,206
Deferred tax liabilities	2,320,433	2,294,083
Lease liabilities	3,249,306	3,336,147
Loan and borrowings	14,107,105	15,451,689
Tax payable	3,113,479	3,136,345
Total liabilities	71,036,872	71,533,470

Geographic information

Revenue information based on the geographical location of customers is as follows:

	2023 RM	Group 2022 RM
Malaysia	173,577,322	200,521,181
Indonesia	26,552,188	2,294,801
Others	11,638,487	9,146,455
	211,767,997	211,962,437

Major customers

There are 2 (2022: 2) major customers contributing to RM77,009,584 (2022: RM106,754,589) of the total revenue of the Group from metal stamping segment (2022: Metal stamping segment).

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (CONTINUED)

35. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost.

The following table analyses the financial assets and financial liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
At fair value through profit or loss				
Financial assets				
Financial asset at fair value through profit or loss	3,906,553	3,774,256	-	-
At amortised cost				
Financial assets				
Trade receivables	48,222,280	52,385,205	-	-
Other receivables	1,015,658	3,008,772	275,000	165,000
Amount due from subsidiaries	-	-	40,639,621	38,696,576
Amount due from an associate	1,353,028	467,917	-	-
Fixed deposits with licensed banks	67,105,644	60,256,753	-	-
Cash and bank balances	35,057,429	40,894,961	1,082,301	12,057,047
	152,754,039	157,013,608	41,996,922	50,918,623
Financial liabilities				
Loan and borrowings	14,107,105	15,451,689	-	-
Trade payables	28,896,310	33,185,996	-	-
Other payables	8,591,660	7,411,632	24,000	72,622
	51,595,075	56,049,317	24,000	72,622

(b) Financial risk management objectives and policies

The Group's and the Company's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group and of the Company's operations whilst managing its credit, liquidity and market risks. The Group and the Company operate within clearly defined guidelines that are approved by the Board and the Group's and the Company's policy is not to engage in speculative transactions.

The following sections provide details regarding the Group's and the Company's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (CONTINUED)

35. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (continued)

(i) Credit risk

Credit risk is the risk of a financial loss to the Group and the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its trade receivables, other receivables, amount due from an associate, fixed deposits with licensed banks and cash and bank balances. The Company's exposure to credit risk arises principally from its other receivables, amount due from subsidiaries and cash and bank balances. There are no significant changes as compared to previous financial year.

The Group and the Company have adopted a policy of only dealing with creditworthy counterparties. Management has a credit policy in place to control credit risk by dealing with creditworthy counterparties and deposits with banks with good credit rating. The exposure to credit risk is monitored on an ongoing basis and action will be taken for long outstanding debts.

The Company provides unsecured loans and advances to subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

At each reporting date, the Group and the Company assess whether any of the receivables are credit impaired.

The Company provides corporate guarantees to financial institutions as disclosed in Note 37 to the financial statements. The Group and the Company monitor on an ongoing basis the results of the customer and the subsidiaries and repayments made by the customer and the subsidiaries.

The gross carrying amounts of credit impaired receivables and contract assets are written off (either partial or full) when 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 sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, receivables and contract assets that are written off could still be subject to enforcement activities.

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the financial year represent the Group's and the Company's maximum exposure to credit risk.

There are no significant changes as compared to previous financial year.

As at the end of the financial year, the Group have 1 (2022: 1) major customer and accounted for approximately 20% (2022: 29%) of the trade receivables outstanding.

Financial guarantee contracts

All of the financial guarantee contracts are considered to be performing, have low risks of default and historically there were no instances where these financial guarantee contracts were called upon by the parties of which the financial guarantee contracts were issued to. Accordingly, no loss allowances were identified based on 12-month expected credit losses.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (CONTINUED)

35. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (continued)

(ii) Liquidity risk

Liquidity risk refers to the risk that the Group and the Company will encounter difficulty in meeting their financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group's and the Company's funding requirements and liquidity risk are managed with the objective of meeting business obligations on a timely basis. The Group and the Company finance their liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available.

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay.

	On demand within 1 year RM	1 to 5 years RM	More than 5 years RM	Total contractual cash flows RM	Total carrying amount RM
Group					
2023					
<u>Non-derivative</u>					
<u>financial liabilities</u>					
Lease liabilities	1,297,681	2,155,680	-	3,453,361	3,249,306
Loan and borrowings	3,620,868	7,220,482	6,178,008	17,019,358	14,107,105
Trade payables	28,896,310	-	-	28,896,310	28,896,310
Other payables	8,591,660	-	-	8,591,660	8,591,660
	42,406,519	9,376,162	6,178,008	57,960,689	54,844,381
<hr/>					
Financial guarantee*	-	-	-	-	-
<hr/>					
2022					
<u>Non-derivative</u>					
<u>financial liabilities</u>					
Lease liabilities	1,229,149	2,331,630	15,341	3,576,120	3,336,147
Loan and borrowings	3,183,998	8,391,822	7,460,325	19,036,145	15,451,689
Trade payables	33,185,996	-	-	33,185,996	33,185,996
Other payables	7,411,632	-	-	7,411,632	7,411,632
	45,010,775	10,723,452	7,475,666	63,209,893	59,385,464
<hr/>					
Financial guarantee*	669,425	-	-	669,425	-
<hr/>					

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (CONTINUED)

35. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (continued)

(ii) Liquidity risk (continued)

	On demand within 1 year RM	1 to 5 years RM	More than 5 years RM	Total contractual cash flows RM	Total carrying amount RM
Company					
2023					
<u>Non-derivative</u>					
<u>financial liabilities</u>					
Other payables	24,000	-	-	24,000	24,000
<hr/>					
Financial guarantee*	27,385,485	-	-	27,385,485	
<hr/>					
2022					
<u>Non-derivative</u>					
<u>financial liabilities</u>					
Other payables	72,622	-	-	72,622	72,622
<hr/>					
Financial guarantee*	17,054,779	-	-	17,054,779	
<hr/>					

* Based on the maximum amount that can be called for under the financial guarantee contract

(iii) Market risk

(a) Foreign currency risk

The Group is exposed to foreign currency risk on transactions that are denominated in currencies other than the respective functional currencies of the Company. The currencies giving rise to this risk are primarily EUR, SGD, GBP, USD and RMB.

The Group has not entered into any derivative instruments for hedging or trading purposes. Where possible, the Group will apply natural hedging by selling and purchasing in the same currency. However, the exposure to foreign currency risk is monitored from time to time by management.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (CONTINUED)

35. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (continued)

(iii) Market risk (continued)

(a) Foreign currency risk (continued)

The carrying amounts of the Group's foreign currency denominated financial asset and financial liability at the end of the reporting period are as follows:

	Financial assets RM	Financial liabilities RM	Total RM
Group 2023			
EUR	3,339,865	(2,963,383)	376,482
SGD	-	(254,221)	(254,221)
GBP	53,594	(260,742)	(207,148)
USD	19,019,930	(5,346,652)	13,673,278
RMB	287,797	-	287,797
	22,701,186	(8,824,998)	13,876,188
2022			
EUR	420,942	(2,809,592)	(2,388,650)
SGD	1,310,170	-	1,310,170
GBP	29,547	(59,465)	(29,918)
USD	12,329,990	(7,857,205)	4,472,785
RMB	165,960	-	165,960
	14,256,609	(10,726,262)	3,530,347

Foreign currency sensitivity analysis

The following table demonstrates the sensitivity of the Group's profit before tax for the financial year to a reasonably possible change in the EUR, SGD, GBP, USD and RMB exchange rates against the functional currencies of the Group, with all other variables held constant.

	Change in currency rate	Effect on profit before tax	
		2023 RM	2022 RM
EUR	Strengthened 1% (2022: 1%)	3,765	(23,887)
	Weakened 1% (2022: 1%)	(3,765)	23,887
SGD	Strengthened 1% (2022: 1%)	(2,542)	13,102
	Weakened 1% (2022: 1%)	2,542	(13,102)
GBP	Strengthened 2% (2022: 2%)	(4,143)	(598)
	Weakened 2% (2022: 2%)	4,143	598
USD	Strengthened 1% (2022: 1%)	136,733	44,728
	Weakened 1% (2022: 1%)	(136,733)	(44,728)
RMB	Strengthened 1% (2022: 1%)	2,878	1,660
	Weakened 1% (2022: 1%)	(2,878)	(1,660)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2023 (CONTINUED)

35. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (continued)

(iii) Market risk (continued)

(b) Interest rate risk

The Group's lease liabilities are exposed to a risk of change in their fair value due to changes in interest rates.

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at end of the reporting period was:

	2023 RM	Group 2022 RM
Fixed rate instruments		
<u>Financial assets</u>		
Fixed deposits with licensed banks	67,105,644	60,256,753
<u>Financial liabilities</u>		
Lease liabilities	(3,249,306)	(3,336,147)
Bankers' acceptance	(1,189,511)	(805,000)
	(4,438,817)	(4,141,147)
Net financial assets	62,666,827	56,115,606
Floating rate instruments		
<u>Financial liabilities</u>		
Term loans	(12,859,766)	(14,646,689)

	Company	
	2023	2022
	RM	RM
Fixed rate instruments		
Financial assets	-	6,124,418

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (CONTINUED)

35. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (continued)

(iii) Market risk (continued)

(b) Interest rate risk (continued)

Interest rate risk sensitivity analysis (continued)

Cash flow sensitivity analysis for floating rate instruments

A change in 1% interest rate at the end of the reporting period would have increased/ (decreased) the Group's profit before tax by RM128,598 (2022: RM146,467), arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. This analysis assumes that all other variables remain constant. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(c) Fair value of financial instruments

The carrying amounts of short-term receivables and payables, cash and cash equivalents and short-term borrowings approximate their fair value due to the relatively short-term nature of these financial instruments and insignificant impact of discounting.

The carrying amount of long-term floating rate loans approximate their fair value as the loans will be re-priced to market interest rate on or near reporting date.

It was not practicable to estimate the fair value of investment in unquoted equity due to the lack of comparable quoted prices in an active market and the fair value cannot be reliably measured.

(i) Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

There were no transfers between levels during the current and previous financial years.

(ii) Level 1 fair value

Level 1 fair value is derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

(iii) Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

(iv) Level 3 fair value

Level 3 fair value for the financial assets and liabilities are estimated using unobservable inputs.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (CONTINUED)

35. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (continued)

(iii) Market risk (continued)

(c) Fair value of financial instruments (continued)

The following table summarises the methods used in determining the fair value of financial assets on a recurring basis as at 31 December 2023 and 31 December 2022.

Financial asset	Fair value as at 2023 RM	2022 RM	Fair value hierarchy	Valuation techniques and key inputs
Group and Company				
Financial asset at fair value through profit or loss	3,906,553	3,774,256	Level 2	Reference to statements provided by the respective financial institutions.

36. CAPITAL COMMITMENT

	2023 RM	Group 2022 RM
Authorised but contracted for:		
- Property, plant and equipment	-	453,000
Contracted but not provided for:		
- Property, plant and equipment	1,878,426	-

37. FINANCIAL GUARANTEE

	2023 RM	2022 RM
Group		
Unsecured		
Bank guarantees given to customers against any breach of contracts by a subsidiary	-	669,425
Company		
Unsecured		
Corporate guarantees given to licensed financial institutions for credit facilities granted to subsidiaries	27,385,485	17,054,779

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (CONTINUED)

38. CAPITAL MANAGEMENT

The Group's and the Company's objectives when managing capital are to safeguard the Group's and the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group and the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group and the Company monitor capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the statements of financial position) less cash and cash equivalents. The gearing ratio of the Group and of the Company as at the end of the reporting year is presented as follows:

	2023 RM	Group 2022 RM
Total loan and borrowings	14,107,105	15,451,689
Total lease liabilities	3,249,306	3,336,147
Less: Cash and cash equivalents	(102,163,073)	(101,151,714)
Net cash	(84,806,662)	(82,363,878)
Total equity	232,297,697	219,059,085
Gearing ratio	NA	NA

NA – not applicable/not meaningful as cash and cash equivalents exceeded the total debts.

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

39. DATE OF AUTHORISATION FOR ISSUE

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 3 April 2024.

ANALYSIS OF SHAREHOLDINGS

AS AT 20 MARCH 2024

Number of Issued Shares : 442,550,214
 Class of Shares : Ordinary shares
 Voting Rights : One (1) vote per share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares Held	%
1 – 99	10	0.295	182	0.000
100 – 1,000	293	8.633	163,498	0.037
1,001 – 10,000	1,514	44.608	9,184,720	2.075
10,001 – 100,000	1,312	38.656	45,393,100	10.257
100,001 – 22,127,510 *	262	7.720	195,407,752	44.155
22,127,511 and above **	3	0.088	192,400,962	43.476
Total	3,394	100.000	442,550,214	100.000

Notes:

* Less than 5% of the issued shares

** 5% and above of the issued shares

DIRECTORS' SHAREHOLDINGS

Name	Direct Interest		Indirect Interest	
	No. of Shares Held	%	No. of Shares Held	%
Datuk Zainal Abidin Bin Ujud	200,000	0.045	-	-
Aik Swee Tong				
- own	23,868,616	5.393	147,663,730 *	33.367
- others	-	-	5,155,000 ^	1.165
Aik Cwo Shing	23,868,616	5.393	147,663,730 *	33.367
Gong Wooi Teik	300,000	0.068	-	-
Lee Chen Yow	180,000	0.041	-	-
Sharon Lee Ching Yee	-	-	-	-

Notes:

* Deemed interest by virtue of his shareholdings in ABC Equity Sdn Bhd pursuant to Section 8(4) of the Companies Act 2016

^ Disclosure of interest held by his spouse pursuant to Section 59(11)(c) of the Companies Act 2016

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

Name	Direct Interest		Indirect Interest	
	No. of Shares Held	%	No. of Shares Held	%
ABC Equity Sdn Bhd	147,663,730	33.367	-	-
Aik Swee Tong	23,868,616	5.393	147,663,730 *	33.367
Aik Cwo Shing	23,868,616	5.393	147,663,730 *	33.367

Note:

* Deemed interest by virtue of his shareholdings in ABC Equity Sdn Bhd pursuant to Section 8(4) of the Companies Act 2016

ANALYSIS OF SHAREHOLDINGS

AS AT 20 MARCH 2024

TOP 30 SHAREHOLDERS

No.	Name	No. of Shares Held	%
1	ABC EQUITY SDN BHD	147,663,730	33.367
2	AIK CWO SHING	22,368,616	5.054
3	AIK SWEE TONG	22,368,616	5.054
4	YAYASAN GURU TUN HUSSEIN ONN	14,784,800	3.341
5	FEDERLITE HOLDINGS SDN BHD	14,507,500	3.278
6	AIK KWO LIANG	14,137,714	3.195
7	WONG CHIAU SIEW	11,896,352	2.688
8	AIK HUI LUAN	11,763,628	2.658
9	AIK AI KOK	10,730,902	2.425
10	AIK SENG KAH	9,802,910	2.215
11	LIM BEE TENG	5,155,000	1.165
12	WONG SEIK SIANG	5,050,000	1.141
13	PHILLIP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM CHENG HUAT	5,000,000	1.130
14	SOH WAI HAR	3,843,300	0.868
15	WONG SZE YUN	3,800,000	0.859
16	CHAN CHOP TONG @ AIK CHOP TONG	3,118,132	0.705
17	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM KUAN GIN	3,038,000	0.686
18	LIM KUAN GIN	2,170,000	0.490
19	TOH SEK PIEW	1,700,000	0.384
20	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR AIK CWO SHING	1,500,000	0.339
21	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR AIK SWEE TONG	1,500,000	0.339
22	LIM ENG HEE	1,500,000	0.339
23	NG CHEE SENG	1,500,000	0.339
24	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHAI CHEN HOE (7011881)	1,422,500	0.321
25	KENANGA NOMINEES (TEMPATAN) SDN BHD RAKUTEN TRADE SDN BHD FOR L.LAKSHMANAN A/L V.LAKSHMANAN	1,420,400	0.321
26	LIM CHEAH CHOOI	1,383,000	0.313
27	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHEE SAI MUN	1,296,000	0.293
28	AIK HUI CHYN	1,157,014	0.261
29	B-OK SDN BHD	1,069,000	0.242
30	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHIN FOO KONG (6000000)	1,068,700	0.241
TOTAL		327,715,814	74.052

NOTICE OF ELEVENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Eleventh Annual General Meeting (“11th AGM” or “the Meeting”) of Dancomech Holdings Berhad (“the Company”) will 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 to transact the following business:-

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2023 and the Reports of Directors and Auditors thereon.
2. To re-elect the following Directors who are retiring by rotation pursuant to the Constitution of the Company:-
 - 2.1 Datuk Zainal Abidin Bin Ujud **Resolution 1**
 - 2.2 Mr Aik Swee Tong **Resolution 2**
3. To approve the payment of Directors’ Fees of up to RM200,000 and benefits of up to RM20,000 to the Non-Executive Directors from 31 May 2024 until the next Annual General Meeting of the Company. **Resolution 3**
4. To re-appoint TGS TW PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 4**

SPECIAL BUSINESS

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

5. **RETENTION OF DATUK ZAINAL ABIDIN BIN UJUD AS INDEPENDENT DIRECTOR** **Resolution 5**
 “THAT, subject to the passing of Resolution 1, Datuk Zainal Abidin Bin Ujud be and is hereby retained as Independent Director of the Company and be designated as such until the conclusion of the next Annual General Meeting, subject to the provisions of the relevant regulatory authorities.”
6. **RETENTION OF MR GONG WOUI TEIK AS INDEPENDENT DIRECTOR** **Resolution 6**
 “THAT Mr Gong Woui Teik be and is hereby retained as Independent Director of the Company and be designated as such until the conclusion of the next Annual General Meeting, subject to the provisions of the relevant regulatory authorities.”
7. **RETENTION OF MR LEE CHEN YOW AS INDEPENDENT DIRECTOR** **Resolution 7**
 “THAT Mr Lee Chen Yow be and is hereby retained as Independent Director of the Company and be designated as such until the conclusion of the next Annual General Meeting, subject to the provisions of the relevant regulatory authorities.”
8. **AUTHORITY FOR DIRECTORS TO ALLOT AND ISSUE SHARES** **Resolution 8**
 “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.”

NOTICE OF ELEVENTH ANNUAL GENERAL MEETING

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."

9. PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED SHAREHOLDERS' MANDATE") **Resolution 9**

"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 30 April 2024 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."

- 10. To transact any other business for which due notice shall have been given in accordance with the Act and the Company's Constitution.

By Order of the Board
DANCOMECH HOLDINGS BERHAD

TAN FONG SHIAN
SSM PC NO. 201908004045 (MAICSA 7023187)
LIEW CHAK HOOI
SSM PC NO. 201908004042 (MAICSA 7055965)
Secretaries

Kuala Lumpur
30 April 2024

NOTICE OF ELEVENTH ANNUAL GENERAL MEETING

Notes:

- (1) *The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Act which requires the Chairman of the Meeting to be present at the main venue of the Meeting. Shareholders/ proxies from the public will **NOT** be allowed to be physically present at the Broadcast Venue. Shareholders who wish to participate in the Meeting will have to register online and attend remotely.*

Kindly read and follow the procedures in the Administrative Notes for the Meeting in order to participate remotely.

- (2) *A member of the Company entitled to attend, speak and vote at the Meeting is entitled to appoint not more than two proxies to attend, speak and vote in his/her stead. Where a member appoints more than one proxy to attend, speak and vote at the Meeting, such appointment shall be invalid unless he/she specifies the proportion of his/her holdings to be represented by each proxy.*
- (3) *Where a member of the Company is an authorised nominee, it may appoint at least one (1) proxy in respect of each securities account it holds to which ordinary shares in the Company are credited.*
- (4) *Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.*
- (5) *Only a depositor whose name appears in the Company's Record of Depositors as at 23 May 2024 shall be regarded as a member and entitled to attend, speak and vote at the Meeting or appoint proxy(ies) to attend, speak and vote on his/her behalf.*
- (6) *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 the corporation's seal or under the hand of an officer or attorney duly authorised.*
- (7) *The original instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Poll Administrator's Office at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur or submitted via email at AGM-support.Dancomech@megacorp.com.my not less than forty-eight (48) hours before the time for holding the Meeting or adjourned meeting. You also have the option to register directly at <https://vps.megacorp.com.my/dB6nuY> to submit the proxy appointment electronically. For further information on the electronic submission of proxy form, kindly refer to the Administrative Notes.*
- (8) *The Personal Data Protection Act 2010, which regulates the processing of personal data in commercial transactions, applies to the Company. By providing to us or our agents your personal data which may include your name, contact details and mailing address, you hereby consent, agree and authorise the processing and/or disclosure of any personal data of or relating to you for the purposes of issuing the notice of the Meeting and convening the Meeting, including but not limited to preparation and compilation of documents and other matters, whether or not supplied by you. You further confirm to have obtained the consent, agreement and/or authorisation of all persons whose personal data you have disclosed and/or processed, in connection with the foregoing.*

NOTICE OF ELEVENTH ANNUAL GENERAL MEETING

EXPLANATORY NOTES

Resolutions 5, 6 and 7 – Retention of Independent Directors

The proposed Ordinary Resolutions 5, 6 and 7 are to seek shareholders' approval to retain Datuk Zainal Abidin Bin Ujud, Mr Gong Wooi Teik and Mr Lee Chen Yow, who have served the Board of Directors of the Company for a cumulative term of more than 9 years, as Independent Directors of the Company. The Board recommended that Datuk Zainal Abidin Bin Ujud, Mr Gong Wooi Teik and Mr Lee Chen Yow be retained as Independent Directors based on the following justifications:-

- (i) Confirmation and declaration that they met the criteria of Independent Director prescribed under Paragraph 1.01 of the Main Market Listing Requirements of Bursa Securities;
- (ii) Confirmation and declaration that they have no conflict of interests with the Company and have not been entering/are not expected to enter into contract(s) especially material contract(s) with the Company and/or its subsidiary companies; and
- (iii) Their length of service on the Board do not in any way interfere with their exercise of balance and objective views to Board deliberations. Their experiences and knowledge in the Group's business and operations enable them to contribute effectively to Board deliberations and decision making.

Resolution 8 – Authority for Directors to Allot and Issue Shares

The proposed Ordinary Resolution 8, if passed, will renew the authority given to the Directors of the Company to allot and issue new shares in the Company pursuant to Sections 75 and 76 of the Act ("General Mandate"), without first offer to holders of existing issued shares of the Company, provided that the number of shares issued pursuant to this General Mandate, when aggregated with the number of shares issued during the preceding twelve (12) months, does not exceed 10% of the total number of issued shares of the Company at the time of issue. The renewed General Mandate, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.

With the renewed General Mandate, the Company will be able to raise funds expeditiously for the purpose of funding future investment project(s), working capital, repayment of borrowings and/or acquisition(s) without having to convene a general meeting to seek shareholders' approval when such opportunities or needs arise.

As at the date of this Notice, the Company did not issue any new shares pursuant to the mandate obtained at the Tenth AGM of the Company held on 25 May 2023.

Resolution 9 – Proposed Shareholders' Mandate

The proposed Ordinary Resolution 9, if passed, will renew the mandate for the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature with specified related parties in accordance with the applicable regulatory rules and requirements. This authority, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next AGM of the Company.

Details of the Proposed Shareholders' Mandate are contained in the Circular to Shareholders of the Company dated 30 April 2024.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

No individual is standing for election as Director at the forthcoming Eleventh Annual General Meeting of the Company.



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

ADMINISTRATIVE NOTES
FOR THE 11th ANNUAL GENERAL MEETING (“11th AGM” or “the Meeting”)

Date : **Thursday, 30 May 2024**
Time : **2:00 p.m.**
Broadcast Venue : **No. 19, Jalan Pelukis U1/46, Seksyen U1, 40150 Shah Alam, Selangor**

Voting via Digital Ballot Form at a Virtual 11th AGM

1. The 11th AGM of Dancomech Holdings Berhad (“**the Company**”) will be conducted on a virtual basis through live streaming from the Broadcast Venue.
2. The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the Meeting to be present at the main venue of the Meeting. Shareholders/proxies from the public will not be allowed to attend the 11th AGM in person at the Broadcast Venue on the day of the Meeting.
3. This is a Virtual 11th AGM. Shareholders who wish to participate at the Meeting will therefore have to do so remotely. Pre-registration of attendance is required via the link at <https://vps.megacorp.com.my/dB6nuY> (please refer to paragraph 6 for further details). After the registration is validated and accepted, shareholders will receive an email to grant access to the Meeting Link and the **Digital Ballot Form (“DBF”)**.
4. With the DBF and the Meeting Link, you may exercise your right as a shareholder of the Company to participate and vote during the Meeting, at the comfort of your home or from any location.
5. Shareholders may use the *Questions’ Pane* facility (located at the top right corner of the screen) to submit questions in real time during the Meeting via the Live-Streaming solution. Shareholders may also submit questions before the Meeting via email to the following e-mail address in relation to the agenda items for the 11th AGM:
AGM-support.Dancomech@megacorp.com.my

Registration Procedure

6. Kindly follow the steps below to ensure that you are able to obtain your DBF and details to log in to the Live-Streaming session to participate and vote remotely during the Meeting online:
 - a. Open the link at <https://vps.megacorp.com.my/dB6nuY> or scan the QR code at the top right corner of this document, and submit all requisite details at least forty-eight (48) hours before the 11th AGM.
 - b. Only shareholders are allowed to register their details online. Shareholders can also appoint proxies or Chairman of the Meeting as proxy via online, as in step (a) above. Please ensure that your details are accurate as non-compliance would result in you not being able to participate in the Meeting.
 - c. Alternatively, you may deposit your Form of Proxy, duly completed with the proxy’s email address and mobile phone number, at the office of the Poll Administrator at least 48 hours before the 11th AGM at:
Mega Corporate Services Sdn. Bhd.
Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur, Wilayah Persekutuan
or;
Submit via e-mail to:
AGM-support.Dancomech@megacorp.com.my
 - d. For corporate shareholders / nominee accounts, please execute Form of Proxy as per step (c) above.

- e. Upon verification on your registration, the Poll Administrator, Mega Corporate Services Sdn. Bhd., will send the following via email:
 - i. **Meeting Link** – for the Live-Streaming Session
 - ii. **DBF** – for Voting Purposes

Record of Depositors (“ROD”) for the 11th AGM

- 7. The date of ROD for the Meeting is Thursday, 23 May 2024. As such, only shareholders whose name appear in the ROD shall be entitled to participate and vote at the Meeting or appoint proxy(ies) / corporate representative(s) to participate and vote on his / her behalf.

Poll Voting

- 8. The voting of the Meeting will be conducted by poll. The Company has appointed Mega Corporate Services Sdn. Bhd. as the Poll Administrator to conduct the polling process by way of e-voting, and Cygnus Technology Solutions Sdn. Bhd. as Scrutineers to verify the poll results.
- 9. Shareholders can proceed to vote on the resolutions and submit your votes during the voting period as stipulated in the DBF. Upon completion of the voting session for the Meeting, the Scrutineers will verify the poll results after which the Chairman will announce the poll results of the resolutions.

No Gifts/Voucher

- 10. There will be no distribution of gifts or vouchers for the 11th AGM of the Company. The Company would like to thank all its shareholders for their kind co-operation and understanding on this matter.

Recording or Photography

- 11. Unauthorised recording or photography of the proceedings of the 11th AGM are strictly prohibited.

Enquiry

If you have any enquiries prior to the 11th AGM, please contact the following persons during office hours (Monday to Friday):

Poll Administrator

Mega Corporate Services Sdn Bhd

E-mail : AGM-support.Dancomech@megacorp.com.my

Telephone No. : +60 (3) 2694 8984

Alfred : +60 (12) 912 2734

Hisham : +60 (12) 252 9136

Dancomech Holdings Berhad

Mr Tang Yuen Kin

E-mail : DANCO_AGM@dancomech.com.my

Telephone No. : +603 5569 2929

Facsimile No. : +603 5569 2935 / 37

Personal Data Policy

By registering for the remote participation and electronic voting meeting and/or submitting the instrument appointing a proxy(ies) and/or representative(s), the member of the Company has consented to the use of such data for purposes of processing and administration by the Company (or its agents); and to comply with any laws, listing rules, regulations and/or guidelines. The member agrees that he/she will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the shareholder's breach of warranty.



I/We _____
(FULL NAME IN BLOCK LETTERS)

NRIC/Passport/Company No. _____ Mobile No. _____

of _____
(ADDRESS)

being a member of **DANCOMECH HOLDINGS BERHAD** ("the Company"), hereby appoint:-

Full name as per NRIC No./Passport No.	NRIC No./Passport No.	Proportion of shareholding	
		No. of Shares	%
Email Address	Mobile No.		
Mailing Address			

* and/or failing him/her

Full name as per NRIC No./Passport No.	NRIC No./Passport No.	Proportion of shareholding	
		No. of Shares	%
Email Address:	Mobile No.		
Mailing Address			

or failing him/her, the CHAIRMAN OF THE MEETING* as my/our proxy(ies) to vote for me/us and on my/our behalf at the Eleventh Annual General Meeting of the Company 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. My/Our proxy(ies) shall vote as indicated below:

NO.	RESOLUTIONS	FOR	AGAINST
Resolution 1	Re-election of Datuk Zainal Abidin Bin Ujud as Director		
Resolution 2	Re-election of Mr Aik Swee Tong as Director		
Resolution 3	Approval of the payment of Directors' Fees and benefits		
Resolution 4	Re-appointment of TGS TW PLT as Auditors		
Resolution 5	Retention of Datuk Zainal Abidin Bin Ujud as Independent Director		
Resolution 6	Retention of Mr Gong Wooi Teik as Independent Director		
Resolution 7	Retention of Mr Lee Chen Yow as Independent Director		
Resolution 8	Authority for Directors to allot and issue shares		
Resolution 9	Proposed Shareholders' Mandate		

Please indicate with a "✓" or "X" in the appropriate space how you wish your votes to be cast. If you do not indicate how you wish your proxy to vote on any resolution, the proxy will vote as he or she thinks fit, or, at his or her discretion, abstain from voting.

Dated this day of

Number of ordinary shares held
Central Depository System Account No.

Signature of Member / Common Seal

* Delete the words "the CHAIRMAN OF THE MEETING" if you wish to appoint some other person(s) only to be your proxy/proxies.

Notes:

- The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Act which requires the Chairman of the Meeting to be present at the main venue of the Meeting. Shareholders/proxies from the public will NOT be allowed to be physically present at the Broadcast Venue. Shareholders who wish to participate in the Meeting will have to register online and attend remotely. **Kindly read and follow the procedures in the Administrative Notes for the Meeting in order to participate remotely.**
- A member of the Company entitled to attend, speak and vote at the Meeting is entitled to appoint not more than two proxies to attend, speak and vote in his/her stead. Where a member appoints more than one proxy to attend, speak and vote at the Meeting, such appointment shall be invalid unless he/she specifies the proportion of his/her holdings to be represented by each proxy.
- Where a member of the Company is an authorised nominee, it may appoint at least one (1) proxy in respect of each securities account it holds to which ordinary shares in the Company are credited.
- Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.
- Only a depositor whose name appears in the Company's Record of Depositors as at 23 May 2024 shall be regarded as a member and entitled to attend, speak and vote at the Meeting or appoint proxy(ies) to attend, speak and vote on his/her behalf.
- 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 the corporation's seal or under the hand of an officer or attorney duly authorised.
- The original instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Poll Administrator's Office at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur or submitted via email at AGM-support.Dancomech@megacorp.com.my not less than forty-eight (48) hours before the time for holding the Meeting or adjourned meeting. You also have the option to register directly at <https://vps.megacorp.com.my/dB6nuY> to submit the proxy appointment electronically. For further information on the electronic submission of proxy form, kindly refer to the Administrative Notes.
- The Personal Data Protection Act 2010, which regulates the processing of personal data in commercial transactions, applies to the Company. By providing to us or our agents your personal data which may include your name, contact details and mailing address, you hereby consent, agree and authorise the processing and/or disclosure of any personal data of or relating to you for the purposes of issuing the notice of the Meeting and convening the Meeting, including but not limited to preparation and compilation of documents and other matters, whether or not supplied by you. You further confirm to have obtained the consent, agreement and/or authorisation of all persons whose personal data you have disclosed and/or processed, in connection with the foregoing.

Fold this flap for sealing

Then fold here

AFFIX
STAMP

DANCOMECH HOLDINGS BERHAD
Registration No. 201301020455 (1050285-U)
c/o Poll Administrator’s Office
Mega Corporate Services Sdn Bhd
Level 15-2, Bangunan Faber Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur

1st fold here

DANCOMECH HOLDINGS BERHAD

Registration No. 201301020455 (1050285-U)

No. 19 Jalan Pelukis U1/46,
Seksyen U1, 40150 Shah Alam, Selangor Darul Ehsan.
Tel : (603) 5569 2929 Fax : (603) 5569 2935/37

dancomech.com.my

Specialised in Valves, Gauges, Recorders & Pumps