

D'NONCE TECHNOLOGY BHD
[Registration No. 200001000687 (503292-K)]
(Incorporated in Malaysia)

MINUTES OF THE TWENTY-THIRD (“22ND”) ANNUAL GENERAL MEETING OF D'NONCE TECHNOLOGY BHD HELD ON A VIRTUAL BASIS THROUGH LIVE STREAMING FROM THE BROADCAST VENUE AT LOT 4.1, 4TH FLOOR, MENARA LIEN HOE, NO. 8, PERSIARAN TROPICANA, TROPICANA GOLF & COUNTRY RESORT, 47410 PETALING JAYA, SELANGOR DARUL EHSAN ON FRIDAY, 22 SEPTEMBER 2023 AT 10:30 A.M.

Present at Broadcast Venue : **Board of Director**
Dato' Moktar Bin Mohd Noor (*Chairman*)
Datuk Sham Shamrat Sen Gupta (*“Datuk Sham”*) –
Independent Non-Executive Director

In Attendance : Ms. Adeline Tang Koon Ling – *Company Secretary*
Ms. Tan Soo Pooi – *Representative from Workshire Corporate Services Sdn Bhd*

Attended via Video Conferencing : **Board of Directors**
Mr. Choong Lee Aun (*“Mr Choong”*) – *Executive Director*
Mr. Kang Teik Yih – *Independent Non-Executive Director*
Ms. Ong Poh Lin Abdullah – *Independent Non-Executive Director*

Senior Management
Mr. Teo Tin Jien, Jimmy
Mr. Aw Yeong Weng Kwong – *Chief Financial Officer (“CFO”)*

Representative from Messrs Grant Thornton Malaysia PLT – External Auditors
Mr. Loo Wei Teng
Mr. Teh Khang Xuen

Attendance of Shareholders

The attendance of members/corporate representatives/proxies is as per the Summary of Attendance List via the Remote Participation and Voting (“RPV”) facilities operated by Inshub Sdn Bhd (“Inshub”) in Malaysia via <https://rebrand.ly/DTB-AGM>.

CHAIRMAN

On behalf of the Board of Directors of D'nonce Technology Bhd (“DTB” or “the Company”), Dato' Moktar Bin Mohd Noor, Chairman of the Company, welcomed the members and attendees to the Company's 23rd Annual General Meeting (“23rd AGM”). Chairman informed that the 22nd AGM was convened on a virtual basis through live streaming from the Broadcast Venue.

Chairman introduced the Board members, the management team, Company Secretary and the External Auditors to the members.

NOTICE

There being no objection, the notice convening the meeting dated 31 July 2023, having been circulated earlier to all the members of the Company within the statutory period, was taken as read.

QUORUM

Chairman informed the meeting that the Constitution of the Company required the presence of at least two members or proxies or corporate representatives to form a quorum. For a virtual general meeting, the quorum shall be determined by the number of members who logged-in at the commencement of the meeting.

Upon confirming the presence of the requisite quorum pursuant to the Company's Constitution as confirmed by the Company Secretary, the Chairman called the meeting to order at 10:30 a.m.

POLLING AND ADMINISTRATIVE MATTERS

Chairman informed that pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the notice of a general meeting must be voted by poll.

Pursuant to the Company's Constitution, Chairman declared that all resolutions set out in the Notice of the 23rd AGM shall be voted by poll. The poll would be conducted after all items on the agenda were dealt with.

Chairman then briefed the members on the flow of the meeting as follows:-

- (1) The meeting to go through all the five (5) ordinary resolutions of the Company as set out in the Notice of the 23rd AGM.
- (2) Questions and Answers ("Q&A") session whereby the Board addressed the questions submitted by the members using Q&A panel via the RPV facilities.
- (3) After having dealt with the Q&A, all the five (5) ordinary resolutions shall be put to vote electronically via RPV application operated by Mlabs.

The members were informed that the Company had appointed Workshire Share Registration Sdn. Bhd. as the poll administrator to conduct the polling process and Symphony Corporate Services Sdn. Bhd. as the independent scrutineer to verify the poll results.

The guide on the remote voting procedures and the manner to navigate through the RPV application were then shared to the members.

Chairman informed that the online voting on all the ordinary resolutions would remain open until the closure of voting session to be declared by himself.

LETTER FROM MINORITY SHAREHOLDERS WATCH GROUP

Chairman informed the meeting that the Company received a letter dated 15 September 2023 from the Minority Shareholders Watch Group ("MSWG") and the Company had prepared a letter of reply accordingly.

Chairman then invited Mr Choong, the Executive Director and Mr. Aw Yeong Weng Kwong, the CFO of the Company, to share the questions raised by MSWG together with the Company's reply to MSWG.

The letter dated 15 September 2023 from the MSWG together with the Company's letter of reply marked as Appendix A is attached hereto, and shall formed part of these minutes.

Chairman then proceeded with the business of the agenda of the 23rd AGM.

1. AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023 AND THE REPORTS OF THE DIRECTORS AND AUDITORS

The Audited Financial Statements for the financial year ended 31 March 2023 ("AFS FYE 2023") together with the Reports of the Directors and Auditors, having been circulated to all the members of the Company within the statutory period, were tabled to the meeting.

Chairman informed that the AFS FYE 2022 was meant for discussion only as pursuant to the Companies Act 2016, the AFS does not require a formal approval of the members. Therefore, it was not put forward for voting.

Chairman declared that the AFS FYE 2022 together with the Reports of the Directors and Auditors thereon be received.

2. ORDINARY RESOLUTION 1 - DIRECTORS' FEES AND BENEFITS UP TO AN AMOUNT OF RM400,000 FOR THE PERIOD FROM THIS 23RD ANNUAL GENERAL MEETING UNTIL THE NEXT ANNUAL GENERAL MEETING OF THE COMPANY

Chairman proceeded to ordinary resolution 1 on the payment of the Directors' Fees and Benefits up to an amount of RM400,000 for the period from this 23rd Annual General Meeting until the next Annual General Meeting of the Company. The following resolution was put to the meeting for consideration and voting:-

"THAT the payment of the Directors' Fees and Benefits up to an amount of RM400,000 for the period from this 23rd Annual General Meeting until the next Annual General Meeting of the Company be approved."

3. ORDINARY RESOLUTION 2 - RE-ELECTION OF DATUK SHAM SHAMRAT SEN GUPTA WHO RETIRES BY ROTATION PURSUANT TO CLAUSE 107 OF THE COMPANY'S CONSTITUTION

Chairman then moved on to ordinary resolution 2 was concerning the re-election of Datuk Sham Shamrat Sen Gupta. The following resolution to the meeting for consideration and voting:-

"THAT Datuk Sham Shamrat Sen Gupta retiring pursuant to Clause 107 of the Company's Constitution and being eligible, be re-elected as Director of the Company."

4. ORDINARY RESOLUTION 3 - RE-ELECTION OF MS. ONG POH LIN ABDULLAH WHO RETIRES BY ROTATION PURSUANT TO CLAUSE 114 OF THE COMPANY'S CONSTITUTION

Chairman then moved on to ordinary resolution 3 was concerning the re-election of Ms. Ong Poh Lin Abdullah. The following resolution to the meeting for consideration and voting:-

"THAT Ms. Ong Poh Lin Abdullah retiring pursuant to Clause 114 of the Company's Constitution and being eligible, be re-elected as Director of the Company."

5. ORDINARY RESOLUTION 6 - RE-APPOINTMENT OF MESSRS GRANT THORNTON MALAYSIA PLT AS AUDITORS OF THE COMPANY

Chairman moved on to ordinary resolution 4 on the re-appointment of Auditors. The Chairman informed that Messrs Grant Thornton Malaysia PLT had indicated their willingness to continue in office. He then put the following resolution to the meeting for consideration and voting:-

“THAT Messrs Grant Thornton Malaysia PLT be hereby re-appointed as Auditors of the Company at a fee to be agreed upon with the Directors and to hold office until the conclusion of the next Annual General Meeting AND THAT the Directors be authorised to fix their remuneration.”

6. ORDINARY RESOLUTION 5 - AUTHORITY TO ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016

Chairman then moved on to ordinary resolution 5 on the authority for the Directors to allot shares pursuant to Sections 75 and 76 of the Companies Act 2016.

Chairperson declared that the full text of the proposed resolution read together with the amendment made thereof be taken as read.

He further informed that the ordinary resolution 5, if passed, will give the Directors of the Company, from the date of this Annual General Meeting, an authority to allot ordinary shares of not more than 10% of the total number of issued shares of the Company, for such purposes as the Directors consider would be in the interest of the Company. This authority shall, unless be revoked or varied by the Company at a General Meeting, expires at the next Annual General Meeting.

The following resolution was put to the meeting for consideration and voting:-

“THAT subject always to Sections 75 and 76 of the Companies Act 2016 (“the Act”), the Constitution, the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and the approval of any governmental and/or regulatory authorities, the Directors be and are hereby authorised to allot and issue shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed 10% of the total number of issued shares (excluding treasury shares) of the Company at the time of issuance and such authority under this resolution shall continue in force until the conclusion of the 23rd Annual General Meeting or when it is required by law to be held, whichever is earlier, AND THAT the Directors be and are empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities.

THAT the existing shareholders of the Company hereby waive their pre-emptive rights to be offered new shares ranking equally to the existing issued shares in the Company pursuant to Section 85 of the Act read together with Article 11 of the Constitution of the Company arising from any issuance of new shares of the Company pursuant to Sections 75 and 76 of the Act.

AND THAT the Directors of the Company be and are hereby authorised to implement, finalise, complete and take all necessary steps and to do all acts (including execute such documents as may be required), deeds and things in relation to the Proposed General Mandate.”

7. ANY OTHER BUSINESS

Chairman informed that the Company had not received notice for any other business pursuant to the Companies Act 2016.

Q&A SESSION

After tabling all resolutions, the Chairman addressed the questions and comments posed by the members during the meeting.

The summary of the questions or comments posed by the members and the responses from the Board marked as "Appendix B" and attached hereto, shall formed part of these minutes.

Chairman then informed the members that the Company would be giving the following door gifts to members that attended the 23rd AGM:-

- (i) 1 box of Medicurve 3-ply face mask 50 pcs
- (ii) 1 piece of XOX prepaid Sim card
- (iii) Product vouchers worth RM80 from online Shopee store (M. gadget).

CONDUCT OF VOTING BY POLL

After having dealt with all the items on the agenda and the Q&A session, the meeting continued for another 5 minutes to allow shareholders, corporate representatives and proxies to complete their voting on ordinary resolutions 1 to 5 by poll via RPV.

After 5 minutes, the Chairman announced the closing of the voting session, the meeting was adjourned for approximately 20 minutes, to facilitate the counting of votes by the poll administrator and verification of poll results by the scrutineer.

ANNOUNCEMENT OF POLL RESULTS

Upon the availability of the poll results, Chairman called the meeting to resume.

The results of the poll which had been verified by the scrutineer was projected on the screen for the members' information.

Based on the results of the poll attached, Chairman declared that the ordinary resolutions 1 to 5 were carried as follows:-

ORDINARY RESOLUTION 1

"THAT the payment of the Directors' Fees and Benefits up to an amount of RM400,000 for the period from this 23rd Annual General Meeting until the next Annual General Meeting of the Company be approved."

Votes in Favour			Votes Against			Results
No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%	Accepted
13	209,186,184	99.9995	6	1,112	0.0005	

ORDINARY RESOLUTION 2

“THAT Datuk Sham Shamrat Sen Gupta retiring pursuant to Clause 107 of the Company’s Constitution and being eligible, be re-elected as Director of the Company.”

Votes in Favour			Votes Against			Results
No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%	
15	209,185,784	99.9993	4	1,512	0.0007	Accepted

ORDINARY RESOLUTION 3

“THAT Ms. Ong Poh Lin Abdullah retiring pursuant to Clause 114 of the Company’s Constitution and being eligible, be re-elected as Director of the Company.”

Votes in Favour			Votes Against			Results
No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%	
17	209,186,286	99.9995	2	1,010	0.0005	Accepted

ORDINARY RESOLUTION 4

“THAT Messrs Grant Thornton Malaysia PLT be hereby re-appointed as Auditors of the Company at a fee to be agreed upon with the Directors and to hold office until the conclusion of the next Annual General Meeting AND THAT the Directors be authorised to fix their remuneration.”

Votes in Favour			Votes Against			Results
No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%	
18	209,187,286	99.9999	1	10	0.0000	Accepted

ORDINARY RESOLUTION 5

“THAT subject always to Sections 75 and 76 of the Companies Act 2016 (“the Act”), the Constitution, the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and the approval of any governmental and/or regulatory authorities, the Directors be and are hereby authorised to allot and issue shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed 10% of the total number of issued shares (excluding treasury shares) of the Company at the time of issuance and such authority under this resolution shall continue in force until the conclusion of the 23rd Annual General Meeting or when it is required by law to be held, whichever is earlier, AND THAT the Directors be and are empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities.

ORDINARY RESOLUTION 5 (CONTINUED...)

THAT the existing shareholders of the Company hereby waive their pre-emptive rights to be offered new shares ranking equally to the existing issued shares in the Company pursuant to Section 85 of the Act read together with Article 11 of the Constitution of the Company arising from any issuance of new shares of the Company pursuant to Sections 75 and 76 of the Act.

AND THAT the Directors of the Company be and are hereby authorised to implement, finalise, complete and take all necessary steps and to do all acts (including execute such documents as may be required), deeds and things in relation to the Proposed General Mandate.”

Votes in Favour			Votes Against			Results
No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%	Accepted
15	209,186,684	99.9997	4	612	0.0003	

CLOSURE OF MEETING

There being no further business, the meeting was closed at 11:28 a.m. with a vote of thanks to the Chair.

SIGNED AS A CORRECT RECORD

Signed

CHAIRMAN OF THE MEETING

Dated: 22 September 2023

Questions from Minority Shareholders Watch Group (“MSWG”) and the Company’s response

Operational & Financial Matters

Q1. Despite recording approximately 5% growth in revenue to RM174.86 million in FY2023, D’nonce turned loss-making in FY2023 with a net loss of RM258,662. In the previous year (11-month financial period ended 31 March 2022), D’nonce posted revenue and net profit of RM166.4 million and RM8.67 million, respectively.

a) Was the higher revenue driven by better average selling prices or more work completed during the year?

Prorated to 12 months, the FY2022 revenue would be RM181.75 million. Based on the adjusted FY2022 revenue, the Group recorded a 3.7% reduction in revenue in FY2023 as compared to FY2022. The revenue for FY2023 was affected by the normalisation of the glove market in Thailand where our Group manufactures the packaging boxes and also change in product mix in the electrical and electronics (E&E) industry.

b) The losses were primarily due to high raw materials, which jumped 30.8% year on-year to RM90.39 million from RM69.09 million in the previous year. Has the Group seen signs of high input costs easing? Are there ways to lock in the input costs? What improvements have been made to the Group’s procurement framework to ensure competitive input costs?

The increase in raw material costs was mainly in first half FY2023, and has been stabilizing and improving in the second half FY2023. The Group has employed multiple strategies to manage the raw material costs, including:-

- (i) Managing inventory levels based on the raw material costs fluctuations.
- (ii) Natural hedging to minimise fluctuation of costs from foreign exchange.
- (iii) Managing suppliers to ensure competitive pricing for raw materials, amongst others.

c) How has the Management factored in cost pressures into new orders secured from customers?

Costs factors are taken into account dependent on our customers and our marketing strategies. Nevertheless, the Management would strive to maintain a healthy margin on all orders.

d) How likely is the Group to turn profitable in FY2024?

While we anticipate the industries that we are operating in to remain challenging, there are encouraging signs that some sectors are recovering. Based on this premise, and our strategic plan and capital investments, the Group is cautiously optimistic that the operational outlook for FY2024 remains promising.

Q2. Revenue from the Singapore market was halved to RM7.78 million from RM15.89 million in the previous year. Meanwhile, D'nonce recorded zero sales from the United Kingdom in FY2023 (FPE2022: RM2.1 million).

Conversely, sales to Denmark and Indonesia recorded encouraging growth of 6242% and 156.16% to RM3.68 million and RM2.16 million, respectively (page 119 of AR2023).

Is the robust growth in revenue from Denmark and Indonesia sustainable in the coming years?

The management is optimistic that the Group would be able to maintain and also grow the revenue to the countries as above over the next few years. The management is also optimistic that the Group would be able to generate and grow the customer base in same or other regions to minimise the impact of discontinued projects in the Singapore and UK markets.

Q3. D'nonce wrote off RM873,698 worth of inventories in FY2023 (FPE2022: RM24,482)

a) To which division were the written-off inventories related to?

The inventories written off are mainly from the E&E segment.

b) Why was there a significant increase in inventory write-offs?

This is due to one off incidents of stock loss and also from higher than expected yield loss mainly from discontinued projects. The Management has looked into these issues and has increased the controls and procedures to minimise the write offs moving forward.

Q4. D'nonce completed the acquisition of 99.9991% equity interest in Komark (Thailand) Company Limited (KTCL) from Komarkcorp Berhad for RM6.75 million on 29 December 2022.

KTCL posted RM4.01 million in revenue and RM128,855 in pre-tax loss from the date of acquisition till 31 March 2023.

In a previous reply to MSWG pertaining to this acquisition, D'nonce said the proposed acquisition serves as a strategic entry for the Group into the labelling business.

Is KTCL on track to become profitable in FY2024? Considering the tepid financial performance of KTCL, what does it take for KTCL to achieve the investment objective including a 25% net profit contribution to D'nonce at the Group level?

KTCL has contributed a positive segment results for Q1FY2024, and do continue to have a positive momentum moving forward. The Group has also reviewed and implemented several process and efficiency initiatives for KTCL, and invested in new machineries for KTCL. The Group is cautiously optimistic that KTCL would be able to contribute positively in results to the Group in FY2024.

Q5. As of FY2023, the size of 'Other Investments' increased by about 80% y-o-y to RM24.06 million from RM13.4 million in the previous year. Other Investment primarily (95%) comprises investment in local quoted shares (page 110, Note 14 – Other Investments, AR2023).

a) What companies have D'nonce invested in? What is the nature of business that the investees are involved in?

The Other Investments are part of the Group's capital management strategy to take up strategic stakes in high growth and recovery play companies in diverse businesses. The Group will make relevant disclosures of its Other Investments when the Group triggers the relevant announcement in due course.

b) What is the average investment tenure for D'nonce to realise its investments in these investee companies?

The Group would monitor its Other Investments on a portfolio basis and would consider multiple factors, including valuation and future prospects of the investment portfolio when considering the investment tenure.

APPENDIX B

Questions from shareholders and proxy holders of the Company and the Company's response

Q1. Why were there so much capex for FY 2023 (page 65 Annual Report) amounting to RM21, 906,930?

The expenditure was primarily for our operations in Johor and Kuala Lumpur. Both locations are forecasted to have new major growth in the coming years ie long term potential and many new opportunity. Thus as part of our planning we have decided to now invest in new factory sites and new machineries.

Q2. It is noted that for FY 2023 the Group just breakeven (PAT of RM65,057) , this was followed by Quarter 1 ended 30 JUNE 2023 Loss After Tax of RM5.9 million, looking at this trend what is the outlook for the rest of FY 2024?

Currently we are seeing a strong momentum from all our operations both in Malaysia and Thailand. With this tailwind we hope we will benefit in terms of our revenue and bottom line. But we are cautious as global business confidence is still low.

Q3. On the macro side, how are the group various revenue streams going to perform this coming financial year?

For E & E; at the moment the sentiment in Malaysia and globally is still uncertain. There are a few customers' projects migrating from their home countries in China and USA to Malaysia which we hope will crystallize to more business for us. But our operations serving this sector are being careful in our commitments servicing the customers in this sector by exercising strict credit control and all also accepting orders.

For healthcare; we are still investing in the business to meet expected increase in orders. We are positive on this revenue stream.

For the other industries; we are buying new machines and upgrading our present machines to try increase our market share.

Overall, we hope to report better performance this coming year.