

MCE HOLDINGS BERHAD
Registration No. 201501033021 (1158341-K)
(Incorporated in Malaysia)

MINUTES of the 7th Annual General Meeting (“7th AGM”) of the Company duly convened and held at the Trading Post, Ponderosa Golf & Country Club, No. 3, Jalan Ponderosa 1, Taman Ponderosa, 81100 Johor Bahru, Johor on Thursday, the 22nd day of December 2022 at 9.30 a.m.

PRESENT : Directors
TAN SRI ABD RAHMAN BIN MAMAT (*Chairman / Independent Non Executive Director*)
DR GOH KAR CHUN (*Group Managing Director*)
MR. LAW SANG THIAM (*Independent Non Executive Director*)
MS. FONG JED SEE (*Independent Non Executive Director*)
MR. TAI LAM SHIN (*Non Independent Non Executive Director*)
MS. GOH ANNE (*Group Executive Director / Chief Financial Officer*)

Shareholder, Proxy and Corporate Representative

(as per Attendance Report)

BY INVITATION: MR TAN GUAN SENG (Messrs Crowe Malaysia PLT- External Auditors)
MS JOY LIM XIE RU YI (*Next Secretarialworks Sdn. Bhd. - Scrutineer*)

IN ATTENDANCE: MR LEE WEE HEE
(*Secretary of the Company*)

CHAIRMAN : TAN SRI ABD RAHMAN BIN MAMAT was in the chair and called the meeting to order at 9.30 a.m.

NOTICE : With the assent of all members, the Notice of 7th AGM issued on 29 November 2022 were taken as read.

QUORUM : The Secretary reported to the Meeting the number of shareholders and proxies who had signed in their attendance for the Meeting.

The requisite quorum being present, the Chairman declared the Meeting duly convened and constituted.

The Chairman then explained to the shareholders present the rules and protocols to be adhered to in relation to the conduct of procedures for the Meeting.

PROTOCOLS & VOTE PROCESS : In particular the Chairman highlighted that pursuant to Paragraph 8.29A of Bursa Malaysia Securities Berhad’s Main Market Listing Requirements and in exercise of his power as Chairman, all resolutions set out in the Notice of the 7th AGM are to be voted by poll.

All shareholders, corporate representative and proxies present had no objections and assented to the Chairman’s proposal that all business set out in the Agenda would be dealt with by tabling all the motions, followed by a question and answer session and thereafter the conduct of the poll voting under a single poll form for all the motions tabled.

All shareholders and proxies also had no objections and assented to the appointment of the Company's Share Registrar, Shareworks Sdn. Bhd. to act as the Poll Administrator for the poll voting to be conducted.

At the same time the Chairman informed the Meeting that the Board had engaged and appointed Ms Joy Lim Xie Ru Yi from Next Secretarialworks Sdn. Bhd. to act as the Independent Scrutineer for the poll to be conducted.

1. AUDITED FINANCIAL STATEMENTS

The 1st item on the Agenda was to receive and consider the Audited Financial Statements for the financial year ended 31 July 2022 together with the Reports of the Directors and Auditors thereon.

The Chairman, then invited the Group Managing Director for an info sharing session with the shareholders on the Group's business.

The Group Managing Director then proceeded to share his observations the full details of which is set out under Summary of key matters discussed during the 7th AGM attached to these minutes.

The Chairman then advised Shareholders that this Agenda was being tabled for discussion and deliberation and the provision under the Companies Act, 2016 and the Company's Constitution did not require a formal approval of shareholders and no formal motion would be put forth for voting.

The Chairman then opened a meeting for a question and answer session which is detailed under Appendix A which sets out a Summary of Key Matters Discussed which forms part of the minutes of this Annual General Meeting and is attached to this minutes.

Following the conclusion of the Question and Answer session, the Chairman directed the Secretary to record in the minutes that the Audited Financial Statements for the year ended 31 July 2022 together with the Reports of the Directors and Auditors thereon had been tabled and received.

2. RE-ELECTION OF MR TAI LAM SHIN

The 2nd item on the Agenda was to re-elect Mr Tai Lam Shin who retired by rotation pursuant to Clause 133 of the Company's Constitution and being eligible had offered himself for re-election.

The following motion was tabled for consideration as Ordinary Resolution 1 :-

“That Mr Tai Lam Shin, a Director retiring by rotation pursuant to Clause 133 of the Company's Constitution be and is hereby re-elected as a Director.”

The Chairman highlighted to the shareholders that both the Board's Nomination & Remuneration Committee and the Board were recommending the re-election of Mr Tai Lam Shin as a Director.

As there were no queries or questions raised by shareholders, the Chairman directed that the motion be put to the vote by way of a poll to be taken immediately after all motions on the Agenda had been tabled and any questions dealt with.

3. **RE-ELECTION OF MR. LAW SANG THIAM**

The 3rd item on the Agenda was to re-elect Mr. Law Sang Thiam who retired pursuant to Clause 118 of the Company's Constitution and being eligible had offered himself for re-election.

The following motion was tabled for consideration as Ordinary Resolution 2 :-

"THAT Mr. Law Sang Thiam who retires pursuant to Clause 118 be hereby re-elected as Director of the Company."

The Chairman highlighted to the shareholders that both the Board's Nomination & Remuneration Committee and the Board were recommending the re-election of Mr. Law Sang Thiam as a Director.

As there were no queries or questions raised by shareholders, the Chairman directed that the motion be put to the vote by way of a poll to be taken immediately after all motions on the Agenda had been tabled and any questions dealt with.

4. **RE-ELECTION OF MS. FONG JED SEE**

The 4th item on the Agenda was to re-elect Ms. Fong Jed See who retired pursuant to Clause 118 of the Company's Constitution and being eligible had offered herself for re-election.

The following motion was tabled for consideration as Ordinary Resolution 3 :-

"THAT Ms. Fong Jed See who retires pursuant to Clause 118 be hereby re-elected as Director of the Company."

The Chairman highlighted to the shareholders that both the Board's Nomination & Remuneration Committee and the Board were recommending the re-election of Ms. Fong Jed See as a Director.

As there were no queries or questions raised by shareholders, the Chairman directed that the motion be put to the vote by way of a poll to be taken immediately after all motions on the Agenda had been tabled and any questions dealt with.

5. **DIRECTORS' FEE**

The 5th item on the Agenda was to approve of the payment of Directors' fees of RM379,580.00 for the financial year ending 31 July 2023 payable quarterly in arrears after each month of completed service of the Directors during the financial year.

The following motion was tabled for consideration as Ordinary Resolution 4:-

"THAT the payment of Directors' Fee of RM379,580.00 for the financial year ending 31 July 2023 payable quarterly in arrears after each month of completed service of the Directors during the financial year be and is hereby approved."

As there were no queries or questions raised by shareholders, the Chairman directed that the motion be put to the vote by way of a poll to be taken immediately after all motions on the Agenda had been tabled and any questions dealt with.

6. DIRECTORS' BENEFIT

The 6th item on the Agenda was to approve the payment of Directors' benefit amounting to RM32,000 for the period commencing after the date of this Annual General Meeting to the date of the next Annual General Meeting in 2023.

The following motion was tabled for consideration as Ordinary Resolution 5:-

"THAT the payment of Directors' Benefit amounting to RM32,000.00 for the period commencing after the date of this Annual General Meeting to the date of the next Annual General Meeting."

As there were no queries or questions raised by shareholders, the Chairman directed that the motion be put to the vote by way of a poll to be taken immediately after all motions on the Agenda had been tabled and any questions dealt with.

7. APPOINTMENT OF AUDITORS

The 7th item on the Agenda was to appoint Auditors and to authorise the Directors to fix their remuneration.

The following motion was tabled for consideration as Ordinary Resolution 6 :-

"THAT MESSRS CROWE MALAYSIA PLT be hereby appointed as Auditors of the Company for the financial year ending 31st July 2023 and that the Directors be authorized to fix their remuneration."

As there were no queries or questions raised by shareholders, the Chairman directed that the motion be put to the vote by way of a poll to be taken immediately after all motions on the Agenda had been tabled and any questions dealt with.

8. AUTHORITY TO ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016

The 8th item on the Agenda under Special Business is to authorise Directors to allot and issue shares pursuant to Section 75 and 76 of the Companies Act, 2016.

The Chairman highlighted that this Agenda, if passed, will provide flexibility for the Company and empower the Directors of the Company from the date of this Meeting until the next Annual General Meeting unless, earlier revoked or varied at a general meeting, to issue shares in the Company up to an aggregate number not exceeding 10% of the issued share capital of the Company at any point of time for such purposes as they consider would be in the best interest of the Company.

The following motion was tabled for consideration as Ordinary Resolution 7:-

"THAT subject always to the Companies Act 2016, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Constitution of the Company and the approvals of the relevant government and/or regulatory authorities, the Directors be and are hereby empowered pursuant to Sections 75 and 76 of the Companies Act 2016 to issue and allot new shares in the Company at any time at such price, upon such terms and conditions, for such purposes and to such person(s) whomsoever as the Directors may in their absolute discretion deem fit and expedient in the interest of the Company, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10 percent of the total number of issued shares of the Company for the time being and THAT the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad 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 of the Company ("the Mandate")."

AND THAT in connection with the above, pursuant to Section 85 of the Companies Act 2016 to be read together with Clause 64 of the Constitution of the Company, the shareholders of the Company do hereby waive their statutory pre-emptive rights over all new shares to be offered and issued pursuant to the above Mandate, such new shares when issued, to rank pari passu with existing issued shares in the Company.”

As there were no queries or questions raised by shareholders, the Chairman directed that the motion be put to the vote by way of a poll to be taken immediately after all motions on the Agenda had been tabled and any questions dealt with.

As all motions for the 7th Annual General Meeting had been tabled, the Meeting would proceed with the poll voting on all the resolutions tabled immediately and the Chairman requested the Secretary to brief the members present on the instructions for completing the poll form and depositing of the forms into the poll box.

After briefing by the Company Secretary on the instruction and procedure to complete the poll form, the Chairman requested members to cast their votes and to deposit their poll votes into the ballot boxes. Thereafter the Chairman adjourned the meeting at 10.15 a.m. for members to cast their votes and for the poll votes to be counted by the Poll Facilitator in the presence of the Scrutineer appointed.

The Chairman then called the Meeting to order at 10.30 a.m. after being informed of the availability of the poll results. The Secretary was requested to read out the results of the poll voting as follow:-

RESULTS OF THE POLL VOTES ON RESOLUTIONS TABLED AT THE 7TH ANNUAL GENERAL MEETING ON 22 DECEMBER 2022

RESOLUTION	FOR		AGAINST	
	No. of shares	%	No. of shares	%
Ordinary Resolution 1 – Re-election of Mr Tai Lam Shin	25,113,640	99.9996	100	0.0004
Ordinary Resolution 2 – Re-election of Mr Law Sang Thiam	25,113,640	99.9996	100	0.0004
Ordinary Resolution 3 – Re-election of Ms Fong Jed See	25,113,640	99.9996	100	0.0004
Ordinary Resolution 4 – Approval of Directors’ Fees	25,113,640	99.9996	100	0.0004
Ordinary Resolution 5 – Approval of Directors’ Benefit (for the period from 7 th AGM to 8 th AGM)	25,113,640	99.9996	100	0.0004
Ordinary Resolution 6 – Appointment of Auditors	25,113,640	99.9996	100	0.0004
Ordinary Resolution 7 – Authority to issue share	25,113,640	99.9996	100	0.0004

Based on the results of the poll, the Chairman declared that all the 7 motions tabled had been carried and passed with the respective majorities as detailed above.

TERMINATION

There being no other business the Meeting terminated at 10.35 a.m. with a vote of thanks to the Chair.

C O N F I R M E D

-SIGNED-

TAN SRI ABD RAHMAN BIN MAMAT
CHAIRMAN

Dated : 22 December 2022

Appendix A

(which forms part of the Minutes of 7th Annual General Meeting)

SUMMARY OF KEY MATTERS DISCUSSED DURING THE 7TH ANNUAL GENERAL MEETING (“AGM”) OF MCE HOLDINGS BERHAD DULY CONVENED AND HELD AT THE TRADING POST, PONDEROSA GOLF & COUNTRY CLUB, NO. 3, JALAN PONDEROSA 1, TAMAN PONDEROSA, 81100 JOHOR BAHRU, JOHOR ON THURSDAY, THE 22ND DAY OF DECEMBER 2022 AT 9.30 A.M.

The following key matters were transacted:

A. UNDER AGENDA 1 - AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JULY 2021

BRIEFING BY GROUP MANAGING DIRECTOR

1. The Malaysian automotive industry has gradually recovered from the after effect of Covid-19 since Q3-2021. The Group has also turned around its financial performance and recorded a Profit Before Tax of RM 8.8 mil compared with a Loss Before Tax of RM 0.76 Mil in FY 2021 due to the strong demand for cars.
2. Apart from the demand factor that contributed to the positive result, the Group also continuously improved its internal capabilities in design and development, manufacturing, process technology, etc. via in house initiatives and forged good partnerships with technical and joint venture partners.
3. On top of this, The Group also strengthened its supply chain management by building a more robust and stronger supplier network with local and overseas suppliers and this allowed us to overcome the supply chain disruption that were faced by many automotive players.
4. The outlook for the Malaysian automotive industry especially the national cars will remain stable and consistent even though the extended Sales & Service Tax (“SST”) exemption will end on 31 Mar 2023. Malaysian Automotive Association (“MAA”) had forecasted that the Total Industry Volume (“TIV”) for year 2023 will be 636,000 units. Our major customers will continue to roll out new models to capture customers and together with the backlog of their existing popular models will contribute positively to the Group’s performance in year 2023. We are happy to see that the production volume forecasts provided by them are strong promising.
5. The Group also manage to secure a new customer i.e. Toyota with parts for local market & to be exported to Thailand and Indonesia. Additionally the Group has recently secured a new contract from an existing customer to export electronic parts for electric motorbike to Indonesia.
6. As stated in our Management Discussion and Analysis, with the current momentum and given the outlook provided by MAA, the Group expects our business outlook to be sustainable and its performance to remain positive.
7. As the world is heading towards electric vehicles (“EV”), Malaysia and the regional countries are also steering towards the path and slowly transitioning to EV with more digital technology and complex electronic systems. The vehicles will be supported by operating systems for power control, battery management and are connected to the Internet of Things using wireless means.

8. Malaysia's EV market is still at an infancy stage. The EV infrastructures are not ready to allow for easy accessibility for the consumers. As such, the take up rate for EV in year 2021 is merely 0.05% and had increased slightly to 0.17% for Jan'22-May'22 (370 units sold). Besides, the eco system in Malaysia to support EV manufacturing activities is not available yet as there is no reliable batteries supply available in Malaysia.
9. Our Group's direction will remain focused to be the components supplier for non-EV and EV vehicles. The Group will ensure that we remain relevant as a key preferred electronic system and component supplier, by leveraging on our knowledge in sensors, cameras, lamps, switches & functional electronics. We intend to develop and widen up its application into advanced driver assistance system technologies ("ADAS") by using our sensor and camera technical know-how. To achieve such plan and to expedite the design and development process, we will also work with our overseas technical partners to develop such products.
10. In order to pursue and stay competitive in the future automotive landscape, we are exploring strategies for teaming up with a car infotainment company, to plan to supply in-vehicle infotainment ("IVI") and smart cockpit system that has the advanced multimedia entertainment function and the connectivity feature, to carry out connected mobility function, which is one of the main features offered by many EV
11. All the above parts are relevant and applicable to EV and non-EV with digital technology. When the time is right, we will also diversify our product range into parts & components that are exclusively used in EV.
12. Besides, the Group had also expanded its production capacity vertically over the years to achieve high production output, better quality and cost control. The production facilities currently covered the followings:
 - a) Surface mount technology ("SMT");
 - b) Electronic assembly;
 - c) Plastic injection;
 - d) Spray painting ; and
 - e) Vacuum metalising.
13. Moving forward, the Group will continue to work closely with domestic and overseas car makers to garner projects for its existing products e.g. sensors, switches, lamps functional electronics and other advance technology products e.g. ADAS & IVI.

We believe that we have managed to maintain our position very well in the Malaysian automotive industry and with the improvements and strategies implemented over the years, have been getting stronger and well positioned to move into EV components with our forte as an electronics company.

With our current strategic focus on products such as IVI and cameras, our product mapping provides strategic positioning for us to "future proof" our business.

We have been progressively building up a strong in-house vertical integration capability in manufacturing, R & D and administrative back bone that makes us competitive and relevant.

This had allowed us to grow our local market while we have slowly penetrated into the international market primarily the ASEAN market.

B. UNDER AGENDA 1 - AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JULY 2022

• **Questions raised by Minority Shareholder Watch Group**

During the AGM, the Chairman informed the shareholders present that the Company had received a letter dated 15 December 2022 from the Minority Shareholder Watch Group (“MSWG”).

The Chairman requested the Group Executive Director cum Chief Financial Officer to present the questions/queries raised by MSWG and the shareholder together with the Board and management’s response for the benefit of shareholders present at the AGM as follows:

Operational & Financial Matters

- 1. The automotive industry is anticipated to remain challenging due to the supply chain disruptions related to the chip shortage, resumption of the sales and service tax after June 2022 and increase of minimum wages from RM1,200 to RM1,500. (page 43 of AR2022).**

Besides the increase of minimum wages from RM1,200 to RM1,500, the implementation of the new amendments to the Employment Act 1955 by the Government, which include the reduction of weekly working hours, raising the salary threshold for entitlement to overtime pay and increased maternity leave and paternity leave is expected to take place from 1 January 2023.

To what extent will the increase of minimum wages and the relevant new amendments to the Employment Act 1955 impact the Group for financial year ending 2023?

Reply:

- 1. The increase of minimum wages from RM1,200 to RM 1,500 have been effective since Q4-FY2022 but it has only affected the Group’s general labour category which are approximately 50% of the total human resources headcount.*
- 2. The Group has been practicing a weekly 45 working hours since incorporation. Hence, the changes under the amendment to the Employment Act does not have any impact to the Group.*
- 3. With the extension of the salary threshold from RM 2,000 to RM 4,000, it is foreseeable that the overtime cost for approximately 15% of the Group’s total human resource headcount will increase.*
- 4. The Group is mindful on the potential impact of the amendments under the Employment Act and have implemented the following to better manage the cost impact:*
 - a) Continuous improvement to the workflow for production and administrative functions in order to achieve greater productivity and efficiency which includes the following:*
 - i) Introduce semi-auto or automated equipment and machines at production processes to reduce the reliance of manpower to certain extent after assessing the cost and benefit; and*
 - ii) Switch from manual to computerized judgement for quality control.*
 - b) Digitalize the production and administrative function to ease the data processing and performance monitoring.*

2. **Moving forward into FY2023, the Group will continue to focus on implementing strategies to strengthen and improve operating efficiency through upgrading of the Group's facilities and equipment to ensure better quality control and other measures deemed necessary to improve the Group's competitive edge. (page 43 AR2022).**

What are the Group's plans for upgrading of facilities and equipment for financial year ending 2023? What is the estimated capital expenditure allocated for the upgrading of facilities and equipment of the Group?

Reply:

1. *The Group plans to upgrade its existing facilities for electronic sections to cater for more electronic products. The capex include upgrading the production areas and plant & machineries with the objective to enhance the contamination and environment control.*
 2. *The Group will also continue to invest in testing and R&D equipment to strengthen the product design, development and quality validation.*
 3. *The upgrading is still at a preliminary discussion stage and the capex figure has not been firm up yet.*
 4. *Apart from the above, the Group will also consider making investments to enhance its capabilities and capacity should the business opportunities arise and include but is not restricted to plastic injection and any other manufacturing facilities.*
3. **For the automotive industry, despite not having the PEMERKASA Plus plan for car buyers to enjoy sales tax exemption extended beyond 30 June 2022, the authorities have allowed buyers with confirmed booking to register their vehicles by 31 March 2023. (page 48 of AR2022).**

With approximately three months plus to 31 March 2023, to-date, to what extent has the Group experience any slowdown in demand for its products?

Reply:

1. *The Total Industry Volume ("TIV") for the first 10 months of year 2022 increased by 50% to 577,902 units compared with last year corresponding period.*
2. *The sales of our major customers remained strong during this period:*
 - a) *Proton's sales increased by 33.6% to 115,366 units for the first 10 months of year 2022, surpassing 114,708 units recorded for whole year 2021.*
 - b) *Perodua's sales for first 10 months of year 2022 increased by 51.2% to 222,203 units compared to 146,951 units for the same period in year 2021.*
3. *We do not see any reduction in demand from our customers. The demand for the Group's products remained high and is expected to continue till Q1-year 2023.*
4. *MAA forecasted TIV of 636,000 units for year 2023 compared to 630,000 for year 2022. Our major customers expects to continue to roll out new models in year 2023 to boost the car sales together with the backlog of the existing popular models is expected to also contribute positively for the year 2023. We are cautiously optimistic that the TIV for year 2023 remain sustainable.*

There were no other questions raised by shareholders during the meeting.