

DUFU TECHNOLOGY CORP. BERHAD
Registration No. 200201013949 (581612-A)
(Incorporated in Malaysia)

Minutes of the Twenty-First General Meeting of the Company held at Function Room 7 at Spice Convention Centre, SPICE, No. 108, Jalan Tun Dr. Awang, 11900, Penang, Malaysia on Friday, 28 April 2023 at 9.00 a.m.

Attendance

As per Attendance List.

The Meeting commenced at 9.00 a.m. with the requisite quorum being present.

Notice

The Notice convening the Meeting was taken as read.

1. CHAIRMAN'S ADDRESS

The Chairman of the Company, Dato' Lee, Hui-Ta also known as Li Hui Ta (Dato' Lee) wished all members present a very good morning and welcomed them to the Company's Twenty-First Annual General Meeting (21st AGM). Dato' Lee then requested Ms. Joyce Wong Ai May (Ms. Joyce Wong) to assist him in conducting the Meeting. Upon the confirmation of a quorum being present, Ms. Joyce Wong then proceeded to conduct the Meeting on behalf of the Chairman.

Upon the Secretary's confirmation of a quorum being present, Ms. Joyce Wong announced the Company's 21st AGM was duly convened. She reminded the Meeting that no photography, screenshot, or any form of audio or video recording is allowed of this live stream meeting.

2. NOTICE OF MEETING

The Notice convening the Meeting having been served on shareholders, was taken as read.

To facilitate a smooth voting process, Ms Joyce Wong read out the Ordinary Resolution 1 to 8 and then proceed to address the questions and clarifications raised by shareholders.

Ms. Joyce Wong encouraged the Members / Proxies to participate the Meeting by posting questions/concerns on all Proposed Ordinary Resolutions 1 to 8.

She then informed that the Company had received questions from shareholders prior to the AGM. The Management shall response to the questions raised at the Questions and Answers ("Q&A") session to be held during the poll counting session.

3. TO RECEIVE THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 TOGETHER WITH THE REPORTS OF THE DIRECTORS AND OF THE AUDITORS THEREON

The Audited Financial Statements for the year ended 31 December 2022 together with the Reports of the Directors and of the Auditors thereon (the FS 2022), copies of which have been circulated, were tabled before the Meeting.

In view that the tabling of FS 2022 is only meant for discussion, it shall not be put forward for voting. Hence, It was declared that the FS 2022 now laid before the meeting, be received.

4. BRIEFING ON VOTING PROCEDURES

The meeting was informed that all the Proposed Resolutions to be determined by poll voting. As declared, Securities Services (Holdings) Sdn. Bhd. is the appointed Poll Administrator for this meeting while Commercial Quest Sdn. Bhd. is the appointed Independent Scrutineer to verify the results of the poll voting.

The Polling Administrator, Securities Services (Holdings) Sdn. Bhd. was invited to brief on the voting procedures.

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5. **TO DECLARE A SINGLE TIER FINAL DIVIDEND OF 4 SEN PER SHARE FOR THE YEAR ENDED DECEMBER 31, 2022**

The Proposed Resolution 1 is to declare a Single Tier Final Dividend of 4 sen per share for the year ended 31 December 2022.

Ms. Joyce Wong informed that if approved, the cash dividend will be paid on 16 June 2023 to depositors registered in the Records of Depositors on 30 May 2023.

6. **TO APPROVE THE DIRECTORS' FEE OF UP TO RM322,000/- FOR THE PERIOD FROM 1 MAY 2023 UNTIL THE NEXT ANNUAL GENERAL MEETING OF THE COMPANY AND PAYMENT OF SUCH FEE TO THE DIRECTORS.**

The Proposed Resolution 2 is to approve the Directors' Fee of up to RM322,000/- for the period from May 1, 2023 until the next AGM of the Company and payment of such fee to the Directors.

7. **TO APPROVE THE PAYMENT OF OTHER BENEFITS (EXCLUDING DIRECTORS' FEE) OF UP TO RM50,000/- FOR THE PERIOD FROM 1 MAY 2023 UNTIL THE NEXT ANNUAL GENERAL MEETING OF THE COMPANY**

The Proposed Resolution 3 is to approve the payment of other benefits (excluding Directors' Fee) of up to RM50,000/- for the period from 1 May 2023 until the next AGM of the Company.

8. **TO RE-ELECT LEE YOKE KHAY, A DIRECTOR RETIRING UNDER THE PROVISION OF PARAGRAPH 102(1) OF THE COMPANY'S CONSTITUTION**

The Proposed Resolution 4 is to re-elect Mr. Lee Yoke Khay, a Director retiring under Paragraph 102(1) of the Company's Constitution and who, being eligible offer himself for re-election.

9. **TO RE-ELECT SUNG, CHENG-HSI, A DIRECTOR RETIRING UNDER THE PROVISION OF PARAGRAPH 102(1) OF THE COMPANY'S CONSTITUTION**

The Proposed Resolution 5 is to re-elect Mr. Sung, Cheng-Hsi, a Director retiring under Paragraph 102(1) of the Company's Constitution and who, being eligible offer himself for re-election.

10. **TO APPOINT MESSRS. CROWE MALAYSIA PLT AS AUDITORS OF THE COMPANY FOR THE ENSUING YEAR AND TO AUTHORIZE THE DIRECTORS TO FIX THEIR REMUNERATION**

The Proposed Resolution 6 is to re-appoint Messrs. Crowe Malaysia PLT as Auditors of the Company for the ensuing year that the Directors be authorized to fix their remuneration.

11. **AS SPECIAL BUSINESS - AUTHORITY TO ISSUE SHARES**

The Proposed Resolution 7 is to approve the authority to Issue Shares pursuant to Companies Act 2016 and approvals from Bursa Securities and other relevant governmental/ regulatory authorities where necessary.

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12. AS SPECIAL BUSINESS - AUTHORITY TO PURCHASE ITS OWN SHARES.

The Proposed Resolution 8 is to approve the proposed renewal of authority to purchase up to ten percent (10%) of its own shares in the total number of issued shares of the Company.

13. QUESTIONS AND ANSWER SESSION

At this juncture, Mr. David Khoo, the Group Chief Financial Officer was invited by to address the Q&A session.

Mr. David Khoo informed that the Company had on 14 April 2023 received a letter from the Minority Shareholders Watch Group (“MSWG”) posted its concerns with regards Company’s “Operational and financial matters” as well as “Corporate Governance Matters”. Accordingly, the Company has also given its written reply to them on 18 April 2023.

The questions and concerns raised by MSWG, shareholders and proxies were summarized in Appendix II attached, more particularly Question 1 to 5.

Upon conclusion of addressing the concerns/questions raised, Ms, Joyce Wong was invited to continue the Meeting. Ms, Joyce Wong then declared that the close of the Q&A session

14. ANNOUNCEMENT OF POLL RESULTS

After the conclusion of the Scrutineers’ validation of the votes cast, Ms. Joyce Wong announced the results of the poll as reflected in the Appendix I.

Based on the poll results, Ms. Joyce Wong declared that the Ordinary Resolutions 1 to 8 tabled at the 21st AGM (as set out in the Notice of the 21st AGM of the Company dated 27 March 2023) were carried.

15. NO OTHER BUSINESS

Ms. Joyce Wong notified the Meeting that the Company has not received any notice of motion from the shareholders of the Company since the despatch of the notice of the 21st AGM thereby, there was no other business to be transacted.

16. CLOSED OF MEETING

The Meeting was concluded at 9.40 a.m. with a vote of thanks to the Chair.

Confirmed as a correct record

Signed

DATO’ LEE, HUI-TA ALSO KNOWN AS
LI HUI TA
Chairman

Company Name : **DUFU TECHNOLOGY CORP. BERHAD**
 200201013949 (581612-A)
 Type Of Meeting : **21ST ANNUAL GENERAL MEETING**
 Venue Of Meeting : **FUNCTION ROOM 7 AT SPICE CONVENTION CENTRE, SPICE, NO. 108, JALAN TUN DR. AWANG, 11900, PENANG, MALAYSIA**

Appendix I

Date & Time of Meeting : **FRIDAY, 28 APRIL 2023 9.00 A.M.**

Notes Summary Report

Resolution (s)

Ordinary Resolution 1

To declare a Single Tier Final Dividend of 4 sen per share for the year ended 31 December 2022.

	No. Of Shareholders	No. Of Shares	% of voted shares
For	132	385,377,046	100.0000
Against	0	0	0.0000
Total	132	385,377,046	100.0000

Ordinary Resolution 2

To approve the Directors' Fee of up to RM322,000/- for the period from 1 May 2023 until the next Annual General Meeting of the Company and payment of such fee to the Directors.

	No. Of Shareholders	No. Of Shares	% of voted shares
For	132	385,377,046	100.0000
Against	0	0	0.0000
Total	132	385,377,046	100.0000

Ordinary Resolution 3

To approve the payment of other benefits (excluding Directors' Fee) of up to RM50,000/- for the period from 1 May 2023 until the next Annual General Meeting of the Company.

	No. Of Shareholders	No. Of Shares	% of voted shares
For	132	385,377,046	100.0000
Against	0	0	0.0000
Total	132	385,377,046	100.0000

Ordinary Resolution 4

To re-elect Mr. Lee Yoke Khay, a Director retiring under Paragraph 102(1) of the Company's Constitution and who, being eligible offer himself for re-election.

	No. Of Shareholders	No. Of Shares	% of voted shares
For	110	340,205,736	89.3109
Against	17	40,717,310	10.6891
Total	127	380,923,046	100.0000

Ordinary Resolution 5

To re-elect Mr. Sung, Cheng-Hsi, a Director retiring under Paragraph 102(1) of the Company's Constitution and who, being eligible offer himself for re-election.

	No. Of Shareholders	No. Of Shares	% of voted shares
For	116	346,283,646	89.8558
Against	16	39,093,400	10.1442
Total	132	385,377,046	100.0000

Ordinary Resolution 6

To re-appoint Messrs. Crowe Malaysia PLT as Auditors of the Company for the ensuing year and to authorize the Directors to fix their remuneration.

	No. Of Shareholders	No. Of Shares	% of voted shares
For	132	385,377,046	100.0000
Against	0	0	0.0000
Total	132	385,377,046	100.0000

Company Name

: DUFU TECHNOLOGY CORP. BERHAD
200201013949 (581612-A)

Type Of Meeting

: 21ST ANNUAL GENERAL MEETING

Venue Of Meeting

: FUNCTION ROOM 7 AT SPICE CONVENTION CENTRE, SPICE, NO. 108, JALAN TUN DR. AWANG, 11900, PENANG, MALAYSIA

Date & Time of Meeting

: FRIDAY, 28 APRIL 2023 9.00 A.M.

Notes Summary Report

Resolution (s)

Ordinary Resolution 7

Special Business - Authority to Issue Shares pursuant to the Companies Act 2016.

	No. Of Shareholders	No. Of Shares	% of voted shares
For	124	368,998,646	95.7500
Against	8	16,378,400	4.2500
Total	132	385,377,046	100.0000

For	131	385,373,546	99.9991
Against	1	3,500	0.0009
Total	132	385,377,046	100.0000

Ordinary Resolution 8

Special Business - To approve the proposed renewal of authority to purchase up to ten percent (10%) of its own shares in the total number of issued shares of the Company.

Key matters deliberated during the Twenty-First General Meeting of the Company held at Function Room 7 at Spice Convention Centre, SPICE, No. 108, Jalan Tun Dr. Awang, 11900, Penang, Malaysia on Friday, 28 April 2023 at 9.00 a.m. (Continued...)

No.	Enquiries / Concern	Company Response																		
1.	Operational & Financial Matters																			
	<p>DUFU currently owns and operates 4 manufacturing sites. The Bayan Lepas Phase IV plant in Penang and Guangzhou plant in China are catered for precision machining. (page 66 of Annual Report (AR) 2022)</p> <p>(a) What was the Group's total capacity for precision machining in Malaysia and China respectively as of end-FY2022? How many employees does the Group employ for this segment in Malaysia and in China?</p>	<p>The total number of employees for this segment in Malaysia and China was 595 and 274 respectively. As at end-FY2022, based on the Group's machining capacity, the plant in Malaysia and China is able to generate an approximate revenue worth RM150 million and RM120 million respectively.</p>																		
	<p>(b) What was the average utilisation rate for the Malaysia and the China plants respectively in FY2022?</p>	<p>The average utilisation rate for both the Malaysian and China plants was 70% each in FY2022.</p>																		
	<p>(c) What is the expected utilisation rate for the Malaysia and China plants respectively for FY2023?</p>	<p>Excluding the anticipated increase in capacity arising from the completion of the new plant in China in the third quarter of this year, we expect the utilisation rate in FY2023 for the current Malaysia and China plants to be similar to FY2022.</p>																		
2.	Revenue streaming from Sheet Metal and Stamping division recorded robust growth for enclosures and frames related to consumer electronics, semi-conductor, and life science. (page 68 of AR 2022)																			
	<p>(a) How much was the revenue contribution from the Sheet Metal and Stamping division in FY2022 vs FY2021?</p>	<p>The Group's revenue contribution from the Sheet Metal and Stamping division increased by approximately 36% from RM25.19 million in FY2021 to RM34.33 million in FY2022. Both of these divisions have an almost equal weightage in terms of revenue contribution.</p>																		
	<p>(b) Please provide the revenue breakdown for this division by sector (eg. consumer electronics, semiconductor etc).</p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">No.</th> <th style="text-align: center;">Description</th> <th style="text-align: center;">%</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1.</td> <td>Telecommunication</td> <td style="text-align: center;">35</td> </tr> <tr> <td style="text-align: center;">2.</td> <td>Life science</td> <td style="text-align: center;">35</td> </tr> <tr> <td style="text-align: center;">3.</td> <td>Fabrication of Equipment (mainly for semiconductor sector)</td> <td style="text-align: center;">25</td> </tr> <tr> <td style="text-align: center;">4.</td> <td>Electronics & others</td> <td style="text-align: center;">5</td> </tr> <tr> <td colspan="2" style="text-align: right;">Total</td> <td style="text-align: center;">100</td> </tr> </tbody> </table>	No.	Description	%	1.	Telecommunication	35	2.	Life science	35	3.	Fabrication of Equipment (mainly for semiconductor sector)	25	4.	Electronics & others	5	Total		100
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Key matters deliberated during the Twenty-First General Meeting of the Company held at Function Room 7 at Spice Convention Centre, SPICE, No. 108, Jalan Tun Dr. Awang, 11900, Penang, Malaysia on Friday, 28 April 2023 at 9.00 a.m. (Continued...)

No.	Enquiries / Concern	Company Response
	(c) What was the average utilisation rate in FY2022? What is the expected utilisation rate for FY2023?	The average utilisation rate for Sheet Metal & Stamping division in FY2022 was 75%. We hope to maintain similar utilisation rate for FY2023.
3.	DUFU has invested RM51.62 million in FY2022, on top of RM31.93 million in FY2021, mainly for the capital in progress billing of RM41.1 million incurred for the construction of new building facility in Guangzhou, China, and investment of new CNC related machines and supporting lines. (page 71 of AR 2022)	
	(a) What is the Group's budgeted capex for FY2023 and FY2024?	Excluding the committed capex required for the new plant in China which we have explained in paragraph (b) below and the progress billings arising from the acquisition of RM45.37 million for the two units of Industrial Buildings at Seberang Perai Selatan, the Group's budgeted capex for FY2023 is anticipated to be RM5 million. We have not set the budgeted capex for FY2024 due to the current economic volatility and the quantum of our capex investments in FY2024 is dependent on our customers forecast.
	(b) How much has the Group invested in the new plant in China? What is the remaining capex required?	As at end of FY2022, the Group has invested a total of RM67.5 million on the new plant in China excluding the land costs of RM7.1 million. The remaining capex of RM7.8 million is expected to be incurred in FY2023.
	(c) When do you expect this new plant to start operations?	Barring any unforeseen circumstances, we expect this plant to commence operations in early 2024.
	(d) How much additional capacity does this plant add to the Group?	The built-up size of this new plant in China is approximately 394,000 sq. feet, which is 2.6 times larger than our current built-up machine precision plant of 151,000 sq. feet at Phase IV, Bayan Lepas. As such, the potential additional capacity that this new plant in China will be able to generate enormous future growth for the Group.

Key matters deliberated during the Twenty-First General Meeting of the Company held at Function Room 7 at Spice Convention Centre, SPICE, No. 108, Jalan Tun Dr. Awang, 11900, Penang, Malaysia on Friday, 28 April 2023 at 9.00 a.m. (Continued...)

No.	Enquiries / Concern	Company Response
4.	<p>DUFU derives 91% of its revenue from abroad, of which 88% is denominated in US Dollars (USD). (page 72 of AR 2022)</p> <p>(a) How much of the Group's purchases are denominated in USD?</p>	<p>The Group's USD denominated purchases consists of 60% of its USD denominated sales.</p>
	<p>(b) Does the Group hedge the remaining USD exposure?</p>	<p>Despite the Group has ample foreign exchange related banking facilities, the Group currently does not hedge its net USD exposure. The current guidance given to the finance team is to convert the excess USD in hand into MYR when the spot rate is higher than the accounting book rate of which the accounting book rate is fixed at every month end of the previous month.</p>
5.	<p>Corporate Governance Matters</p> <p>Practice 5.9 of the Malaysian Code of Corporate Governance stipulates that 30% of the Board should comprise women. As of FY2022, there was only one-woman director out of the 6 directors on the Board. Does the Company intend to apply Practice 5.9, and if yes, by when?</p>	<p>As stated in Practice 5.9 of the Company's Corporate Governance Report FY2022, a Board Diversity Policy has been adopted by the Board on 25 February 2022, which recognizes Board diversity including gender diversity as an essential measure of good corporate governance and an attribute of a well-functioning board. The Board Diversity Policy requires to have at least one-woman director on the Board. The Board is of the view that while selection of candidates for appointment to the Board will be based on a range of diversity perspective including gender, merit and contribution that the selected candidates will bring to the Board should be prioritized in deciding appointments to the Board. Thus, for the time being, the Board has not put in place a definitive timeline to stipulate that 30% of the Board should comprise of women.</p>
6.	<p>Further to the recently released quarterly results of <i>Seagate</i>, a major customer of the Group, it has provide a gloomy guidance for the hard disk business for year 2023. Can the Board share an update on sales mix from Hard Disk Drive (HDD) business and outlook on hard disk market.</p>	<p>Mr. David Khoo informed that during FY2022, the Group's HDD sales has declined and only managed to record only 75% of the total revenue of the Group as opposed to slightly above 80% for year 2021.</p>

Key matters deliberated during the Twenty-First General Meeting of the Company held at Function Room 7 at Spice Convention Centre, SPICE, No. 108, Jalan Tun Dr. Awang, 11900, Penang, Malaysia on Friday, 28 April 2023 at 9.00 a.m. (Continued...)

No.	Enquiries / Concern	Company Response
		<p>He continued that further to the transcript results of <i>Seagate</i> for the quarter ended 31 December 2022, HDD business is bottoming up and at its recovering trend. The same happened to DUFU where it manage to record an encouraging sales results in Jan 2023. However, such momentum did not continue in Feb and March. He mentioned that the current market environment for HDD industry is volatile but the Management foresee its prospect to be positive in long term.</p> <p>Mr. Teoh Chiew Hong (Mr. Teoh), the Group Deputy CEO added that as mentioned by the Seagate's CEO, despite the elongated customer inventory correction that led to weaker performance, 30-plus terabyte HAMR-based products has been shipped to its targeted customers. In view of this, the Management believes that the HDD business will grow positively in long term.</p>
7.	What is the function / purpose of new plant in China? Is it for HDD business or non HDD business?	Mr. Teoh reverted that the new plant shall cater for the productions of both HDD and non-HDD products.
8.	Does the Management has the intention to lower down the HDD contribution of the Group in the long run, says to 60-70%?	Mr. Teoh replied that the Management has since pass few years, endeavour to lower down its HDD contribution. However, whilst expanding the Group's non HDD business, the HDD business has grown correspondingly and its performance has always outshine the non HDD business.
9.	Any guidance compound annual growth rate (CAGR) for HDD spacer for next 5 or 10 years?	Mr. Teoh shared that the business of HDD spacer has grown rapidly and he expected that the HDD will remains as the key storage media for the next 5 years.
10.	Any intention to further venture into sub modules assembly for sheet metal fabrication and stamping business?	Mr. Teoh informed that the Group has started the sub modules assembly business for life science since many years ago and the business continue. Further to the earlier announcement released in October 2022, the Group acquired a new property near to Valdor Industrial Park to cater for expansion of sheet metal fabrication and stamping business. As for the machining and precision component business, the production will be at Bayan Lepas plant and China plant.

Key matters deliberated during the Twenty-First General Meeting of the Company held at Function Room 7 at Spice Convention Centre, SPICE, No. 108, Jalan Tun Dr. Awang, 11900, Penang, Malaysia on Friday, 28 April 2023 at 9.00 a.m. (Continued...)

No.	<u>Enquiries / Concern</u>	<u>Company Response</u>
11.	<p>In view of the trend in price drop of solid-state drive (SSD), the price gap between SSD and HDD is now less than 5 times. Will this be a treat to HDD business?</p> <p>Will this pricing treat affected the Group's profit margin in HDD business?</p>	<p>Mr. Teoh explained that the price drop in SSD was mainly the low capacity SSD. The current main stream of HDD products shall range at least 20 TB where its price gap is more than 5 times as compared to SSD. He analysed that both the HDD and SSD customers are in the midst of undergoing inventory correction exercise and he believes that the price drop in SSD will not be sustainable in long run.</p> <p>Mr. David Khoo added that the key market player of SSD industry is making the move for price adjustment for sustainability, he believes that this will indirectly stabilized the pricing of HDD.</p> <p>Mr. Teoh explained that despite the competitive price of HDD products, the Group management managed to mitigate such impact and maintains its profit margin with its effort in increasing the production efficiency in HDD business.</p> <p>Mr. David Khoo added that despite competitive pricing challenges in the industry, Dufu managed to maintain its encouraging profit margin and confident that positive performance of HDD business will continue to sustain.</p>