

**DPI HOLDINGS BERHAD**  
Registration No. 201701035607 (1249778-M)  
(Incorporated in Malaysia)

**“ANNEXURE 1”**

-Minutes of Fourth (4<sup>th</sup>) Annual General Meeting held on 15 November 2021

**SUMMARY OF QUESTIONS RAISED BY THE MINORITY SHAREHOLDER WATCHDOG GROUP (“MSWG”) AND THE COMPANY’S RESPONSES**

---

The questions received prior to the Annual General Meeting from the MSWG have been summarized as follows:

**Operations and Financial Matters**

1. The Company registered strong performance for Financial Year Ended (“FYE”) 2021 where net profit increased almost by 100% from RM6 million in FYE 2020 to RM11.9 million. The Company was largely unscathed by the pandemic as demand for aerosol paint remained robust during the period. [Page 15 of Annual Return 2021 (“AR 2021”)]

(a) What are the Company’s plans to future develop its business for FYE 2022?

**A:** Our Group’s strategies and plans moving forward are as follows:

- To maintain our market position in the domestic market and increase our exports for our aerosol products through expansion of production capacity with construction of a new factory and upgrade of existing aerosol filling lines;
- To penetrate into new markets by establishing new geographical footprints and pursuing opportunities to develop a wider range of aerosol products to cater for new niche market segments through increase in sales, marketing and advertising initiatives; and
- To consistently improve the quality standard of our products and manufacturing practices through continual investment in product development.

(b) The Company currently is an OBM and OEM manufacturer of aerosol paint. Going forward, in which segment will the Company focus its manufacturing and why?

**A:** Currently OBM and OEM contributed 78% and 22% respectively for FYE 2021. OBM will still remain as a major contributor in the near future but as explained above, we intend to establish new geographical footprints that will eventually add on to our OEM’s contribution.

2. The Company’s funds for development for capital commitment in terms of commitments provided for in the financial statements for FYE 2021 was RM19.95 million. (Page 19 of AR 2021)

(a) What is the planned capex for FYE 2022?

**A:** Approximately of RM13million.

(b) What will this CAPEX be utilized for?

**A:** To construct a new building (including the foundation work, construction cost, infrastructure works and internal fittings)

3. The Company has significant reliance on labour to manufacture its products.

(a) What is the ratio of foreign labour to its total workforce currently?

(b) As the Government imposes stricter rules and for the hiring of foreign labour, what are the Company's plans to mitigate the situation?

**A:** Currently all our factory workers are locals. Thus, there is no reliance on foreign labour.

4. DPI is currently setting up a new factory equipped with fully automated aerosol filling lines. (Page 20 of AR 2021)

(a) What is the cost incurred to set up this new factory?

**A:** The cost to be incurred for the new factory which is to be funded via IPO proceeds is estimated to be RM12.63 billion.

(b) What is the targeted timeline for the completion of this factory?

**A:** The factory is expected to be completed by June 2022 and we expect to commission the new aerosol filling lines and commence the operations by 1st quarter of FYE 2023, i.e. June to August 2022.

5. Inventories written down rose significantly in FYE 2021 to RM270k from RM67k in FYE 2020. (Page 59 of AR 2021)

(a) What were the reasons for the sharp increase (eg. slow moving, spoilt stock or obsolescence).

**A:** It is the Group's policy to write down our inventories for those aged more than 3 years. These inventories are mainly slow moving but can still be used for production.

(b) How much of the inventories written down has been written back after FYE 2021?

**A:** The inventories written back to-date in respect of FYE 2022 is insignificant as our production was halted from 29 June to 27 August 2021.

## **Corporate Governance**

1. Practice 1.3 of the Malaysian Code of Corporate Governance (MCCG) stipulates that the position of Chairman and Managing Director has to be held by different individuals as part of better Corporate Governance.

Mr. Choy Mui Seng @ Chai Mui Seng holds both the positions of Managing Director and Chairman in the Company. This is not in line with Practice 1.3.

Does the Company intend to apply Practice 1.3 and if yes, by when?

A: Our Board is of the view that appropriate measures and practices have been put in place to ensure consistency with the objectives of the MCCG:

- i. Our Board comprises a majority of Independent Directors. This will facilitate greater objectivity to the oversight function of our Board and curtail the executive power within the Board;
- ii. Datuk Seri Nurmala Binti Abd. Rahim is appointed as the Senior Independent Non-Executive Director of our Board:
  - She serves as a sounding board to our Executive Chairman and will lead the performance evaluation of our Executive Chairman;
  - Her appointment is meant to diminish any concentration of powers vested in our Executive Chairman;
  - She is the Chairman of the Board Nomination Committee and a Member of the Board Remuneration Committee. This will ensure there are checks and balances in the areas of, amongst others, performance evaluation, executive remuneration, succession planning and appointment of new directors.
- iii. The terms of reference of the Executive Chairman, Managing Director and Senior Independent Non-Executive Director have been established to clearly set out the respective functions and demarcate the roles and boundaries of these positions in our Board Charter.

\*Note:

Abbreviation A means Answer