



DPI HOLDINGS BERHAD

Registration No. 201701035607 (1249778-M)

TOWARDS **EXCELLENCE**



ANNUAL REPORT

2022

WHAT'S INSIDE

Online Version



This Annual Report can also be downloaded as a PDF file or viewed in an Interactive format at www.dpiaerosol.com or by scanning the QR code given with your smart device.



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Who We Are



Equipped with automated production lines, blending and packaging capabilities and facilities coupled with onsite bulk propellant and chemical storage, we have been making quality aerosol products since 1982. Further, we are also establishing a range of cleaning and sanitisation products where we had begun to manufacture anti-bacterial disinfectant spray.

Today, we are proud to supply to over 700 distributors and retailers in Malaysia and to over 9 overseas private label customers.

Our history began in 1980 when Choy Mui Seng @ Chai Mui Seng ("Peter Chai"), currently our Executive Chairman and Managing Director, was appointed as a Director of DPI Sdn. Bhd. ("DPI"). DPI was then a manufacturer of paints for decorative and household applications. In response to rising competition in the paints and coating industry, Peter Chai, in 1982, spearheaded DPI's venture into the manufacture of aerosol paints, a niche segment within the paints and coating industry as a means to differentiate ourselves from our competitors. DPI has since grown from a small company manufacturing only 30 aerosol paint colours into a well-established aerosol manufacturer in Malaysia producing more than 300 paint colours. We are also able to offer a comprehensive private label manufacturing services where we are able to customise and package various aerosol products for our customers.



Trusted Since 1982

Financial Review



TOTAL REVENUE

has decreased from RM62.45 million for FYE 2021 to RM50.68 million for FYE 2022.



+1.9%

NET TANGIBLE ASSETS

has increased from RM80.83 million for FYE 2021 to RM82.38 million for FYE 2022.



-56.1%

PROFIT BEFORE TAX ("PBT")

achieved by the Group was RM7.11 million for FYE 2022 as compared to RM16.18 million for FYE 2021.



Dividend of
0.4 SEN per share

Corporate Information

Board of Directors

Choy Mui Seng @ Chai Mui Seng
Executive Chairman/
Managing Director

Chai Chun Vui
Deputy Managing Director/Marketing
and Business Development Director

Datuk Seri Nurmala binti Abd. Rahim
Senior Independent Non-Executive
Director

Fong Yoo Kaw @ Fong Yee Kow
Independent Non-Executive Director

Lua Kok Hiyong
Independent Non-Executive Director

Audit And Risk Committee

Fong Yoo Kaw @ Fong Yee Kow
Chairman

Datuk Seri Nurmala binti Abd. Rahim
Member

Lua Kok Hiyong
Member

Remuneration Committee

Lua Kok Hiyong
Chairman

Datuk Seri Nurmala binti Abd. Rahim
Member

Choy Mui Seng @ Chai Mui Seng
Member (Resigned on 23 September 2021)

Fong Yoo Kaw @ Fong Yee Kow
Member (Appointed on 23 September 2021)

Nomination Committee

Datuk Seri Nurmala binti Abd. Rahim
Chairman

Fong Yoo Kaw @ Fong Yee Kow
Member

Lua Kok Hiyong
Member

Company Secretaries

Wong Youn Kim (f) (MAICSA 7018778)
SSM PC No.: 201908000410

Lee Chin Wen (f) (MAICSA 7061168)
SSM PC No.: 202008001901

Niche & Milestones International Sdn. Bhd.

B-25-2, Block B, Jaya One,
No. 72A, Jalan Prof Diraja Ungku Aziz,
46200 Petaling Jaya,
Selangor Darul Ehsan,
Malaysia.
Tel No. : +603-7955 0955
Fax No. : +603-7955 0959

Registrar

Boardroom Share Registrars Sdn. Bhd.

11th Floor, Menara Symphony,
No. 5, Jalan Prof. Khoo Kay Kim,
Seksyen 13,
46200 Petaling Jaya,
Selangor Darul Ehsan,
Malaysia.
Tel No. : +603-7890 4700
Fax No. : +603-7890 4670

Head Office

K69, Jalan Perindustrian 6,
Kawasan Perindustrian Tanjung Agas,
84000 Kesang, Tangkak,
Johor Darul Takzim, Malaysia.
Tel No. : +606-952 2854
Fax No. : +606-951 3543
Email : general@dpiaerosol.com
Website : www.dpiaerosol.com

Auditors

Crowe Malaysia PLT
201906000005 (LLP0018817-LCA)
& AF 1018
Chartered Accountants
Level 16, Tower C, Megan Avenue II,
12, Jalan Yap Kwan Seng,
50450 Kuala Lumpur,
Malaysia.
Tel No. : +603-2788 9999
Fax No. : +603-2788 9998

Sponsor

Affin Hwang Investment Bank Berhad
27th Floor, Menara Boustead,
69, Jalan Raja Chulan,
50200 Kuala Lumpur,
Malaysia.
Tel No. : +603-2142 3700
Fax No. : +603-2141 7701

Registered Office

B-25-2, Block B, Jaya One,
No. 72A, Jalan Prof Diraja Ungku Aziz,
46200 Petaling Jaya,
Selangor Darul Ehsan,
Malaysia.
Tel No. : +603-7955 0955
Fax No. : +603-7955 0959

Principal Bankers

Affin Bank Berhad
AmBank Berhad
Malayan Banking Berhad
OCBC Bank (Malaysia) Berhad
Public Bank Berhad
Oversea-Chinese Banking
Corporation Limited (OCBC)

Date Of Listing

7 January 2019

Stock Exchange Listing

ACE Market of Bursa Malaysia Securities Berhad
Stock Name : DPIH
Stock Code : 0205

Corporate Structure

as at 22 September 2022



DPI HOLDINGS BERHAD

Registration No. 201701035607 (1249778-M)



Our Milestone

4 November 2019

Subscription of **100%** equity interest in DPI Alliance Pte Ltd, incorporated in Singapore.

7 January 2019



DPI Holdings makes its debut on the ACE Market of Bursa Malaysia Securities Berhad.



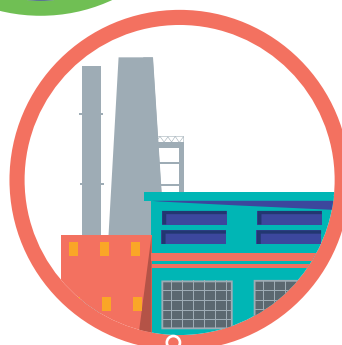
30 July 2021

A wholly owned subsidiary, DPI Alliance Pte Ltd had acquired a new 90% owned subsidiary in Japan, namely DPI Japan Co., Ltd., through subscription of new shares.



11 August 2021

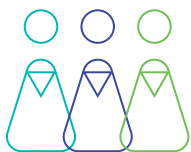
Bonus issue of **243,365,498** new ordinary shares in DPI Holdings' on the basis of 1 bonus share for every 2 existing DPI Holdings' shares was completed.



26 May 2022

Subscription of **80%** equity interest in DPI Plastics Sdn. Bhd., incorporated in Malaysia.

Profile of Directors



Peter Chai was appointed to our Board of Directors ("Board") as Executive Chairman and Managing Director on 1 March 2018. He has also been a Director of DPI Chemicals Sdn. Bhd. ("DPIC") since January 1991. Subsequently, he was appointed as a Director of DPI Alliance Pte. Ltd. ("DPIA") on 4 November 2019 and DPI Japan Co., Ltd. on 4 August 2021. On 24 March 2022, he was appointed as a Director of DPI Plastics Sdn. Bhd. ("DPIP").

CHOY MUI SENG @ CHAI MUI SENG (Peter Chai)

*Executive Chairman and
Managing Director
Malaysian, Male, Aged 77*



He worked on various jobs in his early years before joining paint manufacturer, Nippon Paint (EM) Sdn. Bhd. ("Nippon Paint"), in Sarawak as a salesman in 1968. Between 1970 to 1980, he was in-charge of the overall sales and marketing activities within the Nippon Paint group of companies in the regions of Sabah, Brunei as well as in Medan, Sumatera and Jakarta in Indonesia. During his posting in Jakarta, he was responsible for overseeing the sales and marketing operations of the paints and coatings division and was responsible for overseeing the packaging division.

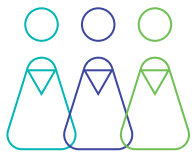
In 1980, he joined DPI Sdn. Bhd. ("DPI") and was appointed as a Director. He was responsible for DPI's overall business and manufacturing operations and spearheaded our Company's venture into manufacturing of aerosol paints. Subsequently, he acquired DPI in November 1985 and became its Managing Director a month later. Thereafter, he realigned DPI's business strategy to focus on the growth and production of aerosol products and packaging services in Malaysia.

As the Managing Director of DPI Holdings, he will continue to spearhead and oversee the overall operations of DPI Holdings and its subsidiaries ("Group") from quality control to product development, as well as to formulate and implement new business strategies. Apart from the above, he does not hold any other directorship in other public companies or listed issuers in Malaysia.

In addition to DPI Holdings, he is also a Non-Executive Director of a public listed company in Australia, namely Eneco Refresh Ltd, of which he was appointed on 29 November 2016.

Peter Chai is the father of Adam Chai, the Deputy Managing Director, Marketing and Business Development Director and major shareholder of our Company. He does not have any conflict of interests with our Company. He has not been convicted of any offences, other than traffic offences (if any) within the past 5 years and no public sanction or penalty imposed by the relevant regulatory bodies to him during the financial year.

Profile of Directors



Adam Chai was appointed to our Board on 1 March 2018. He has been a Director of DPI since July 2004 and was redesignated as an Executive Director of DPI in April 2015. He has also been a Director of DPIC since May 2016. Subsequently, he was appointed as a Director of DPIA on 4 November 2019 and DPI Japan Co., Ltd. on 4 August 2021. On 24 March 2022, he was appointed as a Director of DPIP.

CHAI CHUN VUI (Adam Chai)

*Deputy Managing Director and,
Marketing and Business Development
Director
Malaysian, Male, Aged 45*



He graduated with a Bachelor of Science (Economics) from National University of Singapore in February 2000 and subsequently obtained a Master of Commerce (Information Systems with Logistics Management and Management of Technology) from University of Sydney in October 2001.

Adam Chai has over 10 years of experience in marketing and sales where he has worked for family owned businesses which are principally involved in road marking safety products and surface finishing equipment from February 2002 to March 2015. He was in-charge of the day-to-day marketing operations of these companies and has held position as the Marketing and Branding Director and was able to market the products of these companies through his engagements as a certified trainer to demonstrate the application of these products on an ad hoc basis.

In April 2015, he was redesignated as the Marketing and Business Development Director in DPI Holdings in addition to Executive Director. As Marketing and Business Development Director, he is in charge of creating new products, developing new sales pipelines through branding, managing the marketing campaigns and participating in trade shows, formulating strategic business development plans as well as identifying and building new strategic alliances and partnerships overseas. Further, as our Group's Deputy Managing Director, he assists our Managing Director in overseeing our Group's overall operations including production, product development and finance.

Other than his directorship in DPI Holdings, he does not hold any other directorship in other public companies or listed issuers in Malaysia.

Adam Chai is the son of Peter Chai, the Executive Chairman, Managing Director and major shareholder of our Company. He does not have any conflict of interests with our Company. He has not been convicted of any offences, other than traffic offences (if any) within the past 5 years and no public sanction or penalty imposed by the relevant regulatory bodies to him during the financial year.

Profile of Directors



Datuk Seri Nurmala binti Abd. Rahim was appointed to our Board on 1 March 2018. She is the Chairman of our Nomination Committee. She is also a member of our Audit and Risk Committee, and Remuneration Committee.

She obtained a Bachelor of Social Science (Urban Studies) (Hons) from Universiti Sains Malaysia in July 1977. She completed her Diploma (Public Administration) from the National Institute of Public Administration ("INTAN") in October 1978 and received a Master in Public Administration ("MPA") from Pennsylvania State University, United States of America in May 1988. She also attended the Women Directors On-Boarding Training Program at the NAM Institute for the Empowerment of Women in April 2013 and is certified with the Mandatory Accreditation Program for Directors of Public Listed Companies since May 2014.

DATUK SERI NURMALA BINTI ABD. RAHIM

*Senior Independent
Non-Executive Director
Malaysian, Female, Aged 68*

She began her career in the Ministry of Agriculture, Malaysia and has served as Assistant Secretary of the International Division, Assistant Secretary of the Planning and Development Division and Principal Private Secretary to the Honourable Minister of Agriculture during her tenure in the aforesaid ministry from 1978 to 1984. She subsequently served as the Senior Project Officer at INTAN from 1984 to 1986. In 1987, she went on to pursue her MPA and upon completion in 1988, she was assigned to the Malaysian Administrative Modernisation and Management Planning Unit under the Prime Minister's Department as a Principal Assistant Director until 2002. She then joined Ministry of International Trade and Industry ("MITI") and has held positions as Director of the ASEAN Division, Minister Counsellor at the Embassy of Malaysia in Tokyo, Senior Director of the Strategic Planning Division and Senior Director of Management Services up until 2007. In the same year, she was appointed as the Deputy Secretary General of the Ministry of Plantation Industries and Commodities ("MPIC"), and then went on to serve in the capacity of Secretary General until 2014.

At the international level, she was the Head of the National Tripartite Rubber Cooperation between Malaysia, Indonesia and Thailand from February 2011 to August 2014. She was also the Governor for Malaysia under the Common Fund for Commodities from November 2007 to August 2014, which was established within the framework of the United Nations.

She currently sits on the board of Hartalega Holdings Berhad as an Independent Non-Executive Director. She was appointed on the board of Hartalega Holdings Berhad on 23 August 2016.

Datuk Seri Nurmala has no family relationship with any director and/or major shareholder of our Company nor does she have any conflict of interests with our Company. She has not been convicted of any offences, other than traffic offences (if any) within the past 5 years and no public sanction or penalty imposed by the relevant regulatory bodies to her during the financial year.

Profile of Directors



Fong Yoo Kaw @ Fong Yee Kow was appointed to our Board on 1 March 2018. He is the Chairman of our Audit and Risk Committee. He is also a member of our Nomination Committee and Remuneration Committee.

FONG YOO KAW @ FONG YEE KOW

*Independent Non-Executive Director
Malaysian, Male, Aged 70*



He graduated with a Bachelor Degree in Commerce and Administration from Victoria University of Wellington, New Zealand in August 1975. He became a member of the Malaysian Institute of Accountants ("MIA") in September 1984 and he became a certified Chartered Accountant of MIA in June 2001. In addition, he is also a member of Chartered Accountants Australia and New Zealand since August 1977 and the Institute of Chartered Secretaries and Administrators since April 1978.

He started his career as an accountant in Wellington, New Zealand in November 1974. In 1979, he returned to Malaysia and worked as the Accountant and Group Secretary and subsequently Group Financial Controller at Sarawak Pulp Industries Sdn. Bhd. until 1990. In January 1991, he joined Ernst & Young, Malaysia as a Senior Manager at the consultancy department. In early 1996, he became a Partner in Ernst & Young, Malaysia where he was in charge of the consultancy department which covered review of internal controls, advisory on business strategy and business performance improvement, corporate restructuring and financial reporting for corporate exercises. In 2007, Ernst & Young, Malaysia was grouped into Ernst & Young, Asia Pacific. As a result, he was also a Partner in Ernst & Young, Asia-Pacific. He retired in December 2010.

He currently sits on the boards of Pansar Berhad, YKGI Holdings Berhad and Sarawak Oil Palms Berhad as an Independent Non-Executive Director. He was appointed on 1 November 2011, 3 January 2013 and 28 April 2014, respectively.

Mr. Fong has no family relationship with any director and/or major shareholder of our Company nor does he have any conflict of interests with our Company. He has not been convicted of any offences, other than traffic offences (if any) within the past 5 years and no public sanction or penalty imposed by the relevant regulatory bodies to him during the financial year.

Profile of Directors



Lua Kok Hiyong was appointed to our Board on 1 March 2018. He is the Chairman of our Remuneration Committee. He is also a member of our Audit and Risk Committee, and Nomination Committee.

LUA KOK HIYONG

*Independent Non-Executive Director
Malaysian, Male, Aged 62*

He graduated from University of Malaya with a Bachelor of Law (Hons) in April 1985 and subsequently, a Master of Laws from University of Malaya in March 2013. He started practising law and was admitted to the Malaysian Bar in March 1986. From 1986 to mid-1988, he worked as a Legal Assistant at Messrs K. P. Woon & Co, then at Messrs Nik Sadhir Yaacob & Ismail, and later at Messrs Adhan Hussin & Zaidan. In July 1988, he left to set up his own legal firm, namely Messrs Lua & Mansor, which has offices in Kota Bharu, Kelantan (since July 1988) and Petaling Jaya, Selangor (since March 2000). He has been managing the branch at Petaling Jaya, Selangor as a Senior Partner until now. His main area of practice is civil litigation. He had in the past been involved in civil and banking litigation involving companies, land, intellectual property, trusts, societies, industrial related matters and debt collection as well as family law.

Other than his directorship in DPI Holdings, he does not hold any directorship in other public companies or listed issuers in Malaysia.

He served as a member of the Investigation Tribunal of the Advocates & Solicitors Disciplinary Board of Malaysia from March 1996 to March 2008. He was subsequently appointed as a member of the Disciplinary Committee of the Advocates & Solicitors Disciplinary Board of Malaysia in February 2012 until February 2018.

Mr. Lua has no family relationship with any director and/or major shareholder of our Company nor does he have any conflict of interests with our Company. He has not been convicted of any offences, other than traffic offences (if any) within the past 5 years and no public sanction or penalty imposed by the relevant regulatory bodies to him during the financial year.

Profile of Key Senior Management

CECELIA LAI POOI CHUI

Chief Financial Officer

Cecelia Lai Pooi Chui, a Malaysian, female, aged 34, is the Chief Financial Officer ("CFO") of our Group. She was appointed as our CFO on 21 May 2018. She graduated with a Diploma in Business Studies (Accounting) from Tunku Abdul Rahman College in May 2007 and subsequently obtained her professional certification from the Association of Chartered Certified Accountants in October 2017. In July 2018, she became a Certified Chartered Accountant of the MIA.

She began her career as an auditor at LLKG International in May 2007 before moving on to join Crowe Horwath (now known as Crowe Malaysia PLT) as an Audit Semi-Senior in September 2010. She was a Manager at Crowe Malaysia (now known as Crowe Malaysia PLT) when she left to join Ranhill Water Technologies Sdn. Bhd., a subsidiary of Ranhill Holdings Berhad, as the Finance Manager in October 2017.

During her 10 years of audit experience, she audited various small and medium enterprise companies as well as public listed companies from various different industries such as construction, trading, manufacturing and fund management. She also led special assignments such as reporting accountants' work in initial public offerings, rights issue of preference shares as well as due diligence reviews. Further, she has exposure in internal audit, corporate and financial reporting, tax compliance, funding and hedging, inventory and products costing and internal control systems.

As the CFO, she is responsible for our Group's overall financial, tax and accounting matters as well as corporate finance related matters. She is also a member of the risk management working group, who is responsible for our Group's corporate governance compliance, risk management and internal control.

She has no family relationship with any Directors and/or major shareholders of our Company.



NG SHO LIN

Assistant General Manager

Ng Sho Lin, a Malaysian, female, aged 61, is DPI's Assistant General Manager. She was promoted to be DPI's Senior Manager of Finance and Administration in April 2015 and subsequently promoted to be DPI's Assistant General Manager in January 2019. She is also a member of the risk management working group. She obtained a Certificate (Business Studies) from Goon International College in 1982 and has since been with our Group.

She has served our Group for 39 years. She joined DPI in 1983 as an Accounts Clerk where she handled clerical work related to finance. She had gradually taken on more responsibilities throughout her tenure and is now responsible for the day-to-day operations of DPI in the areas of accounting and finance, administration and operations. She has been instrumental in establishing DPI's operational policies and procedures and in transforming DPI's business operations through the implementation of an integrated accounting and inventory system to support its business expansion over the years.

As Assistant General Manager of DPI, she continues to play a key role in the organisation to ensure the smooth and progressive operation of the various divisions within DPI.

She has no family relationship with any Directors and/or major shareholders of our Company.



Profile of Key Senior Management

JANELLE LEE YI WEN

Head of Corporate Affairs cum Executive Assistant to the Managing Director's Office

Janelle Lee Yi Wen, a Singaporean, female, aged 45, is the Head of Corporate Affairs cum Executive Assistant to the Managing Director's Office in our Group. She was appointed on 1 January 2020. She is also a member of the risk management working group. She obtained her Bachelor of Science (Mathematics) from the National University of Singapore in 1999, Graduate Diploma in Marketing Communication from Marketing Institute of Singapore in 2003 and Specialist Diploma in Social Media Marketing and Online Content Creation from the Singapore Media Academy in 2019.

She has worked in various multinational and local corporations in Singapore which includes Infocredit Dun & Bradstreet, United Overseas Bank, GE Commercial Finance, ABN AMRO Bank and Standard Chartered Bank. Her past experience involves business commercial lending, cash management, product development and corporate relationship management. Prior to joining us, she was a Vice President in the Commercial Banking department of United Overseas Bank Ltd where she managed a portfolio worth over SGD80 million.

As the Head of Corporate Affairs cum Executive Assistant to the Managing Director's Office, Janelle is responsible for overseeing our Group's branding, corporate communication, sales and marketing activities. Further, she supports the Deputy Managing Director in providing assistance to the Managing Director whenever required. She also assists in managing the Key Senior Management and contributes to the overall Group's strategic management planning and business management. She is currently based in DPIA in Singapore.

Janelle is the spouse of our Deputy Managing Director, and Marketing and Business Development Director, and daughter-in-law of our Executive Chairman and Managing Director.



ANNA LEE YIP LAI

Head of Human Resources

Anna Lee Yip Lai, a Malaysian, female, aged 45, is the Head of Human Resources ("HR") of our Group. She was appointed on 13 August 2019. She is also a member of the risk management working group. She obtained a Bachelor of Business (Finance) from Charles Sturt University in 2000.

Anna started her career in Singapore as a Business Office Executive in a hospital and later took on a Corporate Sales role with Infocredit Dun & Bradstreet, which is a business information and credit bureau service provider. In 2006, she returned to Malaysia as a Strategic Sales Manager for the joint venture between American Express and Malayan Banking Berhad, where she was part of a team that pioneered commercial payment solutions and managed an estimated deal in hundreds of million Ringgit Malaysia.

In 2008, she joined recruitment agency, HRnetGroup, where she was responsible for leading its talent acquisitions business for Banking & Financial Institutions under PeopleFirst Consulting Sdn. Bhd.. In 2011, she started her own agency and partnered with several regional consultants focusing on talent placement solutions. Between 2014 to 2017, she was involved in business financing for new ventures including preliminary work of establishing a manufacturing plant abroad. Before joining our Group, she was in charge of administration at a foreign bank's representative office in Malaysia since 2017.

As the Head of Human Resources, she is a key contributor to the development of our Group's strategic management plans. She pioneered the automation of our Group's payroll and HR systems through the adoption of an online HR management system in June 2020. Further, she manages our Group's overall HR strategic plans which include talent pipelining and, leadership and capabilities development with a commitment to drive performance and achieve our corporate visions and growth plans.

She has no family relationship with any Directors and/or major shareholders of our Company.



Profile of Key Senior Management

CHEN SOOK SHIN

Operations and Purchasing Manager

Chen Sook Shin, a Malaysian, female, aged 40, is DPIC's Operations and Purchasing Manager since September 2017. She is also a member of the risk management working group. In December 1999, she completed a foundation course in Business Administration at Erican Language Centre, Ipoh, Perak.

She began her career as an Accounts and Administrative Executive at Asia Tech Material Sdn. Bhd. from November 2000 to June 2008, before moving on to Miva Footwear (M) Sdn. Bhd. as an Administrative and Public Relations Executive in August 2008 to July 2009. She subsequently joined Rotowell Enterprise Sdn. Bhd. ("Rotowell") as an Accounts cum Administrative Executive from August 2009 to August 2017. Her experiences include managing accounts, preparing reporting documents, handling human resource and public relation matters.

DPIC and Rotowell have common controlling shareholders. Consequently, during her tenure at Rotowell, she was also involved in managing the sales, administration, accounts and finance matters of Rotowell as well as DPIC. In September 2017, she left Rotowell to join DPIC as the Operations and Purchasing Manager where she oversees the finance and accounts, production, purchasing, Human Resources and administrative matters of DPIC.

She has no family relationship with any Directors and/or major shareholders of our Company.



Additional Information on the Key Senior Management

Directorship in public companies and listed corporation
None of the Key Senior Management hold any directorships in public companies and listed corporation.

Conflict of Interests
The Key Senior Management do not have any conflict of interests with the Company.

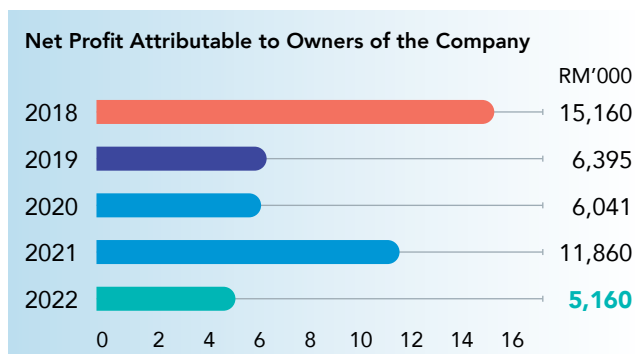
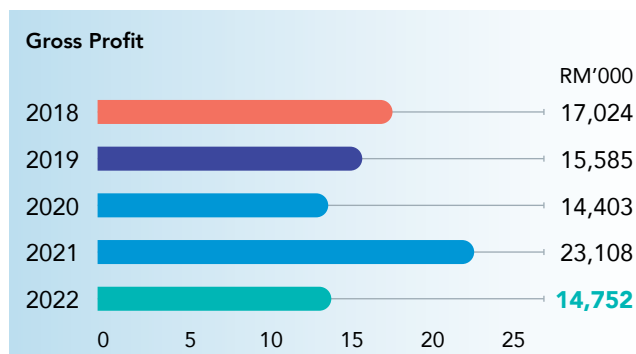
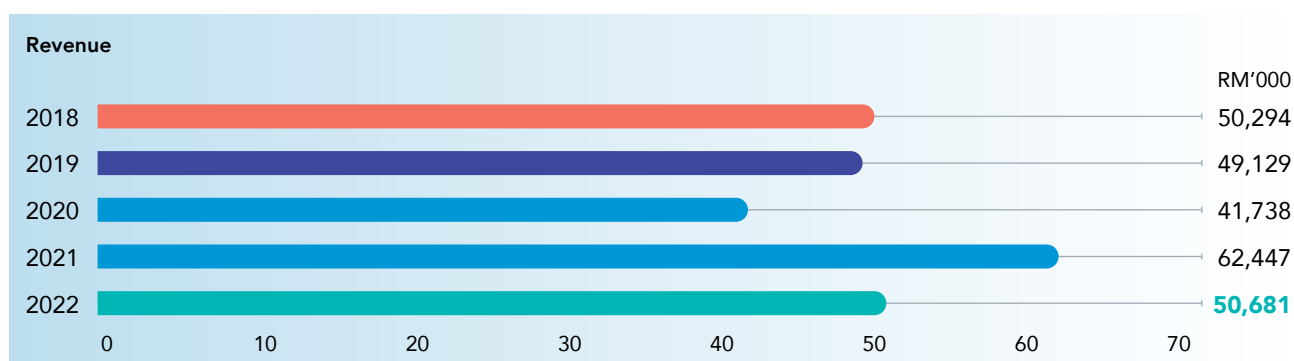
List of convictions for offences within the past five (5) years and particulars of any public sanctions or penalty imposed by the relevant regulatory bodies during the financial year, if any

- None of the Key Senior Management have any convictions for offences other than traffic offences (if applicable) within the past five (5) years.
- None of the Key Senior Management were penalised or sanctioned by any regulatory bodies during the financial year.



Financial Highlights

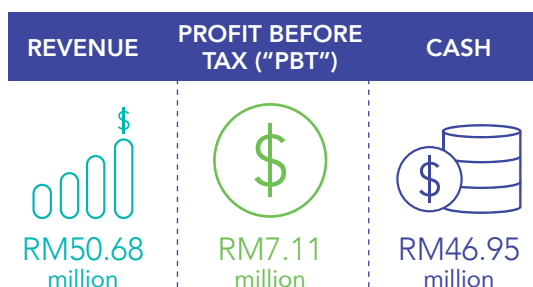
Financial Year Ended 31 May ("FYE")	2018	2019	2020	2021	2022
STATEMENTS OF PROFIT OR LOSS	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	50,294	49,129	41,738	62,447	50,681
Gross Profit	17,024	15,585	14,403	23,108	14,752
Other income	9,193	766	1,819	1,754	1,819
Listing expenses	1,092	936	-	-	-
Profit before tax ("PBT")	18,624	8,727	8,424	16,183	7,114
Net profit after tax for the year	15,160	6,395	6,041	11,860	5,150
Net profit attributable to owners of the Company ("PAT")	15,160	6,395	6,041	11,860	5,160
STATEMENTS OF FINANCIAL POSITION					
Total equity attributable to owners of the Company	34,568	70,960	73,108	80,832	82,702
Total assets	42,448	76,595	78,463	90,325	92,121
Cash and bank balances, short-term investments, fixed deposits with licensed banks	18,027	48,790	50,234	56,312	46,947
FINANCIAL RATIOS					
Basic earnings per share ("EPS") (sen)	4.21	1.56	1.24	2.44	0.75
Gross dividends per share (sen)	-	0.40	0.40	1.00	0.40
Net assets per share (RM)	0.10	0.15	0.15	0.17	0.11
Current ratio (times)	4.76	12.74	13.25	8.49	8.20
Gross profit margin (%)	33.85	31.72	34.51	37.00	29.11
PBT margin (%)	37.03	17.76	20.18	25.91	14.04
PAT margin (%)	30.14	13.02	14.47	18.99	10.16



Chairman's Statement

Dear Shareholders,

On behalf of the Board of Directors ("Board"), I am pleased to present to you the annual report of DPI Holdings Berhad ("our Group") for the financial year ended 31 May 2022 ("FYE 2022").



BUSINESS OVERVIEW

Our Group's business operations during the FYE 2022 has been challenging due to the ongoing COVID-19 pandemic, especially during the first quarter of FYE 2022, covering the period from 1 June 2021 to 31 August 2021 where the Malaysian Government had imposed a Full Movement Control Order ("FMCO") to combat the rising cases of Covid-19 infections then. As a result, our Group was required to halt our aerosol production from 29 June 2021 to 27 August 2021, thus affecting our Group's ability to fulfil sales orders in the first quarter of FYE 2022.

Raw material prices increased during the FYE 2022 due to an increase in logistics costs as a result of a disruption to the global supply chain post-COVID-19 pandemic. The situation was further intensified at the start of 2022 by the Russia-Ukraine war resulting in further unexpected disruptions to the global supply chain and logistics.

In response to the increase in raw material prices, our Group had revised our products' selling price upwards in the third quarter of FYE 2022 in order to preserve the Group's profit margins.

Despite the difficult and uncertain period, our Group recorded a total revenue of RM50.68 million for the FYE 2022 as compared to RM62.45 million recorded in the previous financial year, representing a decline of 18.8%.



Further discussion and analysis on the Group's financial performance are set out in the Management Discussion and Analysis report.

As at 31 May 2022, our Group managed to maintain a healthy level of cash reserves with a net cash balance of RM46.95 million in FYE 2022 as compared to RM56.31 million in the preceding year with zero borrowing. Due to the economic impact of COVID-19, some businesses have been adversely affected, leading to down-sizing or permanent closure of their operations. Our Group is in a fortunate position of having the capacity to retain our staff force with no retrenchment as our Group is backed by strong cash reserves which allowed us to weather through this prolonged period of uncertainty.

Chairman's Statement

DIVIDENDS

Although our Group does not adopt any formal dividend policy, we have a commendable dividend payout track record since the Company was listed on Bursa Securities Malaysia Berhad in January 2019. Our Group's historical dividend pay-out ratio is in the range of 30.4% to 56.7% since our IPO.

FYE	PAT RM'000	Dividend Paid/Payable RM'000	Dividend Pay-out Ratio %
2019	6,395	1,947	30.4
2020	6,041	1,947	32.2
2021	11,860	5,232	44.1
2022	5,160	2,920	56.6

Dividend Track Record since IPO

FYE	Type of Dividend	Dividend Paid/Payable RM'000	Payment Date
2019	Final Dividend 0.40 sen/share	1,947	17 December 2019
2020	1st Interim Dividend 0.25 sen/share	1,217	5 March 2020
	2nd Interim Dividend 0.15 sen/share	730	7 July 2020
2021	1st Interim Dividend 0.20 sen/share	974	30 October 2020
	2nd Interim Dividend 0.20 sen/share	973	3 February 2021
	Special Dividend 0.25 sen/share	1,217	3 February 2021
	3rd Interim Dividend 0.20 sen/share	973	22 April 2021
	4th Interim Dividend 0.15 sen/share	1,095	9 September 2021
2022	1st Interim Dividend 0.15 sen/share	1,095	28 January 2022
	2nd Interim Dividend 0.15 sen/share	1,095	25 April 2022
	3rd Interim Dividend 0.10 sen/share	730	29 August 2022

The Group's annual dividend payment may vary and is subject to, amongst others, the Group's level of cash, indebtedness, retained earnings, business operations, financial performance, prospects, capital commitments and such other matters that the Board may deem relevant from time to time.

OUR THANKS

On behalf of the Board of Directors, I would like to express my sincere and heartfelt thanks to our shareholders, customers, business associates, suppliers, government agencies and regulatory authorities for their continued and unwavering support and confidence in our Company.

I would also like to extend my sincere gratitude and appreciation to our employees for their dedication, commitment and hard work through these uncertain times and to my fellow colleagues on the Board for their counsel and support throughout the year.

I believe that with the guidance of our Board and the dedication and commitment of our staff, DPI Holdings will be well placed to leverage on new opportunities and tackle any challenges that may come our way.

Peter Chai
Executive Chairman/Managing Director

Management Discussion and Analysis



OBJECTIVES AND STRATEGIES

Our Group's objectives, 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 our 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.

OVERVIEW OF BUSINESS AND OPERATIONS

In FYE 2022, our Group structured its business units based on our products as follows:

- Aerosol products – Development, manufacturing and distribution of aerosol products.
- Solvents and thinners – Trading of solvents and thinners, and thinner blending activities.

These segments are operated by the Company's three wholly-owned subsidiaries, namely:

- DPI Sdn. Bhd. ("DPI") which is located at Kawasan Perindustrian Tanjung Agas in Tangkak, Johor;
- DPI Chemicals Sdn. Bhd. ("DPIC") which is located in Shah Alam, Selangor; and
- DPI Alliance Pte. Ltd. ("DPIA") which is located in the Republic of Singapore.

Our Group's key revenue contributors are:

- Own Brand Manufacturing ("OBM") – developing, manufacturing, filling and packaging of aerosol products under our own brand names, "DPI", "Anchor" and "Kromoto". We currently sell to customers in Malaysia, which comprise a majority of our OBM customers, Singapore and Indonesia.
- Private label manufacturing services ("OEM") – providing solutions for paint and lubricant formulation, raw and packaging materials sourcing, aerosol paint and industrial aerosol manufacturing as well as aerosol packaging. The finished aerosol products are sold under our customers' brand names in accordance with their specifications. We currently serve customers operating in Malaysia, Indonesia, Japan, Australia, Singapore and New Zealand.

During the FYE 2022, our Group has subscribed for 80% or 480,000 new ordinary shares in DPI Plastics Sdn Bhd ("DPIP") for a cash consideration of RM480,000 pursuant to a Shareholders' Agreement entered into with a third party. DPIP is principally engaged in the business of manufacturing and trading of plastic caps and other plastic products, as well as moulding businesses. The acquisition of 80% stake in DPIP form part of the Group's backward integration strategies in order to better control the cost, source and reliability of our products' packaging materials supply and its pricing.

GROUP FINANCIAL PERFORMANCE

For the FYE 2022, our Group generated revenue of RM50.68 million, a decrease of 18.8% from RM62.45 million generated in the previous financial year ended 31 May 2021 ("FYE 2021"). The decrease in revenue was mainly due to the Full Movement Control Order ("FMCO") imposed by the Malaysian Government which had required the Group to halt our aerosol production from 29 June 2021 to 27 August 2021, and thus affected the Group's ability to fulfill purchase orders received from our customers during the first financial period from 1 June 2021 to 31 August 2021 ("1Q FYE 2022"). In addition, our Group followed the standard operating procedures set by the Malaysian Government, where subsequently, production activities were allowed to resume and operate at 60% staff capacity. The Group was only allowed to operate at our usual optimum capacity in September 2021.

This resulted in our Group only operating for a total of 21 days in 1Q FYE2022 with the reduced labour force, thus significantly affecting our Group's production capacity and revenue.

Management Discussion and Analysis

GROUP FINANCIAL PERFORMANCE (Cont'd)

Our Group's profit before tax decreased by RM9.07 million or approximately 56.0% from RM16.18 million in the previous FYE 2021 to RM7.11 million in FYE 2022. The decrease was mainly due to the lower number of operating days and the reduction of staff operating capacity in 1Q FYE 2022, as well as the increase in average raw materials prices and packaging cost in FYE 2022 compared to FYE 2021.

Revenue analysis of our Group's key business segments are as follows:

	FYE 2022 RM'000	FYE 2021 RM'000
OBM	34,149	41,756
OEM	7,961	11,522
Total aerosol products	42,110	53,278
Solvents and thinners	8,571	9,169
Total	50,681	62,447

During the FYE 2022, the sales of aerosol products decreased by RM11.17 million from RM53.28 million recorded in the FYE 2021 to RM42.11 million. This was mainly due to the FMCO imposed by the Malaysian Government which had required the Group to halt our aerosol production from 29 June 2021 to 27 August 2021, and thus affected the Group's ability to fulfill sales orders in the 1Q FYE 2022.

The aerosol products segment contributed 83.1% (FYE 2021 – 85.3%) of our Group's revenue whereas solvents and thinners contributed 16.9% (FYE 2021 – 14.7%) of our Group's revenue for the FYE 2022.

	FYE 2022 RM'000	FYE 2021 RM'000
Local market	40,919	52,412
Export market	9,762	10,035
Total	50,681	62,447



During the FYE 2022, the sales to local market decreased by RM11.49 million from RM52.41 million recorded in the FYE 2021 to RM40.92 million. The sales to export market decreased by RM0.28 million from RM10.04 million recorded in the FYE 2021 to RM9.76 million in FYE 2022.

Local market sales contributed 80.7% (FYE 2021 – 83.9%) of our Group's revenue for the FYE 2022, whereas the export market sales contributed 19.3% (FYE 2020 – 16.1%) of our Group's revenue for the FYE 2022.

Gross Profit

Our Group's gross profit for the FYE 2022 amounted to RM14.75 million, a decrease of RM8.36 million or 36.2% from RM23.11 million in the previous FYE 2021. The decrease in gross profit was mainly due to increase in the prices of raw materials and packaging costs.

Consequently, the Group's profit before tax decreased by RM9.07 million or approximately 56.0% to RM7.11 million in FYE 2022 as compared to RM16.18 million in FYE 2021. While the Group was not able to operate for full 12 months in FYE 2022 due to lock down measures imposed by Malaysian Government, we still needed to incur administrative expenses of RM7.55 million, and coupled with lower gross profit of RM14.75 million, all these led to lower profit before tax in FYE 2022.

Statement of Financial Position as at 31 May 2022

Our Group maintained a robust balance sheet with net current assets position of RM64.82 million and current ratio of 8.20 times as at 31 May 2022 compared to RM70.49 million and 8.49 times as at 31 May 2021. This strong position gives us a high level of liquidity and flexibility to meet both our short term liabilities and short term payables due over next 12-month period.

The cash and bank balances of our Group comprising cash, fixed deposits and short-term investments amounted to RM46.95 million as at 31 May 2022, a decrease of RM9.36 million from RM56.31 million in the previous financial year. The decrease was mainly due to capital expenditure incurred to purchase new property, plant and equipment as part of our expansion program to construct a new factory in Muar, Johor. Our Group does not have any borrowings as at 31 May 2022 (excluding lease liabilities) and we always maintained a net cash position since the Company was listed on the ACE Market of Bursa Malaysia Securities Berhad.

Our Group's net assets per ordinary share attributable to owners reduced slightly from RM0.17 to RM0.11 mainly due to the distribution of 1 bonus share for every 2 existing ordinary shares held by shareholders which has enlarged the Group's total number of issued shares from 486.73 million shares to 730.10 million shares.

Management Discussion and Analysis

GROUP FINANCIAL PERFORMANCE (Cont'd)

Group Cash Flow

Despite the Group operating under a challenging environment during FYE 2022, the Group continued to generate a healthy cash flow from its business operations, recording net cash from operating activities of RM1.28 million for the 12-month ended 31 May 2022.

The cash flows generated from investing activities amounted to RM6.06 million in the FYE 2022. This was mainly due to the purchase of property, plant and equipment of RM6.56 million and addition right-of-use assets of RM1.28 million which was offset by the withdrawal of fixed deposits with tenure of more than 3 months of RM13.41 million.

Capital Commitments

Our Group's capital commitments for the purchase of property, plant and equipment that had not been provided for in the statement of financial positions as at 31 May 2022 are RM13.76 million. These relate mainly to our planned capital expenditure and expansion as disclosed in our Prospectus dated 27 November 2018.



OUTLOOK AND FUTURE PROSPECTS

We expect the outlook to remain challenging moving forward as the global economy is still struggling with the effects of the COVID-19 pandemic and Russia-Ukraine conflict. The conflict has caused global supply chain disruptions and inflationary pressures. However, our Group is well supported by its solid financial position and will be able to mitigate such risks.

Our Group aims to continuously seek opportunities in the domestic markets to strengthen our market presence and enhance profitability. To this end, we will remain committed to provide quality products, as well as continuously improve our products in order to expand our local customer base. This will in turn support our long-term sustainability and growth, coupled with support from business partners and clients.

Additionally, our Group is also constantly pursuing opportunities to establish new geographical footprints and to develop a wider range of aerosol products to cater for new market segments by increasing its sales, marketing and advertising initiatives to expand our customer base. We will closely monitor the Group's profitability and the costs associated with our promotional initiatives in order to improve our profitability while maintaining a healthy profit margin.

In addition, subject to the final approval of the local authority, the Group anticipates to commission the operation of its new factory that will be equipped with fully automated aerosol filling lines by the end of 2022. Meanwhile, our Group expects to progressively upgrade our existing aerosol filling lines to boost production capacity and efficiency.

KEY RISKS AND MITIGATION

Political, economic and regulatory risks

Any adverse political and economic conditions and regulatory developments in Malaysia where our Group operates may have an adverse effect on the financial performance of our Group. Political and economic uncertainties include, but are not limited to, risks of wars, change in political leadership, global economic downturn and unfavorable changes in government policies which include interest rates, method and rate of taxation, currency exchange control or introduction of new regulations, import duties and tariffs and lockdowns to contain COVID-19.

Any effect, however, is mitigated by our Group's diverse customer base, located both locally and overseas, and our Group will continue to adopt measures such as prudent management and efficient operational procedures to mitigate these factors.

Currency risk

Our Group is exposed to currency risk arising from transactions that are denominated in foreign currency, primarily from the Singapore Dollar, US Dollar and Japanese Yen. Our Group manages its currency exposure in the following manner:

- Transactions conducted in the same foreign currency denomination provide a natural hedge against any exchange rate fluctuations of such foreign currency; and
- Maintain part of its cash and bank balances in foreign currency accounts to meet its future foreign currencies denominated obligations.

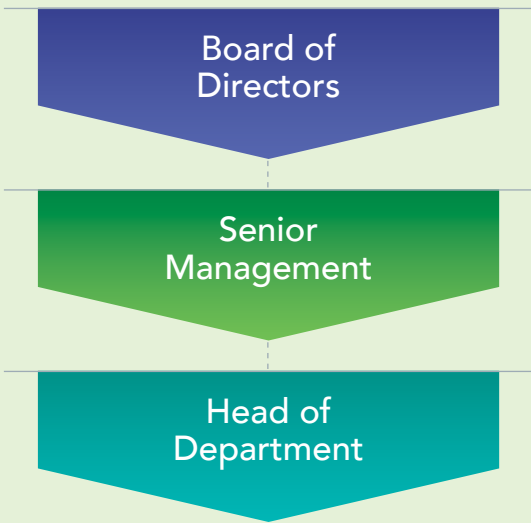
Sustainability Statement

OUR COMMITMENT TO BUSINESS SUSTAINABILITY

We are pleased to present our report on the sustainability performance of our Group. This Sustainability Statement provides an overview of the measures we have implemented during the period from 1 June 2021 to 31 May 2022, covering our initiatives on economic, environmental, and social related sustainability matters. As part of this drive, we have put into consideration key sustainability matters affecting direct and indirect stakeholders, which includes employees, shareholders and investors, government authorities, the surrounding community and general public. Our Sustainability Statement for 2022 covers the activities of DPI, which makes up the majority of our operations and is the main revenue generator of our Group. The sustainability reporting is guided by the Global Reporting Initiative (“GRI”) Sustainability Reporting Standards that is applicable to our business.

Sustainability Governance

Our Board provides oversight on our Group’s sustainability and is assisted by the Management of our Group who oversees the implementation of our Group’s sustainability measures. Representatives from each department meet regularly to discuss material issues, including sustainability-related matters to ensure sustainability is considered and integrated throughout our Group’s operation.



Material Sustainability Matters and Stakeholder Engagement

Material sustainability matters were identified to prioritise subjects that would be of utmost concern and have an impact on our stakeholders. The table below provides an overview of the material subjects and their groupings under the 3 main sustainability pillars, namely, Economic, Environmental and Social pillars.

Pillar	Material Sustainability Matters	
Economic 	<ul style="list-style-type: none"> Local hiring Business Code of Conduct and Ethics 	
Environmental 	<ul style="list-style-type: none"> Compliance with laws and regulations Waste management 	
Social 	<ul style="list-style-type: none"> Diversity and equal opportunity Employee turnover and hires Training and development Maternity leave Occupational health and safety Engaging the communities 	

Sustainability Statement

Material Sustainability Matters and Stakeholder Engagement (Cont'd)

Stakeholder	Forms of Engagement	Stakeholder's Concern
Customers	<ul style="list-style-type: none"> Meetings, discussions and business communication on a day-to-day basis. 	<ul style="list-style-type: none"> Product quality and pricing
Shareholders/Investors	<ul style="list-style-type: none"> AGM Corporate announcements 	<ul style="list-style-type: none"> Financial performance Investment return
Suppliers	<ul style="list-style-type: none"> Meetings, discussions and business communication on a day-to-day basis. 	<ul style="list-style-type: none"> Enhancing ethical and fair procurement system
Employees	<ul style="list-style-type: none"> Employment contract Employee handbook Training Meetings/discussions 	<ul style="list-style-type: none"> Career development Employee welfare Health and safety
Regulatory Authorities	<ul style="list-style-type: none"> Regular consultation and meetings Reporting Inspection by authorities 	<ul style="list-style-type: none"> Compliance with laws and regulations
Local Communities	<ul style="list-style-type: none"> Community events and contributions 	<ul style="list-style-type: none"> Community living Personal well being

Economic



The principles of sustainability are integral in our pursuit of economic growth. Through local hiring and the establishment of our Business Code of Conduct and Ethics, we endeavour to build long-term commitment with our stakeholders by maintaining strong financial results and providing benefits to the local communities.

i. Local hiring

We view the employment of locals as important due to the economic benefits such employment would bring to the local community while improving our ability to understand their needs. As such, we prioritise the hiring and development of locals as we strive to elevate the economic conditions of the local community. As at 31 May 2022, 100% of our employees in our Malaysian operations (i.e. production worker, clerk, officer, assistant supervisor, technician, operators, etc) are Malaysians. We also employ 1 executive, a Singaporean who is based in our Singapore office.

ii. Business Code of Conduct and Ethics

Ethical standards have been formulated through the inclusion of the Code of Conduct and Ethics ("Code") in our Group. The Code requires all employees to observe high ethical business standards, and to apply these values when conducting our Group's businesses and accountability to our shareholders. A summary of the Code is as follows:

- Employees should avoid external business, financial, or employment interests that conflict with our Group's business interests or with the employee's ability to perform his/her duties;
- Employees should not solicit anything of value from any person or organisation with whom our Group has a current or potential business relationship with;
- Employees should not accept any item of value from any party in exchange for or in connection with a business transaction between our Group and that third party; and
- Employees may not accept items of incidental value from customers, suppliers, or any other third parties.

This Code serves as guidance on conduct in the workplace and employees are expected to comply with it as a part of our Group's commitment to its stakeholders in preserving economic sustainability.

Sustainability Statement

Environmental



We recognise the potential impact our business activities can have on the environment. As such, we are committed to enhancing our environmental practices so as to minimise adverse environmental impact resulting from our business activities. Our Group manages this through compliance with the relevant laws and regulations.

i. Compliance with laws and regulations

It is our priority to ensure compliance and strict adherence to environmental requirements and regulations at all times in the conduct of all our operations. This is achieved through our internal system of continuous self-regulation and monitoring on a day-to-day basis. We are proud to report that there was no incident of non-compliance with environmental laws and regulations, and thus, no costs were incurred on fines and non-monetary sanctions for non-compliance with laws and/or regulations in the FYE 2022.

ii. Waste management

We carry out proper waste management procedures in managing manufacturing waste to minimise its impact on the environment. As our manufacturing processes produce a small amount of hazardous waste, we have engaged Elite Abundance Sdn. Bhd. and Kualiti Alam Sdn. Bhd. to remove and transfer such hazardous waste from our manufacturing facilities to the designated waste management centre once every 6 months.

Social

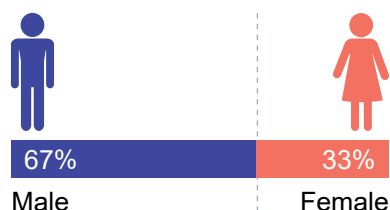


We are very much aware of the value in engaging and connecting with people through cultivating a healthy relationship with our employees and the surrounding communities. This includes developing our human capital, promoting a safe and dynamic workplace, as well as contributing to the society and community.

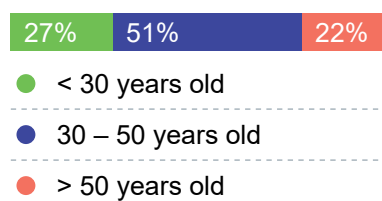
i. Diversity and equal opportunity

Significant benefits can be generated for both organisation and workers when an organisation actively promotes diversity and equality at work. These benefits also flow through to society in general, as greater equality promotes social stability and further supports economic development. Therefore, our employees are one of our most important assets to us and we strive to provide the best working conditions for all our employees. We value our employees as they are key to our competitive success in the marketplace which is vital for the sustainability of our business. We believe in the benefits that can be derived from different perspectives, and positively embrace diversity as a key component of our human development agenda. Therefore, we do not discriminate against any nationality, race, or gender. Our Group has 163 employees in FYE 2022. The following figures depict the distribution of our employees by gender, age and ethnicity.

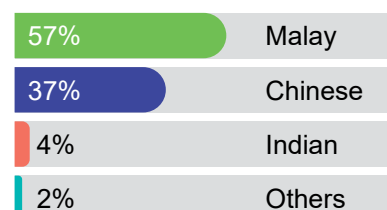
a. Gender



b. Age Group



c. Ethnicity



Sustainability Statement



Social (Cont'd)

ii. Employee turnover and hires

During the year, 32 of our Group's employees resigned, out of which 19 were production workers and our Group has recruited a total of 34 new employees in the year. Out of the new employees recruited, 11 or approximately 32% are sales and administrative personnel who are considered as essential hires by our Group to add strength towards the execution of our Group's growth plans. Moving forward, our Management endeavours to reduce our Group's dependency on labour through automation.

iii. Training and development

Competent employees are crucial to the continued growth and success of our business. Our Group seeks to develop employees by providing training and development opportunities to enhance their knowledge, sharpen their skills and broaden their work experience and exposure. During the FYE 2022, we have attended the following training courses to ensure our employees are well-informed of and equipped with the latest knowledge, information, techniques and skills of the industry to enable them to carry out their work more efficiently and productively.

- Trending HR/ IR Matters During FMCO
- Reinvestment Allowance and Automation Capital Allowance
- Anti-Bribery and Corruption Measures E-Learning
- SOCSO Golden Jubilee: International Public Employment Services Symposium
- Case Study-Based MFRS Webinar: Case Studies in Practical Business Combinations and Changes in Controlling Interest
- ISO 9001:2015 Foundation & Internal Auditor based on ISO 19011

iii. Training and development (Cont'd)

- MIA Webinar Series: SME's Transfer Pricing Planning and Management for Trading and Manufacturing
- Foreign Currency and Consolidation of Foreign Subsidiaries with Excel Spreadsheet: MFRS and MPERS
- Budget 2022: Latest Tax Updates with Priceless Tax Planning During Further Expansion and Economic Recovery
- Project Management Professional (PMP) Certification & Training Course
- Social Media Marketing to Get Leads & Grow Your Business
- Industrial Certification in Lean Manufacturing Professionals
- Basic Fire Fighting Training & Emergency Response Plan and Preparedness Training
- Practical Insight into Employers and Employees Tax Compliance
- MIA Webinar Series: Becoming a Systems & Strategic Thinker and Listening Leader

iv. Maternity leave

We foster a balanced work-life culture that caters to our employees' physical and emotional needs. We understand that a balanced work-life policy helps attract better recruits and talents. Our Group expects such policies to lead to better employee retention, higher morale in the workplace and an increase in the overall productivity of our Group. Towards this end, and among other initiatives, our Group adopts a sixty-days maternity leave policy for all female employees.

During FYE 2022, one (1) of our employees had taken maternity leave.

Sustainability Statement

Social (Cont'd)

v. Occupational health and safety

We place great emphasis on the health and safety aspects of our employees in the workplace and strive to maintain a comfortable and conducive work environment. Hence, we have established the Health and Safety Committee that comprises 12 members responsible to monitor and manage health and safety matters within our Group. This Committee meets every quarter to deliberate on issues relating to health and safety. There was one (1) minor incident reported to the Department of Safety & Health (JKKP) involving a hand injury on a Paint Mixing operator. JKKP did not conduct any further investigation as it is categorised as minor injury. The Committee pro-actively met up and made recommendations including revising its standard operating procedure and implementing Engineering control as a preventive measures to ensure safety & health compliance.

Throughout the financial year, we continue to implement the following COVID-19 preventive measures to ensure that our employees are working in a safe environment:

- Temperature scan before entering premise;
- Face masks are worn at all times;
- Clean and disinfect working area before working hours, after lunch hour and before the end of work days;
- Availability of hand sanitisers throughout the office/ factory;
- Provide self-test RTK kit if employee has symptoms; and
- Highlight the importance of hygienic practices such as frequent and proper handwashing to our employees.

vi. Engaging the Communities

We continually listen to our customers and local stakeholders to better understand their changing needs and where we can be best placed to support the communities we serve. This is especially needed due to the changing landscape brought about by the COVID-19 pandemic which has impacted everyone for over 2 years.

When schools and community activities gradually resumed in mid-2021, we also restarted our spray painting workshops for youths in Giatmara schools and at Selangor Technical Skills Development Centre (STDC), incorporating our programme into their technical curriculum to support skilled-based learning for youths. We conducted a total of 8 workshops in various schools, training close to 200 students to date. Each workshop is for a full day consisting of both theory and practical hands-on learning exposure.

In addition to providing training at technical schools, we have also conducted an Art Spray Painting workshop in January 2022 at Kapallorek Art Space in Perak, a non-profit organisation who strives to promote art through alternative platforms. Many art enthusiasts participated and enjoyed a half day of experimenting with spray paint to create various nature elements. They were able to pick up another skill set while exploring their creative side.

We have established an Academy under our core brand, DPI Anchor, which is responsible for carrying out the above programmes known as Anchor Academy. Anchor Academy's objective is to build a platform where individuals can come together to enrich each other's lives through the exchange of ideas, while learning from each other as well as through teaching.

We will continue to seek opportunities to collaborate with communities who we find have shared objectives so we can contribute more meaningfully together. We are currently focused on collaborations with local communities and aim to eventually explore global collaborations in the future.

Corporate Governance Overview Statement

The Board of Directors ("Board") of DPI Holdings Berhad ("DPI Holdings" or "Company") is pleased to provide an overview of our Company's corporate governance practices during the FYE 2022 with reference to the 3 key principles of good corporate governance as set out in the Malaysian Code on Corporate Governance 2021 ("MCCG"). Our Company's application of each practice set out in the MCCG during the FYE 2022 is disclosed in our Company's Corporate Governance Report ("CG Report") which is available on our Company's website at www.dpiaerosol.com and via our Company's announcement made to Bursa Malaysia Securities Berhad ("Bursa Securities").

This statement is prepared in compliance with Bursa Securities' ACE Market Listing Requirements ("ACE LR") and it is to be read together with the CG Report.

Our Board recognises the importance of good corporate governance and is committed to ensuring that good corporate governance is practised throughout our Group in order to safeguard stakeholders' interests as well as enhance shareholders' value.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. Board Responsibilities

Our Board is responsible for the oversight and overall management of our Group and the delivery of sustainable value to its stakeholders. To ensure the effective discharge of its function and responsibilities, our Board established an internal governance model to delegate specific powers of our Board to the relevant Board Committees, Managing Director of our Group, Executive Directors and the Senior Management of our Company and its respective subsidiaries.

Our Board plays an active role in the development of our Group's strategy. Our Board reviews, deliberates and approves the annual business plan recommended by our Senior Management. Our Board has direct access to the Senior Management and has unrestricted and immediate access to information on our Group's business and affairs in discharging their fiduciary duties. Our Board also invites Senior Management to attend Board meetings to report to our Board on matters pertaining to their respective areas of responsibilities.

Our Board has established Board Committees, namely the Audit and Risk Committee, Nomination Committee and Remuneration Committee. These Committees ensure that greater attention, objectivity and independence are provided for in the deliberations of specific board agenda.

Our Board Committees are entrusted with specific responsibilities to oversee our Group's affairs, with authority to act on behalf of our Board in accordance with their respective Terms of Reference ("ToR"). At each Board meeting, the minutes of each Board Committees' meetings are circulated to our Board and the Chairman of the respective Board Committees would report to our Board on significant matters and key issues deliberated within the Committees.

Roles of Executive Chairman and Managing Director

Our Executive Chairman and Managing Director positions are held by Peter Chai. This is a deviation from paragraph 1.3 of Principle A of the MCCG which states that the positions of the Chairman and Chief Executive Officer (or in the case of DPI Holdings Berhad, the Managing Director) are held by different individuals. Our Board is of the view that Peter Chai's position as both Executive Chairman and Managing Director of our Group will not diminish our Board's role in providing leadership and responsibility to meet our Group's objectives and goals in view of the following measures and practices that have been put in place to ensure consistency with the objectives of the MCCG:

- (i) Independent Directors make up the majority of our Board, fulfilling the requirement under paragraph 5.2 of Principle A of the MCCG for at least half of the Board to comprise Independent Directors. This lends greater objectivity to the oversight function of our Board and to curtail undue influence of executive power within our Board;
- (ii) We have appointed Datuk Seri Nurmala Binti Abd. Rahim 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 in exercising objectivity in boardroom matters. Her appointment is meant to diminish any concentration of powers vested in our Executive Chairman and Managing Director; and

Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

I. Board Responsibilities (Cont'd)

Roles of Executive Chairman and Managing Director (Cont'd)

- (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 to demarcate the roles and boundaries of these positions in our board charter. The demarcation of the roles will ensure effective discharge of duties by Peter Chai in his capacity as Executive Chairman or Managing Director of our Board.

Company Secretaries

Both Company Secretaries of the Company have legal credentials, and are qualified to act as company secretary under Section 235(2) of the Companies Act, 2016.

Access to Information and Advice

Our Board has full and unrestricted access to information on our Group's business and affairs to enable them to discharge their duties and responsibilities effectively. All Directors have direct access to the Senior Management and may interact directly with the Senior Management, or request further explanation, information or updates on any areas of our Group's operations or business.

All Directors also have full and unrestricted access to the advice and dedicated support services of our Company Secretaries and may obtain independent professional advice in order to discharge their duties effectively and to ensure the effective functioning of our Board.

To facilitate productive and meaningful deliberations during Board and/or Board Committee Meetings, the agenda together with comprehensive management reports and proposal papers are furnished to the Directors at least 5 days prior to the Meetings.

Board Charter

The Board Charter sets out the roles and responsibilities of our Board and Board Committees and the processes and procedures for convening Board Meetings. It serves as a reference and is the primary induction literature providing prospective and existing Board members and Management with insights into the fiduciary and leadership function of the Directors.

Our Board reviews this charter periodically, at least once a year to ensure it is updated with the latest changes in regulations and best practices and to ensure its effectiveness and relevance to our Boards' objectives.

Code of Ethics and Conduct

Our Company's Code of Conduct and Ethics is based on principles of sincerity, integrity, responsibility and corporate social responsibility. The Code of Ethics and Conduct is formulated to enhance the standards of corporate governance and corporate behavior with the intention of achieving the following aims:

- To establish a standard of ethical behavior for Directors based on trustworthiness and values that can be accepted, held or upheld by any one person.
- To uphold the spirit of responsibility and social responsibility in line with the legislation, regulations and guidelines for administering our Group.

Whistleblowing Policy

DPI Holdings has in place a Whistleblowing Policy to foster an environment in which integrity and ethical behaviour are upheld to the highest standards. Our Board acknowledges that misconduct and any illegal or improper actions within our Group are usually known first by people who work in or with our Group. As such, our Board views the Whistleblowing Policy and procedure as a good early warning system to help our Group detect any wrongdoings and to take corrective actions before the problem escalates.

Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

I. Board Responsibilities (Cont'd)

Anti-Bribery and Anti-Corruption Policy ("ABAC Policy")

Our Board had on 29 May 2020 adopted the ABAC Policy to incorporate the policies and procedures on anti-corruption as guided by the "Guidelines on Adequate Procedures" issued by the Prime Minister's Department to promote better governance culture and ethical behaviour within our Group and to prevent the occurrence of corrupt practices in accordance with the new Section 17A of the Malaysian Anti-Corruption Commission Act 2018 on corporate liability for corruption which came into force on 1 June 2020 and to include the corruption risks in the annual risk assessment of our Group.

Further details pertaining to the respective ToR of our Board Committees, Board Charter, Code of Conduct and Ethics, Whistleblowing Policy and ABAC Policy are available at DPI Holdings' website at <http://www.dpiaerosol.com>.

II. Board Composition

Our Board currently comprises 5 members, of which we have 1 Senior Independent Non-Executive Director, 2 Executive Directors and 2 Independent Non-Executive Directors. This composition complies with Rule 15.02 of the ACE LR whereby at least 2 Directors or 1/3 of the Board, whichever is higher, shall be Independent Directors. In the event that any vacancy on our Board results in a non-compliance with the above, our Company must fill that vacancy within 3 months.

Currently, 60% of our directors are independent while the female representation is 20% with one (1) woman director out of 5 directors while five (5) Key Senior Management in the Group are females. This shows that the Group practices non-discrimination in any form especially in terms of gender and provides equal opportunity to everyone throughout the Group. Although it is a departure from Practice 5.9 of the MCCG which recommends the Board to have at least 30% woman directors, our Board feels that its members have the necessary knowledge, experience, requisite range of skills and competency to enable them to discharge their duties and responsibilities effectively.

Our Board has no immediate plan to implement any gender diversity policy but encourages female candidates to take up board position in order to promote gender equality. In the event a vacancy arises, our Board will consider gender diversity in its nomination process.

Our Board recognises the benefits of having a diverse Board with a mix of suitably qualified and experienced professionals with a wide spectrum of expertise, as well as profiles of Board members in terms of age, ethnicity and gender provide the necessary range of perspectives, experience and expertise required to achieve effective stewardship and management.

The presence of the 3 Independent Non-Executive Directors is essential in providing guidance through unbiased, fully balanced and independent views, advice and judgement to many aspects of our Group's strategy so as to safeguard the interests of minority shareholders and to ensure that high standards of conduct and integrity are maintained by our Group.

Our Board has nominated a Senior Independent Non-Executive Director to serve as a sounding board to our Executive Chairman and will lead the performance evaluation of our Executive Chairman to exercise objectivity in boardroom matters. Her appointment and Board position are meant to diminish any concentration of powers vested in our Executive Chairman and Managing Director.

Our Board is of the opinion that the interests of shareholders of our Company are fairly represented by the current Board composition and its size constitutes an effective Board of our Company.

Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

II. Board Composition (Cont'd)

Nomination Committee ("NC")

The membership of the NC is as follows:

Chairman:

Datuk Seri Nurmala Binti Abd. Rahim (*Senior Independent Non-Executive Director*)

Members:

Fong Yoo Kaw @ Fong Yee Kow (*Independent Non-Executive Director*)

Lua Kok Hiyong (*Independent Non-Executive Director*)

The NC of DPI Holdings assumes the following core responsibilities:

- recommend to the Board, candidates for all directorships to be filled by the shareholders or our Board. In making its recommendations, the NC considers the candidates' skills, knowledge, expertise and experience, professionalism, integrity, and in the case of candidates for the position of Independent Non-Executive Directors, the NC also evaluates the candidates' ability to discharge such responsibilities/functions expected from Independent Non-Executive Directors;
- consider in making its recommendations, candidates for directorship proposed by the Executive Chairman/ Managing Director and, within the bounds of practicability, by any other senior executive or any Director or shareholder;
- recommend to the Board, Directors to fill seats on Board Committees;
- assess the effectiveness of the Board as a whole;
- assess the effectiveness of the committees of the Board;
- assess the contribution of each individual Director;
- review and recommend to the Board the required mix of skills and experience and other qualities our Board may require in order to function completely and efficiently;
- assess the performance and contribution of Directors who stand for re-election as to whether they meet the established performance evaluation criteria based on fit and proper policy;
- develop criteria to assess the independence of Directors;
- review Board's succession plan;
- facilitate Board induction and training for newly appointed Directors;
- review training programs for our Board; and
- facilitate achievement of Board gender diversity policies and targets.
- review the tenure of each independent director does not exceed a term limit of nine (9) years without further extension. Upon completion of the nine (9) years, if the extension of tenure of an independent director is required, the board should provide justification and seek annual shareholders' approval through a two-tier voting process.

The recommendations of the Nomination Committee are subject to the approval of our Board.

Details of the ToR for NC of DPI Holdings are available at our corporate website at <http://www.dpiaerosol.com>.

Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

II. Board Composition (Cont'd)

Nomination Committee ("NC") (Cont'd)

In line with the ToR of the NC, 1 meeting was held by NC during the FYE 2022. The activities carried out by the NC during the FYE 2022 in discharging its functions are, amongst others, as follows:

- Reviewed the structure, size and diversity (including without limitation, gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of services) of our Board;
- Undertaken an independence assessment of its Independent Directors;
- Recommended to the Board, Directors who retire pursuant to Article 95 of the Constitution that are eligible to seek re-election during the Company's forthcoming Annual General Meeting ("AGM"); and
- Reviewed the training needs of our Directors.

Appointment of New Directors to the Board

Our Company has in place procedures and criteria for the appointment of new Directors. The NC is to carry out an interview with the candidate prior to his/her appointment as a Director of our Company. All candidates for the appointment are first considered by the NC, who will take into the account the mix of skills, knowledge, expertise, competencies, experience, professionalism, integrity and other relevant qualities required to well manage the business, with the aim of meeting the current and future needs of our Board. The NC also evaluates the candidates' character and ability to commit sufficient time to our Group. Other factors considered for the appointment of Independent Directors include the level of independence of the candidate and the candidates' ability to discharge such responsibilities required of them.

The NC leads the process of identifying candidates and making recommendations on their suitability to be appointed for directorship on our Board and as members to our Board Committees for our Board's approval. Our Board will then, based on the recommendations of the NC, evaluate and decide on the appointment of the proposed candidate(s). Our Company Secretaries will ensure that all appointments are properly conducted and that legal and regulatory obligations are met.

The NC will assess the potential candidate's suitability and the candidates are required to declare and confirm in writing their independence based on the criteria on independence as set out in the ACE LR.

The NC will also review the composition of the respective Board Committees of our Company to ensure they are functioning effectively.

Board Evaluation

The NC has also established a set of quantitative and qualitative performance criteria to evaluate the performance of each member of our Board, each Board Committee and review the performance of our Board as a whole. The criteria for assessment of Directors shall include attendance record, intensity of participation at meetings, quality of interventions and special contributions.

The NC has reviewed the required mix of skills, experience and other qualities of our Board and Board Committees, and agreed that it has the necessary mix of skills, experience and other qualities to serve effectively.

Notwithstanding the recommendation of the MCCG, our Company does not practise any form of gender, ethnicity and age group biasness and all candidates shall be given fair and equal treatment. Our Board believes that there is no detriment to our Company in not adopting a formal gender, ethnicity and age group diversity policy as our Company is committed to providing fair and equal opportunities to nurture diversity within our Company. Our Board is of the view that the appointment of any Board member or management should be determined based on objective criteria, merit and with due regard for diversity in skills, experience and other qualities regardless of gender but will nevertheless consider appointing more female directors, where suitable, to be in line with MCCG's recommendation.

Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

II. Board Composition (Cont'd)

Annual Assessment of Independence

The NC plays an important role in assisting our Board to assess the independence of the Non-Executive Directors of our Company on an annual basis. Based on the assessment conducted by the NC, our Board is generally satisfied with the level of independence demonstrated by all the Independent Directors of our Company and their ability to act in the best interest of our Group.

The NC develops the criteria used to assess independence of the Independent Directors, which includes, but are not limited to, the Directors' background, family relationships, shareholdings in our Company and related party transactions with our Group (if any).

Time Commitment

The Board meets on a quarterly basis with additional meetings held whenever necessary. The Board met 7 times during the financial year under review. The attendance record of the Directors at Board meetings is as follows:

	Attendance
Choy Mui Seng @ Chai Mui Seng	7/7
Chai Chun Vui	7/7
Datuk Seri Nurmala Binti Abd. Rahim	7/7
Fong Yoo Kaw @ Fong Yee Kow	7/7
Lua Kok Hiyong	7/7

Even though our Company does not set a policy for Directors to notify the Chairman and/or Management prior to accepting new appointments, in line with the ACE LR, a Director of DPI Holdings must not hold directorships in more than 5 Public Listed Companies and must be able to commit sufficient time to DPI Holdings. This is to ensure that the Directors are able to commit sufficient time and focus to discharging their roles and responsibilities within our Company adequately.

Our Directors are required to submit an update on their other directorships from time to time for our Company to monitor the number of directorships held by the Directors of DPI Holdings and to notify the Companies Commission of Malaysia accordingly.

To facilitate the Directors' planning, an annual meeting calendar is prepared and circulated to all Directors before the beginning of every calendar year.

Continuing Training Programme

Our Directors are mindful that they should continue to attend relevant training programs to enhance their skills and knowledge, as well as to keep abreast with the changing regulatory and corporate governance developments to assist them in discharging their duties as Directors.

Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

II. Board Composition (Cont'd)

Continuing Training Programme (Cont'd)

The details of trainings attended by our Directors during the financial year are as follows:

Directors	Date	Description
Choy Mui Seng @ Chai Mui Seng	17 August 2021	Corporate Liability Implications on Bribery in Malaysia
Chai Chun Vui	17 August 2021	Corporate Liability Implications on Bribery in Malaysia
Datuk Seri Nurmalia Binti Abd. Rahim	17 August 2021	Corporate Liability Implications on Bribery in Malaysia
	20-21 April 2022	MIA Webinar Series: Practical Approach to Accounting Principles and Practices Series – Basic Level
Fong Yoo Kaw @ Fong Yee Kow	15-17 June 2021	The Mandatory Accreditation Programme
	17 August 2021	Corporate Liability Implication on Bribery in Malaysia
	9 November 2021	Post Budget Power Talk (IDMC)
	10 November 2021	Portfolio Strategy Put to Work
	12 November 2021	Budget 2022 Seminar (EY)
	15 November 2021	Cyber Security-How to Mitigate the Impact of Cyber Crime on your Business (SSM)
	20 November 2021	Audit Oversight Board Conversation with Audit Committee
Lua Kok Hiyong	17 August 2021	Corporate Liability Implication on Bribery in Malaysia
	29 October 2021	CPD Live: Friday Tax Webinar – Session 5 – Withholding Tax & Double Taxation Agreements: Common Mistakes by Taxpayers

III. Remuneration Committee ("RC")

The membership of the RC is as follows:

Chairman:

Lua Kok Hiyong (*Independent Non-Executive Director*)

Members:

Datuk Seri Nurmalia Binti Abd. Rahim (*Senior Independent Non-Executive Director*)

Fong Yoo Kaw @ Fong Yee Kow (*Appointed on 23 September 2021*)

Choy Mui Seng @ Chai Mui Seng (*Resigned on 23 September 2021*)

The Company's remuneration policy for Directors is formulated to attract and retain individuals of the necessary calibre needed to run the business of our Group successfully. The remuneration is structured to link experience, expertise and level of responsibility undertaken by our Directors. The Directors play no part in deciding their own remuneration and shall abstain from discussing or voting on their own remuneration.

Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

III. Remuneration Committee ("RC") (Cont'd)

The details of the Company's Directors' remuneration comprising remuneration received/receivable from our Company and its subsidiaries during the FYE 2022 are as follows:

(a) Company

Name of Directors	Fees (RM)	Salary (RM)	Bonus (RM)	Other Emolument (EPF and Socso) (RM)	Total (RM)
Non-Executive					
Datuk Seri Nurmala Binti Abd. Rahim	60,000	-	-	-	60,000
Fong Yoo Kaw @ Fong Yee Kow	60,000	-	-	-	60,000
Lua Kok Hiyong	60,000	-	-	-	60,000
Executive					
Choy Mui Seng @ Chai Mui Seng	60,000	-	-	-	60,000
Chai Chun Vui	60,000	-	-	-	60,000
Received/receivable from the Company	300,000	-	-	-	300,000

(b) Subsidiaries

Name of Directors	Fees (RM)	Salary (RM)	Bonus (RM)	Other Emolument (EPF and Socso) (RM)	Total (RM)
Executive					
Choy Mui Seng @ Chai Mui Seng	60,000	1,058,400	225,000	593	1,343,993
Chai Chun Vui	-	315,000	75,000	47,723	437,723
Received/receivable from the subsidiaries	60,000	1,373,400	300,000	48,316	1,781,716
Total Group Remuneration	360,000	1,373,400	300,000	48,316	2,081,716

Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

III. Remuneration Committee ("RC") (Cont'd)

The remuneration of the top five (5) Key Senior Management of our Group is as follows:

Range of Remuneration	No. of Senior Management
RM150,000 to RM200,000	1
RM200,001 to RM250,000	-
RM250,001 to RM300,000	3
RM300,001 to RM350,000	1

The MCCG recommends that our Company should disclose on a named basis, the detailed remuneration of the top 5 key Senior Management. Our Board opts not to disclose the top 5 Senior Management's remuneration components on a named basis and instead, in bands of RM50,000 as it is imperative for our Company to maintain the privacy and confidentiality of its employees' remuneration. It is also commercially disadvantageous to reveal the remuneration of the key Senior Management in this competitive environment.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. Audit and Risk Committee ("ARC")

The ARC wholly comprises 3 Independent Directors. The ARC is chaired by an Independent Director, Mr. Fong Yoo Kaw @ Fong Yee Kow, a Chartered Accountant of the Malaysian Institute of Accountants, which is in compliance with Rule 15.09(1)(c) of the ACE LR of Bursa Securities.

The composition of ARC is reviewed by the NC and recommended to our Board for its approval annually. With the view to maintain an independent and effective ARC, the NC ensures that only an Independent Non-Executive Director who is financially literate, possesses the appropriate level of expertise and experience, and has strong understanding of our Group's business would be considered for membership in ARC.

The roles and responsibilities of the ARC are spelt out in the Terms of Reference of the ARC, a copy of which is available on our Company's website at <http://www.dpiaerosol.com>.

II. Risk Management and Internal Control Framework

Our Board fulfils its responsibilities in the risk governance and oversight functions through its Risk Management Working Group ("RMWG") in order to manage the overall risk exposure of our Group. The RMWG assessed and monitored the efficacy of the risk management controls and measures taken, whilst the adequacy and effectiveness of the internal controls were reviewed by the ARC in relation to the internal audit function for our Group. The RMWG comprises the Managing Director, Executive Directors and Senior Management who are familiar with the businesses of our Group. Our Board is satisfied with the performance of the RMWG and ARC, and their respective Chairmen in discharging their responsibilities, based on the results of the Board Committees Effectiveness Evaluation 2022.

Our Board is of the view that the internal control and risk management system in place during the FYE 2022, is sound and sufficient to safeguard our Group's assets, shareholders' investments, and the interests of customers, regulators, employees and other stakeholders. The details of the Risk Management and Internal Control Framework are set out in the Statement of Risk Management and Internal Control of this Annual Report.

Corporate Governance Overview Statement

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

I. Communication with Stakeholders

Our Board recognises the importance and need for shareholders to be informed of all material development and performance of our Group. The information relating to the performance of our Group is disseminated through annual reports, circulars to shareholders, press releases, quarterly reports and announcements made from time to time to Bursa Securities.

In addition, our Company's website at <http://www.dpiaerosol.com> provides information on our Group's business, corporate development and announcements to Bursa Securities. Other information relevant to shareholders and investors such as share price, volume history, technical charting, annual reports, circulars and quarterly reports are available for download at our Company's website.

II. Conduct of General Meetings

Our Company's AGM is an important platform for communicating with our shareholders. As such, the shareholders of our Company are entitled to appoint representatives or proxy/proxies to attend, speak and vote on their behalf if they themselves are unable to attend our Company's general meetings.

Our last AGM was held fully virtual via remote participation and voting facilities for all the shareholders.

In addition to the above, our Company will look into allocating time during our AGM for dialogue sessions with our shareholders to address any issues they may have concerning our Group and to make arrangements for Directors or Senior Management of our Company to present and handle other face-to-face enquiries from our shareholders. The notice of AGM will be served to the shareholders of the Company at least 28 days prior to the meeting and the minutes of the general meeting will be published within 30 days after the general meeting.

The 5th AGM of DPI Holdings will be held on 15 November 2022.

The statement is made in accordance with a resolution of the Board dated 22 September 2022.

Additional Disclosure Requirements

Pursuant to the Ace Market Listing Requirements of Bursa Malaysia Securities Berhad

1. Utilisation of Proceeds Raised from Corporate Proposals

The entire enlarged issued share capital of our Company comprising 486,731,000 ordinary shares was listed on the ACE Market of Bursa Securities on 7 January 2019 ("IPO").

The gross proceeds from the IPO amounting to RM31.64 million have been partially utilised during the FYE 2022 as follows:

No.	Purpose	Proposed utilisation RM'000	Actual utilisation RM'000	Intended timeframe for utilisation (from Listing Date)	Revised timeframe for utilisation (from Listing Date)	Deviation explanation (if deviation is 5% or more)
i.	Capital expenditure and expansion	23,540	9,783	Within 18-24 months	Within 60 months	N/A
ii.	Sales, marketing and advertising expenses	3,000	550	Within 24 months	Within 60 months	N/A
iii.	Product development	1,300	225	Within 24 months	Within 60 months	N/A
iv.	Estimated listing expenses	3,800	3,428	Within 1 month	No change	372 ⁽¹⁾
Total		31,640	13,986			372 ⁽¹⁾

Note:

⁽¹⁾ The surplus has been re-allocated for working capital purposes.

2. Audit and Non-Audit Fees

The audit fees payable to the External Auditors for the services rendered to our Group and our Company for the FYE 2022 amounted to RM100,000 and RM25,000, respectively.

The non-audit fees paid/payable to the External Auditors, or a firm or corporation affiliated to the External Auditors for the services rendered to our Group and our Company for the FYE 2022 amounted to RM32,900 and RM9,500, respectively. The non-audit fees paid were in relation to the provision of tax advisory services.

3. Material Contracts

There were no material contracts entered into by our Group involving Directors' or major shareholders' interests, either still subsisting at the end of the financial year, or entered into since the end of the previous financial year.

Audit and Risk Committee Report

The Audit and Risk Committee ("ARC") was established on 5 November 2018 by our Board with the primary objective of assisting our Board in fulfilling its fiduciary responsibilities relating to accounting and reporting practices, and internal control system of our Company and our Group. Our Board is pleased to present the Audit and Risk Committee Report for the financial year ended 31 May 2022.

COMPOSITION AND MEETINGS

The ARC presently comprises the following members:

Chairman:

Fong Yoo Kaw @ Fong Yee Kow (Independent Non-Executive Director)

Members:

Datuk Seri Nurmala Binti Abd. Rahim (Senior Independent Non-Executive Director)

Lua Kok Hiyong (Independent Non-Executive Director)

Mr. Fong Yoo Kaw @ Fong Yee Kow, the Chairperson of the ARC is a Chartered Accountant of the Malaysian Institute of Accountants, which is in compliance with Rule 15.09(1) of the ACE LR of Bursa Securities. All members of the ARC are financially literate and are able to understand and interpret financial statements to effectively discharge their duties and responsibilities as members of the ARC. The details of the members of the ARC are contained in the Profile of Directors as set out in pages 5 to 9 of this Annual Report.

During the financial year, a total of 4 ARC meetings were held and the details of the attendance are as follows:

	Meeting Attendance
Fong Yoo Kaw @ Fong Yee Kow	5/5
Datuk Seri Nurmala Binti Abd. Rahim	5/5
Lua Kok Hiyong	5/5

The Senior Management, External Auditors and persons carrying out the internal audit function or activity, or both are invited to attend the meeting to facilitate direct communication and to provide clarification on any audit issues whenever necessary. Our Company Secretaries are responsible for distributing the agenda of the meetings and relevant information to the ARC members in advance, and for recording the proceedings of the ARC meetings.

The Minutes of the ARC meetings were recorded and tabled for confirmation at the next ARC meeting and subsequently presented to our Board for notation. For the FYE 2022, the ARC Chairman presented to our Board the Committee's recommendations to approve the annual and quarterly financial statements, Internal Audit Plan, Internal Audit Report, Audit Planning Memorandum, Audit Review Memorandum and Risk Management Report. The ARC Chairman also reported to our Board matters of significant concern as and when raised by the External Auditors or Internal Auditors in the respective quarterly presentations.

The roles and responsibilities of the ARC are spelt out in the ToR of the ARC, a copy of which is available on our Company's website at <http://www.dpiaerosol.com>.

Audit and Risk Committee Report

SUMMARY OF WORK OF THE ARC

During the FYE 2022, the ARC has carried out the following works in accordance with its terms of reference to meet its responsibilities:

Ensuring Financial Statements Comply with Applicable Financial Reporting Standards:

- a. Reviewed the unaudited quarterly financial results, annual audited financial statements and annual report of our Company and of our Group to ensure adherence to the regulatory reporting requirements and passing appropriate resolution prior to Board's consideration and approval.
- b. Discussed and reviewed with the External Auditors, the applicability and the impact of the new accounting standards and new financial reporting regime issued by the Malaysian Accounting Standards Board.

Reviewing the Audit Findings of the External Auditors and Assessing their Performance, Suitability and Independence:

- a. Discussed and reviewed the audit plan of the External Auditors in terms of their scope of audit prior to their commencement of their annual audit.
- b. Reviewed the External Auditors' findings arising from audits and in particular, responses and appropriate action taken by our Management.
- c. Reviewed, together with the External Auditors the annual report including the Statement on Risk Management and Internal Control of our Group for inclusion in the annual report.
- d. Discussed and reviewed the re-appointment of the External Auditors and their audit fees, after taking into consideration the independence and objectivity of the External Auditors and the cost effectiveness of their audit, before recommending to our Board for approval.
- e. Conducted private meetings with the External Auditors on 28 July 2022 without the presence of the Executive Directors and Management during the ARC meeting to enquire on significant findings, fraud consideration, if any, and/or management corporation level.

Overseeing the Governance Practices in our Group:

- a. Reviewed and confirmed the minutes of the ARC meetings, and also distributed the minutes to other members of our Board.
- b. Reviewed Risk Management Framework to ensure that organisational capabilities and resources are employed in an efficient and effective manner to manage both opportunities and threats.
- c. Reviewed the Terms of Reference of the ARC.
- d. Reported on the proceedings of each ARC Meeting (through the ARC Chairman).

Reviewing the Audit Findings of the Internal Auditors and Assisting the Board in Reviewing the Effectiveness and Adequacy of Systems of Internal Control in the Key Operation Processes:

- a. Reviewed and approved the annual risk-based audit plan to ensure adequate scope and comprehensive coverage of our Group's activities.
- b. Reviewed the internal audit report prepared by the Internal Auditors and the action plans taken by the Management to resolve the issues to ensure adequacy of the internal control system.
- c. Reviewed the internal audit function of our Group.
- d. Reviewed the effectiveness and efficiency of the internal controls system in place and risk factors affecting our Company.

Audit and Risk Committee Report

INTERNAL AUDIT FUNCTION

Our Company recognises that an internal audit function is essential to ensuring the effectiveness of our Group's systems of internal control and is an integral part of the risk management process. The internal audit function for our Group has been outsourced to a professional service firm, Tricor Axcelasia Sdn. Bhd. ("Tricor Axcelasia") who conducts an independent review of our Group's key processes and control systems. Our Board had via the ARC evaluated their effectiveness by reviewing the results of the work done in ARC meetings.

The Engagement Executive Director is Ms. Melissa Koay who has diverse professional experience in internal audit, risk management and corporate governance advisory. She is a Chartered Member of the Institute of Internal Auditors Malaysia, a member of the Malaysian Institute of Accountants and a Fellow Member of the Association of Chartered Certified Accountants, United Kingdom. Ms. Melissa Koay is also a Certified Internal Auditor.

The number of staff deployed for the internal audit reviews range from 3 to 4 staff per visit including the Engagement Executive Director. The staff involved in the internal audit reviews possesses professional qualifications and/or a university degree. Certain staff are members of the Institute of Internal Auditors Malaysia. The internal audit staff on the engagement are free from any relationships or conflict of interest, which could impair their objectivity and independence. The internal audit was conducted using a risk-based approach and was guided by the International Professional Practice Framework ("IPPF").

During the financial year ended 31 May 2022, the internal audit activities have been carried out according to the risk based internal audit plan resolved and approved by the ARC. The entities and business processes reviewed were as follows:

Entity	Business Processes
DPI Sdn. Bhd. and DPI Chemical Sdn. Bhd.	Sales, Marketing and Credit Control
DPI Sdn. Bhd. and DPI Chemical Sdn. Bhd.	Inventory Management

The results of the audit reviews and the recommendations for improvement were discussed with Senior Management and subsequently presented to the ARC at their scheduled meetings. In addition, follow-up visits were also conducted to ascertain the status of implementation of agreed management action plans. The results of the follow-up reviews were also reported to the ARC. Based on the results of the internal audits conducted, none of the weaknesses noted have resulted in any material losses, contingencies or uncertainties that would require a separate disclosure in this annual report.

The total professional fees paid for the outsourcing of internal audit function for the year ended 31 May 2022 amounted to RM42,000 (excluding disbursement costs).

This report is made in accordance with the resolution of the Board dated 22 September 2022.

Statement on Directors' Responsibilities

Our Directors are required under the Companies Act, 2016 to prepare the financial statements for each financial year. These financial statements are to be drawn up in accordance with applicable approved accounting standards other than private entities as issued by Malaysian Accounting Standards Board so as to give a true and fair view of the state of affairs of our Group and of our Company as at the end of the financial year and of their financial performance and cash flows for the financial year then ended.

In preparing these financial statements, our Directors have considered the following:

- That our Group and our Company have used appropriate accounting policies and are consistently applied;
- That reasonable and prudent judgements and estimates were made;
- That the applicable approved accounting standards in Malaysia have been applied; and
- That the preparation of the financial statements were on a going concern basis.

Our Directors are responsible for ensuring that our Group and our Company maintain proper accounting records which disclose, with reasonable accuracy, the financial positions of our Group and of our Company, which will enable them to ensure that the financial statements comply with the Companies Act, 2016.

Our Directors have the general responsibility to take such steps that are reasonably available to them to safeguard the assets of our Group and of our Company, and to prevent and detect fraud and other irregularities.

This statement is made in accordance with a resolution of the Board dated 22 September 2022.

Statement on Risk Management and Internal Control

Introduction

Pursuant to Rule 15.26(b) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("ACE LR") and Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, our Board of Directors ("Board") is pleased to present the Statement on Risk Management and Internal Control (the "Statement") which outlines the governance policies, key elements, nature and scope of risk management and internal control of our Group for the financial year ended 31 May 2022.

Board's Responsibility

Our Board acknowledges its responsibility and re-affirms its commitment in maintaining sound systems of risk management and internal control to safeguard shareholders' investments and our Group's assets as well as reviewing the adequacy and effectiveness of these systems.

In evaluating the adequacy of the Group's risk management and internal control system, the Board is assisted by the Audit and Risk Committee ("ARC") which comprises Independent Directors in discharging the roles and responsibilities guided by Malaysian Code on Corporate Governance 2021 ("MCCG") and Rules 15.11 and 15.12 of the ACE LR. The ARC meets and hold at least four (4) meetings in a year. In addition, the Chairman of the ARC may call for additional meetings at any time at his/her discretion. Notwithstanding the delegated responsibilities, the Board acknowledges its overall responsibility in the establishment and oversight of the Group's risk management and internal control system.

However, as there are inherent limitations in any system of risk management and internal control, such systems put into effect by our Management can only manage or minimise rather than eliminate all risks that may impede the achievement of our Group's business objectives. Therefore, the risk management and internal control systems can only provide reasonable and not absolute assurance against material misstatement, operational failure, fraud or loss.

Risk Management Framework

Our Board recognises the importance of identifying, evaluating and managing the significant risks that could potentially impact our Group.

On a day-to-day basis, the respective Heads of Department are responsible for the process of identifying, evaluating and managing risks of their departments. Significant risks identified and the corresponding internal controls implemented are discussed at regular meetings with the Heads of Department, Key Senior Management personnel and our Managing Director. These significant risks and its latest update are also brought to the attention of the ARC and our Board at their scheduled meetings via the Risk Management Working Group ("RMWG"). The RMWG consists of the Managing Director and all the 5 Key Senior Management personnel. The RMWG is responsible to review significant risks identified, and measuring and monitoring risks at satisfactory level, at quarterly meeting.

Our Board has put in place a Risk Management Framework (guided by COSO Framework) within our Group to ensure an on-going process of identifying, evaluating, monitoring and managing the significant risk exposures inherent in its business operations.

Our Board also recognises and acknowledges that the development of an appropriate risk management framework and effective internal control system is an on-going process.

The abovementioned risk management practices of our Group serve as the on-going process used to identify, evaluate and manage significant risks for the financial year under review and up to the date of approval of this Statement. Our Board shall re-evaluate the existing risk management practices, and where appropriate and necessary, revise such practices accordingly.

Internal Audit Function

The internal audit function is outsourced to a professional service firm, which reports directly to the ARC and assists our Board and the ARC in providing independent assessment on the adequacy and effectiveness of our Group's internal control system. Further details of the Internal Audit Function are set out in the Audit and Risk Committee Report on pages 35 to 37 of this Annual Report.

Statement on Risk Management and Internal Control

Other Key Features of Internal Control

Other key features of our group's internal control are as follows:

Culture and employee conduct

- The vision and mission set the tone from the Board to employees and shape the culture for our Group;
- Code of conduct and ethics are in place to set out standards of ethics and conduct expected from its employees;
- Anti-Bribery and Anti-Corruption Policy to prohibit bribery and corruption in the business conduct of our Group; and
- Whistleblowing Policy and Procedures are in place to enable individuals to raise genuine concerns without fear of retaliation.

Authority and responsibilities

- Our Group has in place an organisation structure with clearly defined authority limit matrix, review and approval procedures within the various operational segmental; and
- Our Group conducts annual planning and budgetary exercise for the upcoming year.

Policies and procedures

- Policies and procedures for key processes are documented and communicated to employees for application across our Group; and
- Continuous quality improvement initiatives to ensure accreditation such as ISO certification.

People

- Employee handbook outlines the employment terms and conditions, including compensation, leaves, benefits and other matters related to their employment; and
- Annual performance management is conducted to better align employee's interests with the business objectives.

Communication and Reporting

- An effective reporting system which ensures the timely generation of financial information for management review has been put in place. Financial results are reviewed and approved on a quarterly basis by the ARC and the Board respectively, before it is released to shareholders and stakeholders;
- Related party transactions policies and procedures to govern the identification, evaluation and monitoring of any transactions between our Group with any significant shareholder and director for compliance and disclosure purposes at the management's best endeavours. A summary of related party transactions, new transactions and its significance level, if any, to be presented to the ARC and the Board at their quarterly meetings; and
- Internal corporate disclosure policies and procedures are in place to govern the disclosure of material information to shareholders and stakeholders.

Adequacy and Effectiveness of our Group's Risk Management and Internal Control System

Our Board has received assurance from our Managing Director and Chief Financial Officer that our Group's risk management and internal control system are operating adequately and effectively, in all material aspects. Our Board is of the view that the risk management and internal control system is satisfactory and no material control failures nor have any of the reported weaknesses resulted in material losses or contingencies during the financial year under review and up to the date of approval of this Statement.

Statement on Risk Management and Internal Control

Review of the Statement by External Auditors

In accordance with Rule 15.23 of the ACE LR, our Company's External Auditors have reviewed this Statement of Risk Management and Internal Control pursuant to the scope set out in Audit and Assurance Practice Guide ("AAPG") 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants for inclusion in our Company's Annual Report for the financial year ended 31 May 2022, and reported to our Board that nothing has come to their attention that would cause them to believe that the Statement intended to be included in this Annual Report, in all material respects:

- (i) has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or
- (ii) is factually inaccurate.

AAPG 3 does not require the External Auditors to consider whether the Statement of Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of our Group's risk management and internal control system including the assessment and opinion by our Board and Management.

This Statement was approved by the Board of Directors on 22 September 2022.

Directors' Report

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 May 2022.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	The Group RM	The Company RM
Profit after taxation for the financial year	5,150,049	1,860,903
Attributable to:-		
Owners of the Company	5,160,096	1,860,903
Non-controlling interests	(10,047)	-
	5,150,049	1,860,903

DIVIDENDS

Dividends paid or declared by the Company since 31 May 2021 are as follows:-

	RM
Ordinary Share	
<u>In respect of the financial year 31 May 2021</u>	
A fourth interim dividend of 0.15 sen per ordinary share, paid on 9 September 2021	1,095,147
<u>In respect of the financial year 31 May 2022</u>	
A first interim single-tier dividend of 0.15 sen per ordinary share, paid on 28 January 2022	1,095,147
A second interim single-tier dividend of 0.15 sen per ordinary share, paid on 25 April 2022	1,095,147
	2,190,294
	3,285,441

On 28 July 2022, the Company declared a third interim dividend of 0.10 sen per share amounting to RM730,096 in respect of the current financial, payable on 29 August 2022, to shareholders whose names appeared in the record of depositors on 15 August 2022. The financial statements for the current financial year do not reflect this interim dividend. Such dividend will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 May 2023.

Directors' Report

RESERVES AND PROVISIONS

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

ISSUES OF SHARES AND DEBENTURES

During the financial year:-

- (a) there were no changes in the issued and paid-up share capital of the Company; and
- (b) there were no issues of debentures by the Company.

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables and satisfied themselves that there are no known bad debts and that adequate allowance had been made for impairment losses on receivables.

At the date of this report, the directors are not aware of any circumstances that would require the writing off of bad debts, or the additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ensure that any current assets, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:-

- (a) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations when they fall due.

Directors' Report

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

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, in the opinion of the directors, 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.

DIRECTORS

The names of directors of the Company who served during the financial year and up to the date of this report are as follows:-

Choy Mui Seng @ Chai Mui Seng
Chai Chun Vui
Datuk Seri Nurmalia Binti Abd Rahim
Fong Yoo Kaw @ Fong Yee Kow
Lua Kok Hiyong

The names of directors of the Company's subsidiaries who served during the financial year until the date of this report are similar to those disclosed above.

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares of the Company and its related corporations during the financial year are as follows:-

< ----- Number of Ordinary Shares ----- >				
	At 1.6.2021	Bought	Sold	At 31.5.2022

The Company

Direct Interests

Choy Mui Seng @ Chai Mui Seng	277,331,672	138,665,836	-	415,997,508
Chai Chun Vui	82,839,328	41,419,664	-	124,258,992
Datuk Seri Nurmalia Binti Abd Rahim	200,000	100,000	-	300,000
Fong Yoo Kaw @ Fong Yee Kow	800,000	700,000	800,000	700,000
Lua Kok Hiyong	500,000	250,000	500,000	250,000

By virtue of his shareholdings in the Company, Choy Mui Seng @ Chai Mui Seng is deemed to have interests in shares in its related corporations during the financial year to the extent of the Company's interests, in accordance with Section 8 of the Companies Act 2016.

Directors' Report

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by directors shown in the financial statements, or the fixed salary of a full-time employee of the Company or related corporations) 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 except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 35(b) to the financial statements.

Neither during nor at the end of the financial year was the Group or the Company a party to any arrangements whose object is 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.

DIRECTORS' REMUNERATION

The details of the directors' remuneration paid or payable to the directors of the Company during the financial year are as follows:-

	The Group RM	The Company RM
Fees	360,000	300,000
Salaries, bonuses and other benefits	1,674,916	-
Defined contribution benefits	46,800	-
	<u>2,081,716</u>	<u>300,000</u>

INDEMNITY AND INSURANCE COST

During the financial year, there was no indemnity given to or professional indemnity insurance effected for directors, officers or auditors of the Company.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 5 to the financial statements.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 40 to the financial statements.

Directors' Report

AUDITORS

The auditors, Crowe Malaysia PLT, have expressed their willingness to continue in office.

The details of the auditors' remuneration of the Group and of the Company for the financial year are as follows:-

	The Group RM	The Company RM
Audit fees	113,283	25,000
Non-audit fees	<u>5,000</u>	<u>5,000</u>
	<u>118,283</u>	<u>30,000</u>

Signed in accordance with a resolution of the directors dated 22 September 2022.

Choy Mui Seng @ Chai Mui Seng

Chai Chun Vui

Statement by Directors

Pursuant to Section 251(2) of The Companies Act 2016

We, Choy Mui Seng @ Chai Mui Seng and Chai Chun Vui, being two of the directors of DPI Holdings Berhad, state that, in the opinion of the directors, the financial statements set out on pages 52 to 113 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 of 31 May 2022 and of their financial performance and cash flows for the financial year ended on that date.

Signed in accordance with a resolution of the directors dated 22 September 2022.

Choy Mui Seng @ Chai Mui Seng

Chai Chun Vui

Statutory Declaration

Pursuant to Section 251(1)(b) of The Companies Act 2016

I, Lai Pooi Chui, MIA Membership Number: 44035, being the officer primarily responsible for the financial management of DPI Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 52 to 113 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovementioned
Lai Pooi Chui,
at Kuala Lumpur
in the Federal Territory
on this 22 September 2022.

Lai Pooi Chui

Before me

Datin Hajah Raihela Wanchik
Commissioner for Oaths
No. W-275

Independent Auditors' Report

to the members of DPI Holdings Berhad

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of DPI Holdings Berhad, which comprise the statements of financial position as at 31 May 2022 of the Group and of the Company, 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 financial statements including a summary of significant accounting policies, as set out on pages 52 to 113.

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 May 2022, and of their financial performance and 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.

We have determined the matters described below to be the key audit matters to be communicated in our report.

Recoverability of trade receivables Refer to Note 10 to the financial statements	
Key Audit Matter	How our audit addressed the Key Audit Matter
<p>The trade receivables of the Group amounted to approximately RM7.1 million of which RM3.1 million are past due or exceeded credit terms granted by the Group.</p> <p>Management recognised the allowance for impairment losses on trade receivables based on specific known facts or customers' ability to pay. We focused on this area as determination of whether trade receivables are recoverable involves significant management judgement.</p>	<p>Our audit procedures included:-</p> <ul style="list-style-type: none">• Reviewed the ageing analysis of trade receivables and tested its reliability.• Reviewed subsequent cash collections for major trade receivables and overdue amounts.• Evaluated the reasonableness and adequacy of the allowance for impairment loss recognised for identified exposures.• Tested the adequacy of the Group's impairment of trade receivables by assessing the relevant assumptions and historical data from the Group's previous collection experience.

Independent Auditors' Report

to the members of DPI Holdings Berhad

Key Audit Matters (Cont'd)

Valuation of inventories Refer to Note 9 to the financial statements	
Key Audit Matter	How our audit addressed the Key Audit Matter
<p>The carrying amount of inventories held by the Group is approximately RM16.8 million.</p> <p>We focused on this area as the assessment of net realisable value is an area of significant judgement particularly in relation to the estimation of allowances for obsolete and slow-moving inventories.</p>	<p>Our audit procedures included:-</p> <ul style="list-style-type: none"> • Obtained an understanding of the Group's process for measuring the amount of inventories write down. • Reviewed the ageing analysis of inventories and tested its reliability. • Reviewed the net realisable value of inventories. • Evaluated the reasonableness and adequacy of the allowance for obsolete and slow-moving inventories recognised for identified exposures.

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 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 this 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 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 or 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.

Independent Auditors' Report

to the members of DPI Holdings Berhad

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

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 the Company's internal control.
- 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 or 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 or 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 DPI Holdings Berhad

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 5 to the financial statements.

OTHER MATTERS

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

Crowe Malaysia PLT
 201906000005 (LLP0018817-LCA) & AF 1018
 Chartered Accountants
 Kuala Lumpur
 22 September 2022

Ho Yen Ling
 03378/06/2024 J
 Chartered Accountant

Statements of Financial Position

as at 31 May 2022

		The Group		The Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
ASSETS					
NON-CURRENT ASSETS					
Investment in subsidiaries	5	-	-	37,582,783	36,321,460
Property, plant and equipment	6	12,887,434	6,686,190	-	-
Right-of-use assets	7	5,095,990	3,738,166	-	-
Intangible asset	8	322,292	-	-	-
		18,305,716	10,424,356	37,582,783	36,321,460
CURRENT ASSETS					
Inventories	9	16,791,193	13,201,525	-	-
Trade receivables	10	7,135,116	9,154,470	-	-
Other receivables, deposits and prepayments	11	1,553,102	468,022	3,948	2,976
Amount owing by subsidiaries	12	-	-	726,748	1,373,827
Current tax assets		1,389,611	764,724	235,729	35,000
Short-term investments	13	26,904,708	27,335,091	26,027,051	26,082,660
Fixed deposits with licensed banks	14	9,175,774	14,446,029	706,388	1,410,881
Cash and bank balances		10,866,122	14,531,011	806,117	2,374,918
		73,815,626	79,900,872	28,505,981	31,280,262
TOTAL ASSETS		92,121,342	90,325,228	66,088,764	67,601,722
EQUITY AND LIABILITIES					
EQUITY					
Share capital	15	66,257,198	66,257,198	66,257,198	66,257,198
Merger deficit	16	(28,697,540)	(28,697,540)	-	-
Foreign exchange translation reserve	17	(1,687)	2,820	-	-
Retained profits/ (Accumulated losses)		45,144,339	43,269,684	(237,145)	1,187,393
Equity attributable to owners of the Company		82,702,310	80,832,162	66,020,053	67,444,591
Non-controlling interests		125,191	-	-	-
TOTAL EQUITY		82,827,501	80,832,162	66,020,053	67,444,591

The annexed notes form an integral part of these financial statements.

Statements of Financial Position

as at 31 May 2022

		The Group		The Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
NON-CURRENT LIABILITIES					
Deferred tax liabilities	18	57,500	57,500	-	-
Lease liabilities	19	237,348	29,376	-	-
		294,848	86,876	-	-
CURRENT LIABILITIES					
Trade payables	20	7,041,185	7,464,675	-	-
Other payables and accruals	21	1,844,834	1,881,408	62,453	60,657
Amount owing to a subsidiary	12	-	-	6,258	96,474
Amount owing to a related party	22	11,311	19,933	-	-
Lease liabilities	19	101,663	40,174	-	-
		8,998,993	9,406,190	68,711	157,131
TOTAL LIABILITIES		9,293,841	9,493,066	68,711	157,131
TOTAL EQUITY AND LIABILITIES		92,121,342	90,325,228	66,088,764	67,601,722

The annexed notes form an integral part of these financial statements.

Statements of Profit or Loss and Other Comprehensive Income

for the financial year ended 31 May 2022

	Note	The Group		The Company	
		2022 RM	2021 RM	2022 RM	2021 RM
REVENUE	23	50,680,592	62,446,502	3,484,000	5,980,000
COST OF SALES	24	(35,928,157)	(39,338,433)	-	-
GROSS PROFIT		14,752,435	23,108,069	3,484,000	5,980,000
OTHER INCOME	25	1,818,563	1,753,721	532,733	682,843
		16,570,998	24,861,790	4,016,733	6,662,843
SELLING AND MARKETING EXPENSES		(1,542,424)	(1,794,013)	-	-
ADMINISTRATIVE EXPENSES	26	(7,547,534)	(6,860,416)	(1,666,882)	(1,284,931)
OTHER EXPENSES	27	(395,082)	(112,586)	-	-
FINANCE COSTS	28	(10,688)	(4,121)	-	-
NET IMPAIRMENT GAIN/(LOSS) ON FINANCIAL ASSETS	29	38,343	92,511	(474,677)	-
PROFIT BEFORE TAXATION		7,113,613	16,183,165	1,875,174	5,377,912
INCOME TAX EXPENSE	30	(1,963,564)	(4,323,234)	(14,271)	(276,846)
PROFIT AFTER TAXATION		5,150,049	11,859,931	1,860,903	5,101,066
OTHER COMPREHENSIVE INCOME					
<u>Items that Will be Reclassified</u> <u>Subsequently to Profit or Loss</u>					
Foreign currency translation differences		(6,204)	959	-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		5,143,845	11,860,890	1,860,903	5,101,066

The annexed notes form an integral part of these financial statements.

Statements of Profit or Loss and Other Comprehensive Income

for the financial year ended 31 May 2022

		The Group		The Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
PROFIT AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Company		5,160,096	11,859,931	1,860,903	5,101,066
Non-controlling interests		(10,047)	-	-	-
		5,150,049	11,859,931	1,860,903	5,101,066
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:-					
Owners of the Company		5,155,589	11,860,890	1,860,903	5,101,066
Non-controlling interests		(11,744)	-	-	-
		5,143,845	11,860,890	1,860,903	5,101,066

		The Group	
	Note	2022 RM	2021 RM
EARNINGS PER SHARE (SEN)			
Basic	31	0.75	2.44
Diluted	31	0.75	2.44

The annexed notes form an integral part of these financial statements.

Statements of Changes in Equity

for the financial year ended 31 May 2022

	Note	Share Capital RM	Merger Deficit RM	Foreign Exchange Translation Reserve RM	Distributable Retained Profits RM	Attributable To Owners Of the Company RM	Non-controlling Interests RM	Total Equity RM
The Group								
Balance at 1.6.2020		66,257,198	(28,697,540)	1,861	35,546,967	73,108,486	-	73,108,486
Profit after taxation for the financial year		-	-	-	11,859,931	11,859,931	-	11,859,931
Other comprehensive income for the financial year:								
- Foreign currency translation differences		-	-	959	-	959	-	959
Total comprehensive income for the financial year		-	-	959	11,859,931	11,860,890	-	11,860,890
Distributions to owners of the Company:								
- Dividends	33	-	-	-	(4,137,214)	(4,137,214)	-	(4,137,214)
Total transactions with owners		-	-	-	(4,137,214)	(4,137,214)	-	(4,137,214)
Balance at 31.5.2021		66,257,198	(28,697,540)	2,820	43,269,684	80,832,162	-	80,832,162

The annexed notes form an integral part of these financial statements.

Statements of Changes in Equity

for the financial year ended 31 May 2022

	Note	Share Capital RM	Merger Deficit RM	Foreign Exchange Translation Reserve RM	Distributable Retained Profits RM	Attributable To Owners Of the Company RM	Non-controlling Interests RM	Total Equity RM
The Group								
Balance at 1.6.2021		66,257,198	(28,697,540)	2,820	43,269,684	80,832,162	-	80,832,162
Profit after taxation for the financial year		-	-	-	5,160,096	5,160,096	(10,047)	5,150,049
Other comprehensive income for the financial year:		-	-	(4,507)	-	(4,507)	(1,697)	(6,204)
- Foreign currency translation differences								
Total comprehensive income for the financial year		-	-	(4,507)	5,160,096	5,155,589	(11,744)	5,143,845
Distributions to owners of the Company:								
- Acquisition of a subsidiary	32	-	-	-	-	-	16,935	16,935
- Issuance of ordinary shares to non-controlling interest		-	-	-	-	-	120,000	120,000
- Dividends	33	-	-	-	(3,285,441)	(3,285,441)	-	(3,285,441)
Total transactions with owners		-	-	-	(3,285,441)	(3,285,441)	136,935	(3,148,506)
Balance at 31.5.2022		66,257,198	(28,697,540)	(1,687)	45,144,339	82,702,310	125,191	82,827,501

The annexed notes form an integral part of these financial statements.

Statements of Changes in Equity

for the financial year ended 31 May 2022

	Note	Share Capital RM	Distributable (Accumulated Losses)/ Retained Profits RM	Total Equity RM
The Company				
Balance at 1.6.2020		66,257,198	223,541	66,480,739
Profit after taxation/Total comprehensive income for the financial year		-	5,101,066	5,101,066
Contributions by owners of the Company:				
- Dividends	33	-	(4,137,214)	(4,137,214)
Total transactions with owners		-	(4,137,214)	(4,137,214)
Balance at 31.5.2021/1.6.2021		66,257,198	1,187,393	67,444,591
Profit after taxation/Total comprehensive income for the financial year		-	1,860,903	1,860,903
Contributions to owners of the Company:				
- Dividends	33	-	(3,285,441)	(3,285,441)
Total transactions with owners		-	(3,285,441)	(3,285,441)
Balance at 31.5.2022		66,257,198	(237,145)	66,020,053

The annexed notes form an integral part of these financial statements.

Statements of Cash Flows

for the financial year ended 31 May 2022

		The Group		The Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES					
Profit before taxation		7,113,613	16,183,165	1,875,174	5,377,912
Adjustments for:-					
Allowance for impairment losses on trade receivables		-	158,868	-	-
Amortisation of trademark		2,708	-	-	-
Goodwill written off		21,417	-	-	-
Depreciation of property, plant and equipment		356,009	339,579	-	-
Depreciation of right-of-use assets		272,559	302,554	-	-
Impairment loss on investment in subsidiaries		-	-	474,677	-
Interest expense on lease liabilities		10,688	4,121	-	-
Inventories written down		-	270,004	-	-
Inventories written off		332,876	-	-	-
Loss on lease modification		19,947	333	-	-
Property, plant and equipment written off		6,108	1,188	-	-
Unrealised (gain)/loss on foreign exchange		(156,971)	98,639	(19,367)	(22)
COVID-19-related rent concessions		-	(1,450)	-	-
Dividend income		-	-	(3,484,000)	(5,980,000)
Interest income		(784,504)	(1,109,529)	(473,766)	(682,821)
Reversal of impairment losses on:					
- trade receivables		(38,343)	(251,379)	-	-
Operating profit/(loss) before working capital changes		7,156,107	15,996,093	(1,627,282)	(1,284,931)
Increase in inventories		(3,922,544)	(3,689,461)	-	-
Decrease/(Increase) in trade and other receivables		1,128,286	(1,402,409)	(972)	(2)
Increase in amount owing by subsidiaries		-	-	(633,554)	(9,108)
(Decrease)/Increase in amount owing to a subsidiary		-	-	(90,216)	39,559
(Decrease)/Increase in amount owing to a related party		(8,622)	9,787	-	-
(Decrease)/Increase in trade and other payables		(482,162)	5,018,796	1,796	(10,022)
CASH FROM/(FOR) OPERATIONS		3,871,065	15,932,806	(2,350,228)	(1,264,504)

The annexed notes form an integral part of these financial statements.

Statements of Cash Flows

for the financial year ended 31 May 2022

	Note	The Group		The Company	
		2022 RM	2021 RM	2022 RM	2021 RM
Balance brought forward		3,871,065	15,932,806	(2,350,228)	(1,264,504)
Income tax paid		(2,588,449)	(3,555,633)	(215,000)	(359,846)
NET CASH FROM/(FOR) OPERATING ACTIVITIES		<u>1,282,616</u>	<u>12,377,173</u>	<u>(2,565,228)</u>	<u>(1,624,350)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Addition of right-of-use	34(a)	(1,276,425)	-	-	-
Additional investment in an existing subsidiary		-	-	(1,256,000)	-
Dividend received		-	-	4,784,000	8,580,000
Incorporation of a subsidiary		-	-	(480,000)	-
Interest income received		784,504	1,109,529	473,766	682,821
Net cash inflow from acquisition of subsidiaries	32	19,211	-	-	-
Purchase of property, plant and equipment	34(a)	(6,555,482)	(2,272,394)	-	-
Purchase of trademark		(325,000)	-	-	-
Withdrawal of fixed deposits with tenure more than 3 months		<u>13,409,715</u>	<u>18,436,457</u>	<u>1,405,723</u>	<u>20,594,277</u>
NET CASH FROM INVESTING ACTIVITIES		<u>6,056,523</u>	<u>17,273,592</u>	<u>4,927,489</u>	<u>29,857,098</u>
CASH FLOWS FOR FINANCING ACTIVITIES					
Dividend paid		(3,285,441)	(4,867,310)	(3,285,441)	(4,867,310)
Repayment of lease liabilities	34(b)	(67,812)	(148,229)	-	-
Interest paid on lease liabilities	34(b)	(10,688)	(4,121)	-	-
NET CASH FOR FINANCING ACTIVITIES		<u>(3,363,941)</u>	<u>(5,019,660)</u>	<u>(3,285,441)</u>	<u>(4,867,310)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		3,975,198	24,631,105	(923,180)	23,365,438
EFFECTS OF FOREIGN EXCHANGE TRANSLATION		68,990	(116,780)	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		<u>42,902,416</u>	<u>18,388,091</u>	<u>28,462,736</u>	<u>5,097,298</u>
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	34(d)	<u>46,946,604</u>	<u>42,902,416</u>	<u>27,539,556</u>	<u>28,462,736</u>

The annexed notes form an integral part of these financial statements.

Notes to the Financial Statements

for the financial year ended 31 May 2022

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The registered office and principal place of business are as follows:-

Registered office	: B-25-2, Block B, Jaya One, No. 72A, Jalan Prof. Diraja Ungku Aziz, 46200 Petaling Jaya, Selangor.
Principal place of business	: K69, Jalan Perindustrian 6, Kawasan Perindustrian Tanjung Agas, 84000 Kesang, Tangkak, Johor Darul Takzim.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 22 September 2022.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. BASIS OF PREPARATION

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

- 3.1 During the current financial year, the Group has adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any):-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)

Amendment to MFRS 16: Covid-19-Related Rent Concessions

Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform – Phase 2

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the Group's financial statements.

- 3.2 The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the current financial year:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendment to MFRS 17: Initial Application of MFRS 17 and MFRS 9 – Comparative Information	1 January 2023
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023

Notes to the Financial Statements

for the financial year ended 31 May 2022

3. BASIS OF PREPARATION (Cont'd)

- 3.2 The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the current financial year:- (Cont'd)

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018 – 2020	1 January 2022

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Key Sources of Estimation Uncertainty

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed below:-

(a) Depreciation of Property, Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of property, plant and equipment as at the reporting date is disclosed in Note 6 to the financial statements.

(b) Impairment of Property, Plant and Equipment and Right-of-use Assets

The Group determines whether its property, plant and equipment and right-of-use assets are impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount, such as valuation reports and discounted cash flows. For discounted cash flows, significant judgement is required in the estimation of the present value of future cash flows generated by the assets, which involve uncertainties and are significantly affected by assumptions used and judgements made regarding estimates of future cash flows and discount rates which are subject to higher degree of estimation uncertainties due to uncertainty on how the COVID-19 pandemic may progress and evolve and volatility in markets in which the Group operates. The carrying amounts of property, plant and equipment and right-of-use assets as at the reporting date are disclosed in Note 6 and Note 7 to the financial statements.

Notes to the Financial Statements

for the financial year ended 31 May 2022

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Cont'd)

Key Sources of Estimation Uncertainty (Cont'd)

(c) Write-down of Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories. The carrying amount of inventories as at the reporting date is disclosed in Note 9 to the financial statements.

(d) Impairment of Trade Receivables

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables. The Group develops the expected loss rates based on the payment profiles of past sales (including changes in the customer payment profile in response to the COVID-19 pandemic) and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying value of trade receivables. The carrying amount of trade receivables as at the reporting date is disclosed in Note 10 to the financial statements.

(e) Impairment of Non-Trade Receivables

The loss allowances for non-trade financial assets are based on assumptions about risk of default and expected loss rates. It also requires the Group to assess whether there is significant increase in credit risk of the non-trade financial asset at the reporting date. The Group uses judgement in making these assumptions and selecting appropriate inputs to the impairment calculation, based on the past payment trends, existing market conditions as well as forward-looking information (incorporating the impact of COVID-19 pandemic). The carrying amount of other receivables and amount owing by subsidiaries as at the reporting date is disclosed in Note 11 and 12 to the financial statements.

(f) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax expense and deferred tax balances in the period in which such determination is made. The carrying amounts of the Group's and the Company's current tax assets as at reporting date are RM1,389,611 (2021 - RM764,724) and RM235,729 (2021 - RM35,000) respectively.

Critical Judgements Made in Applying Accounting Policies

Management believes that there are no instances of application of critical judgement in applying the Group's accounting policies which will have a significant effect on the amounts recognised in the financial statements other than as disclosed below:-

Lease Terms

Some leases contain extension options exercisable by the Group before the end of the non-cancellable contract period. In determining the lease term, management considers all facts and circumstances including the past practice and any cost that will be incurred to change the asset if an option to extend is not taken. An extension option is only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

In determining the incremental borrowing rate of the respective leases. The Group first determines the closest available borrowing rates before using significant judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases.

Notes to the Financial Statements

for the financial year ended 31 May 2022

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.2 BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

(a) Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

(b) Merger Accounting for Common Control Business Combinations

A business combination involving entities under common control is a business combination in which all the combining entities or subsidiaries are ultimately controlled by the same party and parties both before and after the business combination, and that control is not transitory.

Subsidiaries acquired which have met the criteria for pooling of interest are accounted for using merger accounting principles. Under the merger method of accounting, the results of the subsidiaries are presented as if the merger had been effected throughout the current financial year.

The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. No amount is recognised in respect of goodwill and excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets and liabilities and contingent liabilities over cost at the time of the common control business combination to the extent of the continuation of the controlling party and parties' interests.

When the merger method is used, the cost of investment in the Company's books is recorded at the nominal value of shares issued. The difference between the carrying value of the investment and the nominal value of the shares of the subsidiaries is treated as a merger deficit or merger reserve as applicable. The results of the subsidiaries being merged are included for the full financial year.

Notes to the Financial Statements

for the financial year ended 31 May 2022

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.2 BASIS OF CONSOLIDATION (Cont'd)

(c) Non-controlling Interests

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(d) Changes in Ownership Interests in Subsidiaries Without Change of Control

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity of the Group.

(e) Loss of Control

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:-

- (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and
- (ii) the previous carrying amount of the assets, and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value of the initial recognition for subsequent accounting under MFRS 9 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

4.3 FUNCTIONAL AND FOREIGN CURRENCIES

(a) Functional and Presentation Currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency.

(b) Foreign Currency Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the exchange rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

Notes to the Financial Statements

for the financial year ended 31 May 2022

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.3 FUNCTIONAL AND FOREIGN CURRENCIES (Cont'd)

(c) Foreign Operations

Assets and liabilities of foreign operations (including any goodwill and fair value adjustments arising on acquisition) are translated to the Group's presentation currency at the exchange rates at the end of the reporting period. Income, expenses and other comprehensive income of foreign operations are translated at exchange rates at the dates of the transactions. All exchange differences arising from translation are taken directly to other comprehensive income and accumulated in equity; attributed to the owners of the Company and non-controlling interests, as appropriate.

Goodwill and fair value adjustments arising from the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the end of the reporting period.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign subsidiary, or partial disposal involving loss of control over a subsidiary that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that foreign operation attributable to the owners of the Company are reclassified to profit or loss as part of the gain or loss on disposal. The portion related to non-controlling interests is derecognised but is not reclassified to profit or loss.

In addition, in relation to partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests and are not recognised in profit or loss.

In the consolidated financial statements, when the settlement of an intragroup loan is neither planned nor likely to occur in the foreseeable future, the exchange differences arising from translating such monetary item are considered to form part of a net investment in the foreign operation and are recognised in other comprehensive income.

4.4 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in MFRS 132. Interest, dividends, gains and losses relating to a financial instrument classified as liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value (other than trade receivables without significant financing component which are measured at transaction price as defined in MFRS 15). Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

Notes to the Financial Statements

for the financial year ended 31 May 2022

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.4 FINANCIAL INSTRUMENTS (Cont'd)

(a) Financial Assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value (through profit or loss, or other comprehensive income), depending on the classification of the financial assets.

Debt Instruments

(i) Amortised Cost

The financial asset is held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset. When the asset has subsequently become credit-impaired, the interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), excluding expected credit losses, through the expected life of the financial asset or a shorter period (where appropriate).

(ii) Fair Value through Other Comprehensive Income

The financial asset is held for both collecting contractual cash flows and selling the financial asset, where the asset's cash flows represent solely payments of principal and interest. Movements in the carrying amount are taken through other comprehensive income and accumulated in the fair value reserve, except for the recognition of impairment, interest income and foreign exchange difference which are recognised directly in profit or loss. Interest income is calculated using the effective interest rate method.

(iii) Fair Value through Profit or Loss

All other financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. The fair value changes do not include interest or dividend income.

The Group reclassifies debt instruments when and only when its business model for managing those assets change.

Equity Instruments

All equity investments are subsequently measured at fair value with gains and losses recognised in profit or loss except where the Group has elected to present the subsequent changes in fair value in other comprehensive income and accumulated in the fair value reserve at initial recognition.

The designation at fair value through other comprehensive income is not permitted if the equity investment is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise.

Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established unless the dividends clearly represent a recovery of part of the cost of the equity investments.

Notes to the Financial Statements

for the financial year ended 31 May 2022

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.4 FINANCIAL INSTRUMENTS (Cont'd)

(b) Financial Liabilities

(i) Financial Liabilities at Fair Value through Profit or Loss

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. The changes in fair value (excluding interest expense) of these financial liabilities are recognised in profit or loss.

(ii) Other Financial Liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), through the expected life of the financial liability or a shorter period (where appropriate).

(c) Equity Instruments

Equity instruments classified as equity are measured initially at cost and are not remeasured subsequently.

Ordinary shares are classified as equity and recorded at the proceeds received, net of directly attributable transaction costs.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(d) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the carrying amount of the asset and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity to profit or loss. In contrast, there is no subsequent reclassification of the fair value reserve to profit or loss following the derecognition of an equity investment.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

4.5 INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investments includes transaction costs.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

Notes to the Financial Statements

for the financial year ended 31 May 2022

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.6 PROPERTY, PLANT AND EQUIPMENT

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that are directly attributable to the acquisition of the asset and other costs directly attributable to bringing the asset to working condition for its intended use.

Subsequent to initial recognition, all property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses.

Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation on property, plant and equipment is charged to profit or loss (unless it is included in the carrying amount of another asset) on the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Factory buildings	2%
Machinery, factory and laboratory equipment	10%
Renovation, office equipment, electrical, furniture and fittings	10% - 33.33%
Motor vehicles	20%

Capital work-in-progress included in property, plant and equipment are not depreciated as these assets are not yet available for use.

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment. Any changes are accounted for as a change in estimate.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset, being the difference between the net disposal proceeds and the carrying amount, is recognised in profit or loss.

4.7 LEASES

The Group assesses whether a contract is or contains a lease, at the inception of the contract. The Group recognises a right-of-use asset and corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for low-value assets and short-term leases with 12 months or less. For these leases, the Group recognises the lease payments as an operating expense on a straight-line method over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The Group recognises a right-of use asset and a lease liability at the lease commencement date. The right-of-use assets and the associated lease liabilities are presented as a separate line item in the statements of financial position.

The right-of-use asset is initially measured at cost. Cost includes the initial amount of the corresponding lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any incentives received.

Notes to the Financial Statements

for the financial year ended 31 May 2022

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.7 LEASES (Cont'd)

The right-to-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of the lease liability. The depreciation starts from the commencement date of the lease. If the lease transfers ownership of the underlying asset to the Group or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those property, plant and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in the future lease payments (other than lease modification that is not accounted for as a separate lease) with the corresponding adjustment is made to the carrying amount of the right-of-use asset or is recognised in profit or loss if the carrying amount has been reduced to zero.

4.8 INTANGIBLE ASSET

The trademark acquired are initially capitalised at cost and are subsequently carried at cost less accumulated amortization. These costs are amortised to profit or loss using the straight-line method over 10 years.

4.9 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis method and comprises the purchase price, production or conversion costs and incidentals incurred in bringing the inventories to their present location and condition. The cost of conversion includes cost directly related to the units of production, and a proportion of fixed production overheads based on normal capacity of the production facilities.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

4.10 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less.

4.11 IMPAIRMENT

(a) Impairment of Financial Assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost.

The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises lifetime expected credit losses for trade receivables using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience and are adjusted for forward-looking information (including time value of money where appropriate).

Notes to the Financial Statements

for the financial year ended 31 May 2022

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.11 IMPAIRMENT (Cont'd)

(a) Impairment of Financial Assets (Cont'd)

For all other financial instruments, the Group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at fair value through other comprehensive income, for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

(b) Impairment of Non-financial Assets

The carrying values of assets, other than those to which MFRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of an asset is the higher of the asset's fair value less costs to sell and its value-in-use, which is measured by reference to discounted future cash flow using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss.

When there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately.

4.12 EMPLOYEE BENEFITS

(a) Short-term Benefits

Wages, salaries, paid annual leave and bonuses are measured on an undiscounted basis and are recognised in profit or loss in the period in which the associated services are rendered by employees of the Group.

(b) Defined Contribution Plans

The Group's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

Notes to the Financial Statements

for the financial year ended 31 May 2022

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.13 INCOME TAXES

(a) Current Tax

Current tax assets and liabilities are expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

(b) Deferred Tax

Deferred tax is recognised using the liability method for all temporary differences other than those that arise from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill or negative goodwill.

Current tax assets and liabilities or deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

4.14 OPERATING SEGMENTS

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

4.15 EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the reporting period, adjusted for own shares held.

Diluted earnings per ordinary share is determined by adjusting the consolidated profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

Notes to the Financial Statements

for the financial year ended 31 May 2022

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.16 FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

- Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;
- Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Inputs are unobservable inputs for the asset or liability.

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

4.17 REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue is recognised by reference to each distinct performance obligation in the contract with customer and is measured at the consideration specified in the contract in which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of sales and service tax, returns, rebates and discounts.

The Group recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of that asset.

The Group transfers control of a good or service at a point in time unless one of the following overtime criteria is met:-

- The customer simultaneously receives and consumes the benefits provided as the Group performs.
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.

The Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

Sale of Goods

Revenue from sale of goods is recognised when the Group has transferred control of the goods to the customer, being when the goods have been delivered to the customer and upon its acceptance. Following delivery, 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.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Notes to the Financial Statements

for the financial year ended 31 May 2022

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.18 REVENUE FROM OTHER SOURCES AND OTHER OPERATING INCOME

(a) Dividend Income

Dividend income from investment is recognised when the right to receive dividend payment is established.

(b) Interest Income

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

5. INVESTMENT IN SUBSIDIARIES

	The Company	
	2022 RM	2021 RM
Unquoted shares, at cost:-		
At 1 June	36,321,460	36,321,460
Addition during the financial year	1,736,000	-
	38,057,460	36,321,460
Accumulated impairment losses	(474,677)	-
At 31 May	37,582,783	36,321,460
Allowance for impairment losses:-		
At 1 June	-	-
Addition during the financial year	474,677	-
At 31 May	474,677	-

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Notes to the Financial Statements

for the financial year ended 31 May 2022

5. INVESTMENT IN SUBSIDIARIES (Cont'd)

The details of the subsidiaries are as follows:-

Name of Subsidiary	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held by Parent		Principal Activities
		2022 %	2021 %	
DPI Sdn. Bhd.	Malaysia	100	100	Engaged in the business of development, manufacturing and distribution of aerosol products.
DPI Chemicals Sdn. Bhd.	Malaysia	100	100	Engaged in the business of distributing aerosol products and trading of solvents and thinner blending.
DPI Resources Sdn. Bhd.	Malaysia	100	100	Dormant.
Dimethyl Ether Sdn. Bhd.*	Malaysia	100	100	Dormant.
DPI Alliance Pte. Ltd. ("DPIA") ^	Republic of Singapore	100	100	Engaged in the business of development and distribution of aerosol products.
DPI Japan Co. Ltd. ("DPIJ")	Japan	90	-	Dormant.
DPI Plastics Sdn. Bhd. ("DPIP")	Malaysia	80	-	Engaged in the business of manufacturing and trading of plastics products.

* The auditors' report on the financial statements of the subsidiary includes a "Material Uncertainty Related to Going Concern" regarding the ability of the subsidiary to continue as a going concern in view of its capital deficiency position as at the end of the current reporting period. The financial statements were prepared on a going concern basis as the Company has undertaken to provide continued financial support to the subsidiary.

^ This subsidiary was audited by other firm of chartered accountants.

(a) During the financial year:-

- (i) On 19 July 2021, the Company further subscribed for 400,000 ordinary shares issued by its wholly-owned subsidiary, DPIA for a cash consideration of SGD400,000.
- (ii) On 30 July 2021, DPIA, a wholly-owned subsidiary of the Company, has subscribed for 450 new ordinary shares in DPIJ, which represents 90% of the equity interest in DPIJ, for a cash consideration of JPY4.50 million.
- (iii) On 26 May 2022, the Company has entered into a Shareholders' Agreement with a third party for the subscription of 480,000 new ordinary share in DPIP, which represents 80% of the equity interest in DPIP, for a cash consideration of RM480,000.

(b) Summarised financial information of non-controlling interests has not been presented as both the current non-controlling interests and future non-controlling interests of the subsidiaries are not individually material to the Group.

Notes to the Financial Statements

for the financial year ended 31 May 2022

6. PROPERTY, PLANT AND EQUIPMENT

The Group	At 1.6.2021 RM	Acquisition of a subsidiary RM	Additions RM	Write Off RM	Depreciation Charges RM	Foreign Translation RM	At 31.5.2022 RM
2022							
<i>Carrying Amount</i>							
Factory buildings	2,881,215	-	-	-	(76,100)	-	2,805,115
Machinery, factory and laboratory equipment	1,622,668	-	609,135	(2,167)	(191,104)	-	2,038,532
Renovation, office equipment, electrical, furniture and fittings	163,478	8,774	1,673,002	(3,941)	(64,100)	(895)	1,776,318
Motor vehicles	86,079	-	42,947	-	(24,705)	-	104,321
Capital work-in-progress	1,932,750	-	4,230,398	-	-	-	6,163,148
	6,686,190	8,774	6,555,482	(6,108)	(356,009)	(895)	12,887,434

Notes to the Financial Statements

for the financial year ended 31 May 2022

6. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

The Group	At 1.6.2020 RM	Additions RM	Write Off RM	Depreciation Charges RM	Foreign Translation RM	At 31.5.2021 RM
2021						
<i>Carrying Amount</i>						
Factory buildings	2,957,315	-	-	(76,100)	-	2,881,215
Machinery, factory and laboratory equipment	935,354	838,107	(1)	(150,792)	-	1,622,668
Renovation, office equipment, electrical, furniture and fittings	160,351	48,312	(1,187)	(44,037)	39	163,478
Motor vehicles	114,729	40,000	-	(68,650)	-	86,079
Capital work-in-progress	586,775	1,345,975	-	-	-	1,932,750
	<u>4,754,524</u>	<u>2,272,394</u>	<u>(1,188)</u>	<u>(339,579)</u>	<u>39</u>	<u>6,686,190</u>

Notes to the Financial Statements

for the financial year ended 31 May 2022

6. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

The Group	At Cost RM	Accumulated Depreciation RM	Carrying Amount RM
2022			
Factory buildings	3,805,002	(999,887)	2,805,115
Machinery, factory and laboratory equipment	5,772,371	(3,733,839)	2,038,532
Renovation, office equipment, electrical, furniture and fittings	2,218,099	(441,781)	1,776,318
Motor vehicles	1,504,183	(1,399,862)	104,321
Capital work-in-progress	6,163,148	-	6,163,148
	<u>19,462,803</u>	<u>(6,575,369)</u>	<u>12,887,434</u>

2021

Factory buildings	3,805,002	(923,787)	2,881,215
Machinery, factory and laboratory equipment	5,213,537	(3,590,869)	1,622,668
Renovation, office equipment, electrical, furniture and fittings	604,644	(441,166)	163,478
Motor vehicles	1,461,235	(1,375,156)	86,079
Capital work-in-progress	1,932,750	-	1,932,750
	<u>13,017,168</u>	<u>(6,330,978)</u>	<u>6,686,190</u>

7. RIGHT-OF-USE ASSETS

The Group	At 1.6.2021 RM	Addition RM	Depreciation Charges RM	Foreign Translation RM	Modification of Lease Liabilities RM	At 31.5.2022 RM
2022						
<i>Carrying Amount</i>						
Leasehold land	3,675,043	-	(170,661)	-	-	3,504,382
Buildings and office equipment	63,123	1,354,918	(101,898)	36,632	238,833	1,591,608
	<u>3,738,166</u>	<u>1,354,918</u>	<u>(272,559)</u>	<u>36,632</u>	<u>238,833</u>	<u>5,095,990</u>

Notes to the Financial Statements

for the financial year ended 31 May 2022

7. RIGHT-OF-USE ASSETS (Cont'd)

The Group	At 1.6.2020 RM	Depreciation Charges RM	Modification of Lease Liabilities RM	At 31.5.2021 RM
2021				
<i>Carrying Amount</i>				
Leasehold land	3,845,704	(170,661)	-	3,675,043
Buildings and office equipment	129,836	(131,893)	65,180	63,123
	3,975,540	(302,554)	65,180	3,738,166

- (a) The Group leases certain pieces of leasehold land, various buildings and office equipment of which the leasing activities are summarised below:-

- (i) Leasehold land The Group has entered into 5 (2021 - 5) non-cancellable operating lease agreements for the use of land. The leases are for a period ranging from 26 to 46 years (2021 - 26 to 46 years) with no renewal or purchase option included in the agreements.
- (ii) Buildings The Group has leased various buildings for office and warehouse that run between 2 months to 21 years (2021 - 1 to 2 years) with an option to renew the lease after that date. The Group is not allowed to sublease the buildings.
- (iii) Office equipment The Group has leased office equipment that run for a period of 5 years (2021 - 5 years) with an option to renew the lease after that date.

- (b) The Group also has leases with lease terms of 12 months or less. The Group has applied the "short-term lease" recognition exemptions for these leases.

8. INTANGIBLE ASSET

The Group	At 1.6.2021 RM	Addition RM	Amortisation RM	At 31.5.2022 RM
<i>Carrying Amount</i>				
Trademark	-	325,000	(2,708)	322,292

Notes to the Financial Statements

for the financial year ended 31 May 2022

9. INVENTORIES

	The Group	
	2022 RM	2021 RM
Raw materials	6,269,699	4,808,489
Work-in-progress	1,349,216	1,179,454
Packing materials	1,498,398	4,575,895
Finished goods	7,673,880	2,637,687
	16,791,193	13,201,525
Recognised in profit or loss:-		
Inventories recognised as cost of sales	35,921,619	39,052,141
Amount written down to net realisable value	-	270,004
Inventories written off	332,876	-

10. TRADE RECEIVABLES

	The Group	
	2022 RM	2021 RM
Trade receivables	7,753,549	9,811,246
Allowance for impairment losses	(618,433)	(656,776)
	7,135,116	9,154,470
Allowance for impairment losses:-		
At 1 June	656,776	749,287
Addition during the financial year	-	158,868
Reversal during the financial year	(38,343)	(251,379)
At 31 May	618,433	656,776

The Group's normal trade credit terms range from 7 to 90 (2021 - 7 to 90) days. Other credit terms are assessed and approved on a case-by-case basis.

Notes to the Financial Statements

for the financial year ended 31 May 2022

11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Other receivables	584,480	-	-	-
Deposits	228,722	190,331	1,000	1,000
Prepayments	639,372	277,691	2,948	1,976
Goods and services tax recoverable	100,528	-	-	-
	<u>1,553,102</u>	<u>468,022</u>	<u>3,948</u>	<u>2,976</u>

12. AMOUNTS OWING BY/(TO) SUBSIDIARIES

	The Company	
	2022 RM	2021 RM
Amount owing by:		
- dividend receivable	-	1,300,000
- non-trade balances	<u>726,748</u>	<u>73,827</u>
	<u>726,748</u>	<u>1,373,827</u>
Amount owing to:		
- non-trade balance	<u>(6,258)</u>	<u>(96,474)</u>

- (a) Included in the amount owing by subsidiaries (non-trade balances) of the Company at the end of the reporting period, is an amount of RM78,228 (2021 - RM68,694) represent unsecured, interest bearing of 3.60% (2021 - 3.60%) per annum and repayable on demand. The amount owing is to be settled in cash.
- (b) Other than as disclosed in Note 12(a) to the financial statements, the other non-trade balances are unsecured, interest-free and repayable on demand. The amounts owing are to be settled in cash.

13. SHORT-TERM INVESTMENTS

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Money market funds, at fair value (Note 34(d))	<u>26,904,708</u>	<u>27,335,091</u>	<u>26,027,051</u>	<u>26,082,660</u>

The short-term money market fund represents the Group's investment in money market fund which seeks to provide income and liquidity by investing primarily in fixed income securities, money market instruments and deposits. The redemption proceeds for investment in money market fund will normally be collected by the next business day. Therefore, the Group considered the investment in money market funds represented investment in highly liquid money market instruments which are readily convertible to known amount of cash, and are subject to an insignificant risk of changes in value.

Notes to the Financial Statements

for the financial year ended 31 May 2022

14. FIXED DEPOSITS WITH LICENSED BANKS

The fixed deposits with licensed banks of the Group and of the Company at the end of the reporting period bore effective interest rates ranging from 1.75% to 2.10% (2021 - 1.80% to 2.31%) per annum and 1.75% to 2.10% (2021 - 1.80% to 2.20%) per annum respectively. The fixed deposits have maturity periods of 3 (2021 - 3 to 12) months and 3 (2021 - 3 to 6) months for the Group and the Company respectively.

15. SHARE CAPITAL

	The Group/The Company			
	2022 Number Of Shares	2021	2022 RM	2021 RM
Issued and Fully Paid-Up				
Ordinary Shares				
At 1 June	486,731,000	486,731,000	66,257,198	66,257,198
Issuance of new shares pursuant to:				
- bonus issue	243,365,498	-	-	-
At 31 May	730,096,498	486,731,000	66,257,198	66,257,198

- (a) The holders of ordinary shares are entitled to receive dividends as and when declared by the Company and are entitled to one vote per ordinary share at meetings of the Company. The ordinary shares have no par value.
- (b) During the financial year, the Company issued 243,365,498 new ordinary shares by way of bonus issue on the basis of one (1) new ordinary share for every two (2) existing ordinary shares held in the Company on 11 August 2021.

16. MERGER DEFICIT

The merger deficit arose from the difference between the carrying value of the investment and the nominal value of the shares of subsidiaries upon consolidation under the merger accounting principles.

17. FOREIGN EXCHANGE TRANSLATION RESERVE

The foreign exchange translation reserve arose from the translation of the financial statements of a foreign subsidiary whose functional currency is different from the Group's presentation currency.

Notes to the Financial Statements

for the financial year ended 31 May 2022

18. DEFERRED TAX LIABILITIES

The Group	At 1.6.2021 RM	Recognised in Profit or Loss (Note 30) RM	At 31.5.2022 RM
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2022

Property, plant and equipment	<u>57,500</u>	<u>-</u>	<u>57,500</u>
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	At 1.6.2020 RM	Recognised in Profit or Loss (Note 30) RM	At 31.5.2021 RM
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2021

Property, plant and equipment	<u>78,000</u>	<u>(20,500)</u>	<u>57,500</u>
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19. LEASE LIABILITIES

	The Group	
	2022 RM	2021 RM
At 1 June	69,550	153,716
Addition during the financial year	78,493	-
Interest expense recognised in profit or loss (Note 28)	10,688	4,121
COVID-19-related rent concessions received	-	(1,450)
Changes due to lease modification	258,780	65,513
Repayment of principal	(67,812)	(148,229)
Repayment of interest expense	<u>(10,688)</u>	<u>(4,121)</u>
At 31 May	<u>339,011</u>	<u>69,550</u>
Analysed by:-		
Current liabilities	101,663	40,174
Non-current liabilities	<u>237,348</u>	<u>29,376</u>
	<u>339,011</u>	<u>69,550</u>

20. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 30 to 90 (2021 - 30 to 90) days.

Notes to the Financial Statements

for the financial year ended 31 May 2022

21. OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Other payables:-				
Third parties	1,386,854	1,377,858	21,458	9,934
Advance from a customer	91,711	91,711	-	-
	1,478,565	1,469,569	21,458	9,934
Accruals	366,269	411,839	40,995	50,723
	1,844,834	1,881,408	62,453	60,657

The advance from a customer is unsecured and interest-free. The amount owing will be offset against future sales from the customer.

22. AMOUNT OWING TO A RELATED PARTY

The amount owing is non-trade in nature, unsecured, interest-free and repayable on demand. The amount owing is to be settled in cash.

23. REVENUE

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Revenue from Contracts with Customers				
<u>Recognised at a point in time</u>				
Sale of goods	50,680,592	62,446,502	-	-
Revenue from Other Source				
Dividend income	-	-	3,484,000	5,980,000
	50,680,592	62,446,502	3,484,000	5,980,000

The information on the disaggregation of revenue by geographical market is disclosed in Note 37.2 to the financial statements.

Notes to the Financial Statements

for the financial year ended 31 May 2022

24. COST OF SALES

	The Group	
	2022 RM	2021 RM

Included in cost of sales are the following items:-

Depreciation:

- property, plant and equipment	288,529	235,563
- right-of-use assets	170,661	170,661

Inventories written down to net realisable value	-	270,004
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Inventories written off	332,876	-
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Staff costs:

- short-term employee benefits	3,492,426	3,535,394
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- defined contribution benefits	398,207	392,942
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- others	56,895	56,346
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25. OTHER INCOME

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM

Included in other income
are the following items:-

COVID-19-related subsidies from government	-	511,954	-	-
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COVID-19-related rent concessions	-	1,450	-	-
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Gain on foreign exchange:

- realised	210,358	101,043	-	-
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- unrealised	157,115	166	19,367	22
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Interest income from short-term investments	478,417	104,194	453,191	82,660
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Interest income on
financial assets measured
at amortised cost:

- amount owing by a subsidiary	-	-	2,436	2,193
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- fixed deposits with licensed banks	269,169	952,194	18,139	594,944
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- cash at banks	36,918	53,141	-	3,024
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Notes to the Financial Statements

for the financial year ended 31 May 2022

26. ADMINISTRATIVE EXPENSES

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Included in administrative expenses are the following items:-				
Amortisation of trademark	2,708	-	-	-
Auditors' remuneration:				
- audit fees				
- current financial year	100,000	103,265	25,000	25,000
- under/(over)provision in the previous financial year	13,283	(5,000)	-	-
- non-audit fees				
- auditors of the Company	5,000	5,000	5,000	5,000
Depreciation:				
- property, plant and equipment	67,480	104,016	-	-
- right-of-use assets	101,898	131,893	-	-
Directors' remuneration (Note 35(a)):				
- fees	360,000	360,000	300,000	300,000
- salaries, bonuses and other benefits	1,674,916	1,582,766	-	-
- defined contribution benefits	46,800	99,750	-	-
Incorporation expenses	6,300	-	-	-
Lease expenses:				
- short-term leases	238,350	158,800	-	-
Staff costs (including other key management personnel as disclosed in Note 35(b)):				
- short-term employee benefits	2,906,772	2,603,697	633,474	460,820
- defined contribution benefits	365,967	340,424	77,000	54,324

Notes to the Financial Statements

for the financial year ended 31 May 2022

27. OTHER EXPENSES

	The Group	
	2022 RM	2021 RM

Included in other expenses are the following items:-

Goodwill written off	21,417	-
Loss on lease modification	19,947	333
Property, plant and equipment written off	6,108	1,188
Loss on foreign exchange:		
- realised	14,586	12,260
- unrealised	144	98,805

28. FINANCE COSTS

	The Group	
	2022 RM	2021 RM

Included in finance costs are the following items:-

Interest expense on lease liabilities	10,688	4,121
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29. NET IMPAIRMENT GAIN/(LOSS) ON FINANCIAL ASSETS

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM

Impairment losses:

- trade receivables (Note 10)	-	(158,868)	-	-
- investment in subsidiaries (Note 5)	-	-	(474,677)	-

Reversal of impairment losses:

- trade receivables (Note 10)	38,343	251,379	-	-
	38,343	92,511	(474,677)	-

Notes to the Financial Statements

for the financial year ended 31 May 2022

30. INCOME TAX EXPENSE

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Current tax expense:				
- for the financial year	1,983,992	4,255,750	4,000	115,000
- (over)/underprovision in the previous financial year	(20,428)	87,984	10,271	161,846
	1,963,564	4,343,734	14,271	276,846
Deferred tax (Note 18):				
- origination and reversal of temporary differences	-	(5,500)	-	-
- overprovision in the previous financial year	-	(15,000)	-	-
	-	(20,500)	-	-
	1,963,564	4,323,234	14,271	276,846

A reconciliation of income tax expense applicable to the profit before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Group and of the Company is as follows:-

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Profit before taxation	7,113,613	16,183,165	1,875,174	5,377,912
Tax at the statutory tax rate of 24% (2021 - 24%)	1,707,267	3,883,960	450,042	1,290,699
Tax effects of:-				
Non-deductible expenses	363,512	339,874	390,118	259,501
Non-taxable income	(150,414)	(7,539)	(836,160)	(1,435,200)
Deferred tax assets not recognised during the financial year	44,877	26,251	-	-
Differential in tax rates of foreign subsidiary	18,750	7,704	-	-
(Over)/Underprovision of current tax in the previous financial year	(20,428)	87,984	10,271	161,846
Overprovision of deferred taxation in the previous financial year	-	(15,000)	-	-
	1,963,564	4,323,234	14,271	276,846

Notes to the Financial Statements

for the financial year ended 31 May 2022

30. INCOME TAX EXPENSE (Cont'd)

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2021 - 24%) of the estimated assessable profit for the financial year. The taxation of other jurisdictions is calculated at the rates prevailing in the respective jurisdiction.

At the end of the reporting period, the Group has unused tax losses (stated at gross) of approximately RM543,000 (2021 - RM268,000) that are available for offset against future taxable profits of the subsidiaries in which the losses arose. No deferred tax assets are recognised in respect of these items as it is not probable that taxable profits of the subsidiaries will be available against which the deductible temporary differences can be utilised.

The unused tax losses are allowed to be utilised for 7 consecutive years of assessment ("YA") while the unabsorbed capital allowances are allowed to be carried forward indefinitely.

The use of tax losses of subsidiaries in other countries is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the subsidiaries operate.

31. EARNINGS PER SHARE

	The Group	
	2022	2021
Profit after taxation attributable to owners of the Company (RM)	<u>5,160,096</u>	<u>11,859,931</u>
Weighted average number of ordinary shares in issue	<u>682,756,908</u>	<u>486,731,000</u>
Basic earnings per share (Sen)	<u>0.75</u>	<u>2.44</u>

The Company has not issued any dilutive potential ordinary shares and hence, the diluted earnings per share is equal to the basic earnings per share.

Notes to the Financial Statements

for the financial year ended 31 May 2022

32. ACQUISITION OF SUBSIDIARIES

On 30 July 2021, DPIA has acquired 90% equity interests in DPIJ. The acquisition of the subsidiary is to enable the Group to expand its business into overseas.

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the date of acquisition:-

	The Group 2022 RM
Equipment	8,774
Cash and bank balances	193,045
Amount owing to a director	(32,468)
Net identifiable assets and liabilities	169,351
Less: Non-controlling interest	(16,935)
Add: Goodwill on consolidation	21,417
	173,833
Less: Cash and bank balances of subsidiaries acquired	(193,044)
	(19,211)

The goodwill is attributable mainly to the control premium paid. In addition, the purchase consideration also included benefits derived from the expected revenue growth of the subsidiaries, its future market development as well as customer list. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. The goodwill is not deductible for tax purposes.

The subsidiary has incurred loss after taxation of RM44,189 to the Group since the date of acquisition.

If the acquisition is effective at the beginning of the current financial year, the Group's revenue and profit after taxation for the current financial year would have been RM50,680,592 and RM5,142,889.

33. DIVIDENDS

	The Group/The Company	
	2022 RM	2021 RM
<u>In respect of financial year ended 31 May 2021</u>		
A first interim single-tier dividend of 0.20 sen per ordinary share	-	973,462
A second interim single-tier dividend of 0.20 sen per ordinary share	-	973,462
A special interim single-tier dividend of 0.25 sen per ordinary share	-	1,216,828
A third interim single-tier dividend of 0.20 sen per ordinary share	-	973,462
A fourth interim single-tier dividend of 0.15 sen per ordinary share	1,095,147	-
<u>In respect of financial year ended 31 May 2022</u>		
A first interim single-tier dividend of 0.15 sen per ordinary share	1,095,147	-
A second interim single-tier dividend of 0.15 sen per ordinary share	1,095,147	-
	3,285,441	4,137,214

Notes to the Financial Statements

for the financial year ended 31 May 2022

34. CASH FLOW INFORMATION

- (a) The cash disbursed for the purchase of property, plant and equipment and the addition of right-of-use assets is as follows:-

	The Group	
	2021 RM	2020 RM
Property and equipment		
Cost of property and equipment purchased (Note 6)	6,555,482	2,272,394
Right-of-use assets		
Cost of right-of-use assets acquired (Note 7)	1,354,918	-
Less: Additions of new lease liabilities (Note 19)	(78,493)	-
	1,276,425	-

- (b) The reconciliations of liabilities arising from financing activities are as follows:-

The Group	Lease Liabilities RM	Total RM
2022		
At 1 June	69,550	69,550
<u>Changes in Financing Cash Flows</u>		
Repayment of principal	(67,812)	(67,812)
Repayment of interests	(10,688)	(10,688)
	(78,500)	(78,500)
<u>Non-cash Changes</u>		
Addition	78,493	78,493
Changes due to lease modification	258,780	258,780
Interest expense recognised in profit or loss (Note 28)	10,688	10,688
	347,961	347,961
At 31 May	339,011	339,011

Notes to the Financial Statements

for the financial year ended 31 May 2022

34. CASH FLOW INFORMATION (Cont'd)

(b) The reconciliations of liabilities arising from financing activities are as follows (Cont'd):-

The Group	Lease Liabilities RM	Total RM
2021		
At 1 June	153,716	153,716
<u>Changes in Financing Cash Flows</u>		
Repayment of principal	(148,229)	(148,229)
Repayment of interests	(4,121)	(4,121)
	(152,350)	(152,350)
<u>Non-cash Changes</u>		
Modification of leases	65,513	65,513
COVID-19-related rent concessions received	(1,450)	(1,450)
Interest expense recognised in profit or loss (Note 28)	4,121	4,121
	68,184	68,184
At 31 May	<u>69,550</u>	<u>69,550</u>

(c) The total cash outflows for leases as a lessee are as follows:-

	The Group	
	2022 RM	2021 RM
Payment of short-term leases	238,350	158,800
Interest paid on lease liabilities	10,688	4,121
Payment of lease liabilities	67,812	148,229
	<u>316,850</u>	<u>311,150</u>

Notes to the Financial Statements

for the financial year ended 31 May 2022

34. CASH FLOW INFORMATION (Cont'd)

(d) The cash and cash equivalents comprise the following:-

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Fixed deposits with licensed banks	9,175,774	14,446,029	706,388	1,410,881
Cash and bank balances	10,866,122	14,531,011	806,117	2,374,918
Money market funds (Note 13)	26,904,708	27,335,091	26,027,051	26,082,660
	46,946,604	56,312,131	27,539,556	29,868,459
Less: Fixed deposits with tenure of more than 3 months	-	(13,409,715)	-	(1,405,723)
	46,946,604	42,902,416	27,539,556	28,462,736

35. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel of the Group and of the Company include executive directors and non-executive directors of the Company and certain members of senior management of the Group and of the Company.

The key management personnel compensation during the financial year are as follows:-

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM

(a) Directors

Directors of the Company

Short-term employee benefits:				
- fees	360,000	360,000	300,000	300,000
- salaries, bonuses and other benefits	1,674,916	1,582,766	-	-
	2,034,916	1,942,766	300,000	300,000
Defined contribution benefits	46,800	99,750	-	-
Total directors' remuneration (Note 26)	2,081,716	2,042,516	300,000	300,000

Directors of the Subsidiaries

Short-term employee benefits:				
- fees	7,000	-	-	-
- salary	29,052	-	-	-
	36,052	-	-	-
Defined contribution benefits	4,307	-	-	-
Total directors' remuneration (Note 26)	40,359	-	-	-

Notes to the Financial Statements

for the financial year ended 31 May 2022

35. KEY MANAGEMENT PERSONNEL COMPENSATION (Cont'd)

The key management personnel compensation during the financial year are as follows:- (Cont'd)

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
(b) Other Key Management Personnel				
Short-term employee benefits	1,194,615	1,281,916	481,847	424,847
Defined contribution benefits	155,702	165,516	57,726	50,784
Total compensation for other key management personnel (Note 26)	1,350,317	1,447,432	538,573	475,631

36. RELATED PARTY DISCLOSURES

(a) Identities of Related Parties

Parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control.

In addition to the information detailed elsewhere in the financial statements, the Group has related party relationships with its directors, key management personnel and entities within the same group of companies.

(b) Significant Related Party Transactions and Balances

Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following transactions with the related parties during the financial year:-

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Dividend from a subsidiary	-	-	3,484,000	5,980,000
Interest income receivable from a subsidiary	-	-	2,436	2,193
Rental of premise paid or payable to a company in which a director of the Company has a substantial financial interest	46,800	46,800	-	-
Staff costs paid or payable to a spouse of the Company's director	286,381	270,776	-	-

The outstanding balances of the related parties together with their terms and conditions are disclosed in the respective notes to the financial statements.

Notes to the Financial Statements

for the financial year ended 31 May 2022

37. OPERATING SEGMENTS

Operating segments are prepared in a manner consistent with the internal reporting provided to the directors as its chief operating decision maker in order to allocate resources to segments and to assess their performance on a quarterly basis. For management purposes, the Group is organised into business units based on their products provided.

The Group is organised into 3 main reportable segments as follows:-

- (i) Aerosol products segment - involved in the business of development, manufacturing and distribution of aerosol products.
- (ii) Solvents and thinners segment - involved in the business of trading of solvents and thinners.
- (iii) Others - dormant and investment holding.
- (a) The directors assess the performance of the reportable segments based on their profit before interest expense and taxation. The accounting policies of the reportable segments are the same as the Group's accounting policies.
- (b) Each reportable segment assets is measured based on all assets of the segment other than tax-related assets.
- (c) Each reportable segment liabilities is measured based on all liabilities of the segment other than borrowings and tax-related liabilities.
- (d) Assets, liabilities and expenses which are common and cannot be meaningfully allocated to the reportable segments are presented under unallocated items. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters) and head office expenses.

Transactions between reportable segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation.

37.1 BUSINESS SEGMENTS

2022	Aerosol products RM	Solvents and thinners RM	Others RM	The Group RM
Revenue				
External revenue	42,109,965	8,570,627	-	50,680,592
Inter-segment revenue	9,483,754	-	3,484,000	12,967,754
	<u>51,593,719</u>	<u>8,570,627</u>	<u>3,484,000</u>	<u>63,648,346</u>
Consolidated adjustments				(12,967,754)
Consolidated revenue				<u>50,680,592</u>

Notes to the Financial Statements

for the financial year ended 31 May 2022

37. OPERATING SEGMENTS (Cont'd)

37.1 BUSINESS SEGMENTS (Cont'd)

2022	Aerosol products RM	Solvents and thinners RM	Others RM	The Group RM
Results				
Segment profit before interest and taxation	7,975,369	330,028	(1,181,096)	7,124,301
Segment profit includes the following:-				
Amortisation of trademark	-	(2,708)	-	(2,708)
Interest income	275,351	25,226	483,927	784,504
Interest expenses	-	(10,688)	-	(10,688)
Depreciation of property, plant and equipment	(310,770)	(45,239)	-	(356,009)
Depreciation of right-of-use assets	(199,893)	(72,666)	-	(272,559)
Inventories written off	(169,027)	(163,849)	-	(332,876)
Loss on lease modification	-	(19,947)	-	(19,947)
Property, plant and equipment written off	(6,108)	-	-	(6,108)
Reversal of impairment of trade receivables	37,015	1,328	-	38,343
Unrealised gain/(loss) on foreign exchange	(144)	-	157,115	156,971
Assets				
Segment assets	57,411,766	6,528,443	67,062,237	131,002,446
Unallocated assets:				
- current tax assets				1,389,612
Consolidated adjustments				(40,270,716)
Consolidated total assets				92,121,342
Additions to non-current assets other than financial instruments are:-				
Property, plant and equipment	6,469,603	85,879	-	6,555,482

Notes to the Financial Statements

for the financial year ended 31 May 2022

37. OPERATING SEGMENTS (Cont'd)

37.1 BUSINESS SEGMENTS (Cont'd)

2022	Aerosol products RM	Solvents and thinners RM	Others RM	The Group RM
Liabilities				
Segment liabilities	8,601,000	1,912,183	155,457	10,668,640
Unallocated liabilities:				
- deferred tax liabilities				57,500
- lease liabilities				339,011
Consolidated adjustments				(1,771,310)
Consolidated total liabilities				9,293,841
2021	Aerosol products RM	Solvents and thinners RM	Others RM	The Group RM
Revenue				
External revenue	53,277,543	9,168,959	-	62,446,502
Inter-segment revenue	12,225,516	-	5,980,000	18,205,516
	65,503,059	9,168,959	5,980,000	80,652,018
Consolidated adjustments				(18,205,516)
Consolidated revenue				62,446,502
Results				
Segment profit before interest and taxation	15,874,572	911,481	(598,767)	16,187,286

Notes to the Financial Statements

for the financial year ended 31 May 2022

37. OPERATING SEGMENTS (Cont'd)

37.1 BUSINESS SEGMENTS (Cont'd)

2021	Aerosol products RM	Solvents and thinners RM	Others RM	The Group RM
Results				
Segment profit includes the following:-				
Interest income	387,880	21,534	700,115	1,109,529
Interest expenses	-	(4,121)	-	(4,121)
Depreciation of property, plant and equipment	(259,699)	(79,880)	-	(339,579)
Depreciation of right-of-use assets	(170,661)	(131,893)	-	(302,554)
Inventories written down	(270,004)	-	-	(270,004)
Impairment of trade receivables	(157,930)	(938)	-	(158,868)
Loss on lease modification	-	(333)	-	(333)
Property, plant and equipment written off	(1)	(1,187)	-	(1,188)
Reversal of impairment of trade receivables	250,690	689	-	251,379
Unrealised (loss)/gain on foreign exchange	(98,805)	-	166	(98,639)
Assets				
Segment assets	54,614,132	7,131,337	68,304,838	130,050,307
Unallocated assets:				
- current tax assets				764,724
Consolidated adjustments				(40,489,803)
Consolidated total assets				90,325,228
Additions to non-current assets other than financial instruments are:-				
Property, plant and equipment	2,204,038	68,356	-	2,272,394

Notes to the Financial Statements

for the financial year ended 31 May 2022

37. OPERATING SEGMENTS (Cont'd)

37.1 BUSINESS SEGMENTS (Cont'd)

2021	Aerosol products RM	Solvents and thinners RM	Others RM	The Group RM
Liabilities				
Segment liabilities	11,794,921	1,225,495	234,979	13,255,395
Unallocated liabilities:				
- deferred tax liabilities				57,500
- lease liabilities				69,550
Consolidated adjustments				(3,889,379)
Consolidated total liabilities				<u>9,493,066</u>

37.2 GEOGRAPHICAL INFORMATION

Revenue is based on the country in which the customers are located.

Non-current assets are determined according to the country where these assets are located. The amounts of non-current assets do not include financial instruments.

The Group	Revenue		Non-current Assets	
	2022 RM	2021 RM	2022 RM	2021 RM
Malaysia	40,918,270	52,411,915	17,014,834	10,421,534
Outside Malaysia	<u>9,762,322</u>	<u>10,034,587</u>	<u>1,290,882</u>	<u>2,822</u>
	<u>50,680,592</u>	<u>62,446,502</u>	<u>18,305,716</u>	<u>10,424,356</u>

The information on the disaggregation of revenue based on geographical region is summarised below:-

	At A Point in Time	
	2022 RM	2021 RM
Malaysia	40,918,270	52,411,915
Outside Malaysia	<u>9,762,322</u>	<u>10,034,587</u>
	<u>50,680,592</u>	<u>62,446,502</u>

37.3 MAJOR CUSTOMERS

There is no single customer that contributed 10% or more to the Group's revenue.

Notes to the Financial Statements

for the financial year ended 31 May 2022

38. CAPITAL COMMITMENTS

	The Group	
	2022 RM	2021 RM
Approved and not contracted for:-		
Property, plant and equipment	12,658,232	14,698,843
Approved and contracted for:-		
Property, plant and equipment	1,098,828	5,251,295
	13,757,060	19,950,138

39. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

39.1 FINANCIAL RISK MANAGEMENT POLICIES

The Group's policies in respect of the major areas of treasury activity are as follows:-

(a) Market Risk

(i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than the respective functional currencies of entities within the Group. The currencies giving rise to this risk are primarily United States Dollar ("USD"), New Zealand Dollar ("NZD"), Japanese Yen ("JPY") and Singapore Dollar ("SGD"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level. The Group also holds cash and cash equivalents denominated in foreign currencies for working capital purposes.

Notes to the Financial Statements

for the financial year ended 31 May 2022

39. FINANCIAL INSTRUMENTS (Cont'd)

39.1 FINANCIAL RISK MANAGEMENT POLICIES (Cont'd)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the entities within the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:-

Foreign Currency Exposure

The Group	USD RM	NZD RM	JPY RM	SGD RM
2022				
<u>Financial Assets</u>				
Trade receivables	549,128	-	-	106,476
Other receivable and deposit	-	-	-	102,438
Cash and bank balances	2,827,184	-	104,598	332,239
	<u>3,376,312</u>	<u>-</u>	<u>104,598</u>	<u>541,153</u>
<u>Financial Liabilities</u>				
Trade payables	(347,200)	-	(150,604)	(4,689)
Other payables and accruals	-	-	(2,402)	(19,347)
	<u>(347,200)</u>	<u>-</u>	<u>(153,006)</u>	<u>(24,036)</u>
Net financial assets/(liabilities)	3,029,112	-	(48,408)	517,117
Less: Net financial assets denominated in the respective entities' functional currency	-	-	(102,196)	(520,327)
Currency Exposure	<u>3,029,112</u>	<u>-</u>	<u>(150,604)</u>	<u>(3,210)</u>

Notes to the Financial Statements

for the financial year ended 31 May 2022

39. FINANCIAL INSTRUMENTS (Cont'd)

39.1 FINANCIAL RISK MANAGEMENT POLICIES (Cont'd)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

The Group	USD RM	NZD RM	JPY RM	SGD RM
2021				
<u>Financial Assets</u>				
Trade receivables	1,179,548	1,951	-	262,001
Cash and bank balances	1,309,223	-	-	382,097
	<u>2,488,771</u>	<u>1,951</u>	<u>-</u>	<u>644,098</u>
<u>Financial Liabilities</u>				
Trade payables	(245,797)	-	(166,621)	(43,730)
Other payables and accruals	-	-	-	(18,826)
	<u>(245,797)</u>	<u>-</u>	<u>(166,621)</u>	<u>(62,556)</u>
Net financial assets/(liabilities)	2,242,974	1,951	(166,621)	581,542
Less: Net financial assets denominated in the respective entities' functional currency	-	-	-	(597,824)
Currency Exposure	<u>2,242,974</u>	<u>1,951</u>	<u>(166,621)</u>	<u>(16,282)</u>

The Company does not have any transactions or balances denominated in foreign currencies and hence, is not exposed to foreign currency risk.

Notes to the Financial Statements

for the financial year ended 31 May 2022

39. FINANCIAL INSTRUMENTS (Cont'd)

39.1 FINANCIAL RISK MANAGEMENT POLICIES (Cont'd)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Risk Sensitivity Analysis

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies at the end of the reporting period, with all other variables held constant:-

		The Group	
		2022 RM	2021 RM
Effects on Profit After Taxation			
USD/RM	- strengthened by 10%	+ 230,213	+ 170,466
	- weakened by 10%	- 230,213	- 170,466
NZD/RM	- strengthened by 10%	-	+ 148
	- weakened by 10%	-	- 148
JPY/RM	- strengthened by 10%	- 11,446	- 12,663
	- weakened by 10%	+ 11,446	+ 12,663
SGD/RM	- strengthened by 10%	- 244	- 1,237
	- weakened by 10%	+ 244	+ 1,237

(ii) Interest Rate Risk

The Group does not have any interest-bearing borrowings and hence, is not exposed to interest rate risk.

(iii) Equity Price Risk

The Group does not have any quoted investments and hence, is not exposed to equity price risk.

(b) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances, fixed deposits with licensed banks and short-term investments), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

(i) Credit Risk Concentration Profile

The Group does not have any major concentration of credit risk related to any individual customer or counterparty.

Notes to the Financial Statements

for the financial year ended 31 May 2022

39. FINANCIAL INSTRUMENTS (Cont'd)

39.1 FINANCIAL RISK MANAGEMENT POLICIES (Cont'd)

(b) Credit Risk (Cont'd)

(ii) Exposure to Credit Risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position of the Group after deducting any allowance for impairment losses (where applicable).

(iii) Assessment of Impairment Losses

At each reporting date, the Group assesses whether any of the financial assets at amortised cost are credit impaired.

The gross carrying amounts of financial assets are written off when there is no reasonable expectation of recovery (i.e. the debtor does not have assets or sources of income to generate sufficient cash flows to repay the debt) despite the fact that they are still subject to enforcement activities.

Trade Receivables

The Group applies the simplified approach to measuring expected credit losses using a lifetime expected credit loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

For certain large customers or customers with a high risk of default, the Group assesses the risk of loss of each customer individually based on their financial information, past trends of payments and external credit rating, where applicable.

Also, the Group considers any trade receivables having financial difficulty or in default with significant balances outstanding for more than 120 days, are deemed credit impaired and assesses for their risk of loss individually.

The expected loss rates are based on the payment profiles of sales over a period of 1 year (2021 - 1 year) and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle their debts.

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for trade receivables are summarised below:-

The Group	Gross Amount RM	Individual Impairment RM	Collective Impairment RM	Carrying Amount RM
2022				
Current (not past due)	4,025,618	-	(16,192)	4,009,426
1 to 30 days past due	1,813,035	-	(13,443)	1,799,592
31 to 60 days past due	1,303,635	-	(155,588)	1,148,047
More than 61 days past due	180,340	-	(2,289)	178,051
Credit impaired	430,921	(430,921)	-	-
	7,753,549	(430,921)	(187,512)	7,135,116

Notes to the Financial Statements

for the financial year ended 31 May 2022

39. FINANCIAL INSTRUMENTS (Cont'd)

39.1 FINANCIAL RISK MANAGEMENT POLICIES (Cont'd)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Trade Receivables (Cont'd)

The Group	Gross Amount RM	Individual Impairment RM	Collective Impairment RM	Carrying Amount RM
2021				
Current (not past due)	6,033,925	-	(16,192)	6,017,733
1 to 30 days past due	1,413,802	-	(13,443)	1,400,359
31 to 60 days past due	1,700,687	-	(123,322)	1,577,365
More than 61 days past due	161,152	-	(34,555)	126,597
Credit impaired	501,680	(469,264)	-	32,416
	<u>9,811,246</u>	<u>(469,264)</u>	<u>(187,512)</u>	<u>9,154,470</u>

The movements in the loss allowances in respect of trade receivables are disclosed in Note 10 to the financial statements.

Other Receivables

The Group applies the 3-stage general approach to measuring expected credit losses for other receivables. No expected credit loss is recognised on these balances as it is negligible.

Fixed Deposits with Licensed Banks, Cash and Bank Balances

The Group considers these banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by Government agencies. Therefore, the Group is of the view that the loss allowance is immaterial and hence, it is not provided for.

Amount Owing By Subsidiaries (Non-trade Balances)

The Company applies the 3-stage general approach to measuring expected credit losses for all inter-company balances. Generally, the Company considers loans and advances to subsidiaries have low credit risks. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' loans and advances when they are payable, the Company considers the loans and advances to be in default when the subsidiaries are not able to pay when demanded. The Company considers a subsidiary's loan or advance to be credit impaired when the subsidiary is unlikely to repay its loan or advance in full or the subsidiary is continuously loss making or the subsidiary is having a deficit in its total equity.

The Company determines the probability of default for these loans and advances individually using internal information available.

No expected credit loss is recognised on amount owing by subsidiaries as it is negligible.

Notes to the Financial Statements

for the financial year ended 31 May 2022

39. FINANCIAL INSTRUMENTS (Cont'd)

39.1 FINANCIAL RISK MANAGEMENT POLICIES (Cont'd)

(c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances.

Maturity Analysis

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

The Group	Weighted Average Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 Years RM
2022					
<u>Non-derivative</u>					
<u>Financial Liabilities</u>					
Trade payables		7,041,185	7,041,185	7,041,185	-
Other payables and accruals		1,753,123	1,753,123	1,753,123	-
Amount owing to a related party		11,311	11,311	11,311	-
		8,805,619	8,805,619	8,805,619	-
<u>Other Financial</u>					
<u>Liability</u>					
Lease liabilities	3.50	339,011	339,011	101,663	237,348
		9,144,630	9,144,630	8,907,282	237,348

Notes to the Financial Statements

for the financial year ended 31 May 2022

39. FINANCIAL INSTRUMENTS (Cont'd)

39.1 FINANCIAL RISK MANAGEMENT POLICIES (Cont'd)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period) (Cont'd):-

The Group	Weighted Average Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 Years RM
2021					
<u>Non-derivative Financial Liabilities</u>					
Trade payables	-	7,464,675	7,464,675	7,464,675	-
Other payables and accruals	-	1,789,697	1,789,697	1,789,697	-
Amount owing to a related party	-	19,933	19,933	19,933	-
		9,274,305	9,274,305	9,274,305	-
<u>Other Financial Liability</u>					
Lease liabilities	3.50	69,550	71,750	41,900	29,850
		9,343,855	9,346,055	9,316,205	29,850

Notes to the Financial Statements

for the financial year ended 31 May 2022

39. FINANCIAL INSTRUMENTS (Cont'd)

39.1 FINANCIAL RISK MANAGEMENT POLICIES (Cont'd)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period) (Cont'd):-

The Company	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 Years RM
2022				
<u>Non-derivative Financial Liabilities</u>				
Other payables and accruals	62,453	62,453	62,453	-
Amount owing to a subsidiary	6,258	6,258	6,258	-
	68,711	68,711	68,711	-
2021				
<u>Non-derivative Financial Liabilities</u>				
Other payables and accruals	60,657	60,657	60,657	-
Amount owing to a subsidiary	96,474	96,474	96,474	-
	157,131	157,131	157,131	-

39.2 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support its businesses and maximise shareholders value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio. As the Group has no external borrowings, the debt-to-equity ratio is not presented as it may not provide a meaningful indicator of the risk of borrowings.

There was no change in the Group's approach to capital management during the financial year.

Notes to the Financial Statements

for the financial year ended 31 May 2022

39. FINANCIAL INSTRUMENTS (Cont'd)

39.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Financial Assets				
<u>Mandatorily at Fair Value Through Profit or Loss</u>				
Short-term investments (Note 13)	26,904,708	27,335,091	26,027,051	26,082,660
<u>Amortised Cost</u>				
Trade receivables (Note 10)	7,135,116	9,154,470	-	-
Other receivables (Note 11)	584,480	-	-	-
Amount owing by subsidiaries (Note 12)	-	-	726,748	1,373,827
Fixed deposits with licensed banks (Note 14)	9,175,774	14,446,029	706,388	1,410,881
Cash and bank balances	10,866,122	14,531,011	806,117	2,374,918
	27,761,492	38,131,510	2,239,253	5,159,626
Financial Liability				
<u>Amortised Cost</u>				
Trade payables (Note 20)	7,041,185	7,464,675	-	-
Other payables and accruals (Note 21)	1,753,123	1,789,697	62,453	60,657
Amount owing to a subsidiary (Note 12)	-	-	6,258	96,474
Amount owing to a related party (Note 22)	11,311	19,933	-	-
	8,805,619	9,274,305	68,711	157,131

Notes to the Financial Statements

for the financial year ended 31 May 2022

39. FINANCIAL INSTRUMENTS (Cont'd)

39.4 GAINS OR LOSSES ARISING FROM FINANCIAL INSTRUMENTS

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Financial Assets				
<u>Fair Value Through Profit or Loss</u>				
Net gains recognised in profit or loss by:				
- mandatorily required by MFRS 9	<u>478,417</u>	<u>104,194</u>	<u>453,191</u>	<u>82,660</u>
<u>Amortised Cost</u>				
Net gains recognised in profit or loss	<u>344,428</u>	<u>1,097,846</u>	<u>20,574</u>	<u>600,161</u>

Notes to the Financial Statements

for the financial year ended 31 May 2022

39. FINANCIAL INSTRUMENTS (Cont'd)

39.5 FAIR VALUE INFORMATION

The fair values of the financial assets and financial liabilities of the Group and of the Company which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period:-

The Group	Fair Value of Financial Instruments Carried at Fair Value			Fair Value of Financial Instruments not Carried at Fair Value			Total Fair Value	Carrying Amount
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3		
	RM	RM	RM	RM	RM	RM	RM	RM
2022								
<u>Financial Asset</u>								
Short-term investments:								
- money market funds	-	26,904,708	-	-	-	-	26,904,708	26,904,708
2021								
<u>Financial Asset</u>								
Short-term investments:								
- money market funds	-	27,335,091	-	-	-	-	27,335,091	27,335,091

39. FINANCIAL INSTRUMENTS (Cont'd)

39.5 FAIR VALUE INFORMATION (Cont'd)

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period (Cont'd):-

The Company	Fair Value of Financial Instruments Carried at Fair Value			Fair Value of Financial Instruments not Carried at Fair Value			Total Fair Value RM	Carrying Amount RM
	Level 1 RM	Level 2 RM	Level 3 RM	Level 1 RM	Level 2 RM	Level 3 RM		
2022								
<u>Financial Asset</u>								
Short-term investments:								
- money market funds	-	26,027,051	-	-	-	-	26,027,051	26,027,051
2021								
<u>Financial Asset</u>								
Short-term investments:								
- money market funds	-	26,082,660	-	-	-	-	26,082,660	26,082,660

In the previous reporting period, the Company does not have any financial instruments that are carried at fair value.

Notes to the Financial Statements

for the financial year ended 31 May 2022

Notes to the Financial Statements

for the financial year ended 31 May 2022

39. FINANCIAL INSTRUMENTS (Cont'd)

39.5 FAIR VALUE INFORMATION (Cont'd)

Fair Value of Financial Instruments Carried at Fair Value

- (i) The fair values above have been determined using the following basis:-

The fair value of money market funds is determined by reference to statements provided by the respective financial institutions, with which the investments were entered into.

- (ii) There were no transfer between level 1 and level 2 during the financial year.

40. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (a) On 4 June 2021, the Company announced to undertake the bonus issue. The Company had fix the entitlement basis of 1 bonus share for every 2 existing shares held.

The bonus issue has been completed following the listing and quotation of 243,365,498 bonus shares on the ACE Market of Bursa Securities on 11 August 2021.

- (b) On 19 July 2021, the Company further subscribed for 400,000 ordinary shares issued by its wholly-owned subsidiary, DPIA for a cash consideration of SGD400,000.
- (c) On 30 July 2021, DPIA, a wholly-owned subsidiary of the Company, has subscribed for 450 new ordinary shares in DPIJ, which represents 90% of the equity interest in DPIJ, for a cash consideration of JPY4.50 million.
- (d) On 26 May 2022, the Company has entered into a Shareholders' Agreement with a third party for the subscription of 480,000 new ordinary share in DPIP, which represents 80% of the equity interest in DPIP, for a cash consideration of RM480,000.

List of Properties

as at 31 May 2022

Location/Postal Address	Description/Existing use	Tenure/Date of expiry of lease	Year of Acquisition*	Land area/ Built-up area (Approximate) (sq. ft.)	Approximate Age of Building (Years)	Net Book Value as at 31 May 2022 (RM)
K69, Jalan Perindustrian 6, Kawasan Perindustrian Tanjung Agas, 84000 Kesang, Tangkak, Johor.	Single storey detached factory with a double storey office annexed. Existing use: Factory and office	Leasehold Date of expiry: 30 January 2050	2004	Land area: 42,733 Built-up area: 26,340	29	1,433,591
K69-1, Jalan Perindustrian 6, Kawasan Perindustrian Tanjung Agas, 84000 Kesang, Tangkak, Johor.	Single storey detached factory building Existing use: Storage	Leasehold Date of expiry: 25 April 2046	2007	Land area: 17,416 Built-up area: 12,978	28	622,421
K26, Jalan Perindustrian 6, Kawasan Perindustrian Tanjung Agas, 84000 Kesang, Tangkak, Johor.	Industrial land Existing use: Factory	Leasehold Date of expiry: 30 January 2050	2011	Land area: 21,776	-	334,340
K68 & K68-A, Jalan Perindustrian 5, Kawasan Perindustrian Tanjung Agas, 84000 Kesang, Tangkak, Johor.	Double storey detached factory Existing use: Storage	Leasehold Date of expiry: 30 January 2050	2011	Land area: (i) K68 - 10,893 (ii) K68-A - 10,882 Built-up area: 21,779	28	862,538
Lot 11078, Jalan Perindustrian Kawasan Perindustrian Tanjung Agas, 84000 Kesang, Tangkak, Johor.	Vacant land Existing use: New factory (under construction)	Leasehold Date of expiry: 31 May 2035	2006	Land area: 131,869	-	1,098,690

List of Properties

as at 31 May 2022

Location/Postal Address	Description/Existing use	Tenure/Date of expiry of lease	Year of Acquisition*	Land area/ Built-up area (Approximate) (sq. ft.)	Approximate Age of Building (Years)	Net Book Value as at 31 May 2022 (RM)
K861, Jalan Perindustrian 5, Kawasan Perindustrian Tanjung Agas, 84000 Kesang, Tangkak, Johor.	Single storey detached factory building Existing use: Storage	Leasehold Date of expiry: 9 March 2051	2017	Land area: 21,775 Built-up area: 10,800	18	955,625
K862, Jalan Perindustrian 5, Kawasan Perindustrian Tanjung Agas, 84000 Kesang, Tangkak, Johor.	Single storey detached factory building Existing use: Storage	Leasehold Date of expiry: 26 March 2051	2017	Land area: 21,775 Built-up area: 10,800	17	1,002,292
10 Buroh Street #06-22 Singapore 627564	Leasehold building Existing use: Warehouse	Leasehold Date of expiry: 24 September 2043	2021	Unit size: 1,733	9	1,381,695

* Based on the date of Sales and Purchase Agreement.

Analysis of Shareholdings

as at 30 August 2022

Issued Share Capital	: 730,096,498 Ordinary Shares
Class of Shares	: Ordinary Shares
Voting Rights	: One (1) vote for each ordinary share
Number of Shareholders	: 5,057

DISTRIBUTION OF SHAREHOLDINGS

Size of holdings	No. of Holders	No. of Shares	%
Less than 100	168	7,758	0.00
100 – 1,000	357	193,255	0.03
1,001 – 10,000	2,085	12,108,260	1.66
10,001 – 100,000	2,144	69,527,325	9.52
100,001 – 36,504,823 (*)	301	108,003,400	14.79
36,504,823 and above (**)	2	540,256,500	74.00
Total	5,057	730,096,498	100.00

Remark: * - Less than 5% of issued holdings
 ** - 5% and above of issued holdings

SUBSTANTIAL SHAREHOLDERS

The following are the substantial shareholders of the Company according to the Register of Substantial Shareholders:

No.	Name	No. of Shares	%
1.	Choy Mui Seng @ Chai Mui Seng	415,997,508	56.98
2.	Chai Chun Vui	124,258,992	17.02

DIRECTORS' SHAREHOLDINGS

No.	Name	No. of Shares	%
1.	Choy Mui Seng @ Chai Mui Seng	415,997,508	56.98
2.	Chai Chun Vui	124,258,992	17.02
3.	Datuk Seri Nurmala Binti Abd. Rahim	300,000	0.04
4.	Fong Yoo Kaw @ Fong Yee Kow	700,000	0.10
5.	Lua Kok Hiyong	250,000	0.03

Analysis of Shareholdings

as at 30 August 2022

LIST OF THIRTY (30) LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1.	CHOY MUI SENG @ CHAI MUI SENG	415,997,508	56.98
2.	CHAI CHUN VUI	124,258,992	17.02
3.	TEO PEAK YING	6,000,000	0.82
4.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEO PEAK YING	5,447,750	0.75
5.	HO CHYE THUAN	3,905,000	0.53
6.	NG SENG SER	2,535,000	0.35
7.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR OH BOON HOWE (PENANG-CL)	2,500,000	0.34
8.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEH SEH BEE (E-KPG)	1,700,000	0.23
9.	CHAN HUN HOE	1,690,000	0.23
10.	KOH CHONG KION	1,250,000	0.17
11.	TOH KEAN WEE	1,222,200	0.17
12.	WO MEI PEING	1,213,800	0.17
13.	SIEW LIP SUNG	1,100,000	0.15
14.	HLIB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WAH KEIN CHOONG	1,050,300	0.14
15.	MOI TAI @ LOY SHUE HUA	1,022,850	0.14
16.	CHIN YAT YIN	1,000,000	0.14
17.	NG SHO LIN	995,000	0.14
18.	CHIN CHEE KUAN	900,000	0.12
19.	LEM BE ENG	869,700	0.12
20.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SOON THIAM YEW (AMPANG-CL)	825,000	0.11
21.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HENG GUE LEE (MY3767)	800,000	0.11
22.	MAYBANK NOMINEES (TEMPATAN) SDN BHD THERESA TEO PEAK YIAN	795,000	0.11
23.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHUA KWANG NGUAN (TAMAN CHERAS-CL)	788,400	0.11
24.	LEE YONG KUEN	750,000	0.10
25.	SOH TIAN SONG	750,000	0.10
26.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM YEW FOONG (PENANG-CL)	742,000	0.10
27.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE PECK CHUAN (B TINGGI-CL)	722,500	0.10
28.	KWANG WAI PING	712,500	0.10
29.	FONG YOO KAW @ FONG YEE KOW	700,000	0.10
30.	DB (MALAYSIA) NOMINEE (ASING) SDN BHD THE BANK OF NEW YORK MELLON FOR ENSIGN PEAK ADVISORS INC.	640,750	0.09
TOTAL		582,884,250	79.84

ADMINISTRATIVE NOTES

for Shareholders/Proxies attending the AGM

5th Annual General Meeting (AGM)

to be held on Tuesday, 15 November 2022 at 10.30 a.m.

at the Function Room 1, Setia City Convention Centre,

No. 1, Jalan Setia Dagang AG U13/AG Setia Alam, Seksyen U13, 40170 Shah Alam, Selangor, Malaysia

PARKING

- The Company will only bear parking charges of flat rate of RM5 per entry incurred by shareholders/proxies attending the AGM and who park their vehicles at the car park at Setia City Convention Centre.
- This is a CASHLESS PARKING with Touch 'n Go. To enjoy free parking, kindly bring your Touch 'n Go card and validate at the counter.
- The Company will NOT provide cash reimbursements for parking charges incurred by shareholders/proxies attending the AGM and who park their vehicles at the car parks of other buildings, or use the valet parking service at Setia City Convention Centre.

REGISTRATION

- Registration will commence at 9.00 a.m. at Function Room 1, Setia City Convention Centre and will end at a time as may be directed by the Chairman of the meeting. Shareholders/proxies attending the AGM are requested to be punctual for the AGM which commences at 10.30 a.m.
- Please present your original Identity Card (IC) to the registration staff for verification.
- No person will be allowed to register on behalf of another person even with the original IC of the other person.
- After registration, you will be given an identification wristband with personalised passcode for purpose of voting at the AGM. You must wear the identification wristband throughout the AGM as no person will be allowed to enter the meeting hall without wearing the identification wristband. There will be no replacement in the event you lose or misplace the identification wristband.

LIGHT REFRESHMENT

The light refreshment will be served after the AGM. Coffee and tea will be served between 9.00 a.m. to 10.30 a.m. and there will be NO food served before the AGM.

BASIS OF ENTITLEMENT TO DOOR GIFT

Shareholders/proxies will be given door gift upon successful registration, in the following manner:

- | | |
|----------------------------------------------|--------------------------------------------------------------------------------|
| • Attending as shareholder | – One (1) door gift. |
| • Attending as shareholder and also as proxy | – One (1) door gift irrespective of the number of the shareholders represented |
| • Attending as proxy | – One (1) door gift irrespective of the number of shareholders represented. |

In the case where 2 proxies are appointed by the same shareholder, only One (1) door gift will be given, and these will be given to the proxy who registers first.

There will be NO additional door gift to be given to those who have completed the e-voting.

VOTING PROCEDURES

- Pursuant to Clause 72 of the Company's Constitution, all resolutions as set out in the Notice will be put to vote by poll.
- The polling process by way of electronic voting (e-voting) will be managed by the Company's Share Registrar, Boardroom Share Registrars Sdn. Bhd. ("Boardroom") as Poll Administrator, and by U Search Management Services as Scrutineers to verify and validate the poll results.
- E-voting for each of the resolutions as set out in the Notice of 5th AGM will take place only upon the conclusion of the deliberation of all the businesses transacted at the AGM.
- Shareholders/proxies will vote at the e-voting kiosks set up by Boardroom. Detailed instructions will be provided at the meeting before the start of the e-voting session.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Fifth (5th) Annual General Meeting of the Company will be held at Function Room 1, Setia City Convention Centre, No. 1, Jalan Setia Dagang AG U13/AG Setia Alam, Seksyen U13, 40170 Shah Alam, Selangor Darul Ehsan on Tuesday, 15th November 2022, at 10.30 a.m. for the following purposes:

AGENDA

AS ORDINARY BUSINESSES

1. To table the Audited Financial Statements for the year ended **31 May 2022** together with the Reports of the Directors and Auditors thereon. **(Please refer to Note A)**
2. To approve the payment of Directors' Fees of RM360,000, and benefits of RM1,721,716, for the financial year ended **31 May 2022**. **(Resolution 1)**
3. To approve the payment of Directors' Fees and benefits to Non-Executive Directors up to an amount not exceeding RM300,000 from 1 June 2022 until the next Annual General Meeting. **(Resolution 2)**
4. To re-elect the following Directors retiring in accordance with Clause 95 of the Constitution of the Company:
 - (a) Mr. Chai Chun Vui **(Resolution 3)**
 - (b) Mr. Lua Kok Hiyong **(Resolution 4)**
6. To re-appoint Messrs Crowe Malaysia PLT (LLP0018817-LCA) (AF 1018) as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 5)**

AS SPECIAL BUSINESS

To consider and if thought fit, to pass with or without any modifications, the following as Ordinary Resolution:

7. **ORDINARY RESOLUTION - AUTHORITY TO ALLOT AND ISSUE SHARES PURSUANT TO SECTIONS 75 & 76 OF THE COMPANIES ACT, 2016** **(Resolution 6)**

"THAT subject to the Companies Act, 2016, the Constitution of the Company and the approvals of Bursa Malaysia Securities Berhad and other relevant governmental and/or regulatory authorities, where such approval is required, the Directors of the Company be and are hereby authorised and empowered pursuant to Sections 75 & 76 of the Companies Act, 2016 to allot and issue shares in the Company from time to 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 issued pursuant to this resolution does not exceed ten per centum (10%) of the total issued share capital of the Company for the time being and THAT the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad and THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting ("AGM") of the Company.

THAT pursuant to Section 85 of the Companies Act, 2016, read together with Clause 5 of the Constitution of the Company, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares ranking equally to the existing issued shares of the Company arising from any issuance of new shares pursuant to Sections 75 & 76 of the Companies Act, 2016."

By Order of the Board

WONG YOUN KIM (F) (MAICSA 7018778) (SSM PC No.: 201908000410)
LEE CHIN WEN (F) (MAICSA 7061168) (SSM PC No.: 202008001901)
 Company Secretaries

30 September 2022

Notice of Annual General Meeting

Notes:

- (A) The Agenda item is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act, 2016 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this agenda item is not put forward for voting.
- (1) A member of the Company entitled to attend and vote at this Meeting is entitled to appoint a proxy or proxies (or being a corporate member, a corporate representative) to attend and vote in his/her stead. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.
- (2) Subject to Note (3) below, where a member appoints two (2) or more proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding to be represented by each proxy.
- (3) The instrument appointing a proxy in the case of an individual shall be signed by the appointor or his/her attorney or in the case of a corporation executed under its common seal or signed on behalf of the corporation by its attorney duly authorised.
- (4) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account") as defined under the Securities Industry (Central Depositories) Act, 1991, 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) Where the Form of Proxy is executed by a corporation, it must be executed under its seal or under the hand of its attorney.
- (6) The 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, must, to be valid, be deposited at the office of the Company's Registrars, Boardroom Share Registrars Sdn. Bhd., 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia, not less than forty-eight (48) hours before the time set for the meeting or at any adjournment thereof.
- (7) Only a depositor whose name appears on the Record of Depositors as at 9 November 2022 shall be entitled to attend the said meeting and to appoint a proxy or proxies to attend, speak and/or vote on his/her behalf.
- (8) Pursuant to Rule 8.31A(1) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad and Clause 72 of the Company's Constitution, all resolutions set out in this Notice will be put to vote by way of poll.

Explanatory notes on Special Business:

- (9) Resolution 6

Ordinary Resolution - Authority to allot and issue shares pursuant to Sections 75 & 76 of the Companies Act, 2016

The proposed Ordinary Resolution 6 is a renewable mandate for the issue of shares under Sections 75 & 76 of the Companies Act, 2016. If passed, will give flexibility to the Directors of the Company to issue shares up to a maximum of ten per centum (10%) of the issued share capital of the Company at the time of such issuance of shares (other than bonus or rights issue) and for such purposes as they consider would be in the best interests of the Company without having to convene separate general meetings. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.

No shares have been issued and allotted by the Company since obtaining the said authority from its shareholders at the last AGM held on 15th November 2021 pursuant to this authority.

The general mandate will provide flexibility to the Company for any possible fund-raising activities, including but not limited to the placing of shares, funding future investment(s), acquisition(s) and working capital and thereby reducing administrative time and cost associated with the convening of such meeting(s).

Statement Accompanying the Notice of Annual General Meeting

1. The Directors who are standing for re-election at the Annual General Meeting of the Company are as follows:

- | | | |
|-----|--------------------|-----------------------|
| (a) | Mr. Chai Chun Vui | (Resolution 3) |
| (b) | Mr. Lua Kok Hiyong | (Resolution 4) |

2. The profile of the above Directors who are standing for re-election are set out in the Directors' Profile set out on pages 6 and 9 of the Annual Report and their securities holdings in the Company are set out in the Analysis of Shareholdings on pages 116 to 117.

3. Board Meetings held in the financial year ended 31 May 2022.

There were seven (7) Board Meetings held during the financial year ended 31 May 2022. Details of the attendance of the Directors are as follows:

Directors	Attendance
CHOY MUI SENG @ CHAI MUI SENG	7/7
CHAI CHUN VUI	7/7
DATUK SERI NURMALA BINTI ABD. RAHIM	7/7
FONG YOO KAW @ FONG YEE KOW	7/7
LUA KOK HIYONG	7/7

5. Place, Date and Time of Meeting

The Fifth (5th) Annual General Meeting of the Company will be held at Function Room 1, Setia City Convention Centre, No. 1, Jalan Setia Dagang AG U13/AG Setia Alam, Seksyen U13, 40170 Shah Alam, Selangor Darul Ehsan on Tuesday, 15th November 2022, at 10.30 a.m.

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DPI HOLDINGS BERHAD
Registration No. 201701035607 (1249778-M)

Proxy Form

*I/*We NRIC/Passport No.:
(Full Name in Block Letters)

of
(Full Address)

Email Address: Mobile No.:

being member/members of DPI Holdings Berhad hereby appoint:

1) Name of proxy: NRIC No.:
(Full Name in Block Letters)

Address: No. shares represented:
(Full Address)

Email Address: Mobile No.:

2) Name of proxy: NRIC No.:
(Full Name in Block Letters)

Address: No. shares represented:
(Full Address)

Email Address: Mobile No.:

or failing him/her, *the Chairman of the Meeting as *my/*our proxy to vote for *me/*us on *my/*our behalf at the **Fifth (5th) Annual General Meeting of DPI Holdings Berhad** to be held at Function Room 1, Setia City Convention Centre, No. 1, Jalan Setia Dagang AG U13/AG Setia Alam, Seksyen U13, 40170 Shah Alam, Selangor Darul Ehsan on Tuesday, 15th November 2022, at 10.30 a.m. or at any adjournment thereof.

*My/*Our Proxy(ies) is/are to vote as indicated below:

No.	RESOLUTIONS	FOR*	AGAINST*
1.	To approve the payment of Directors' fees of RM360,000 and benefits of RM1,721,716 for the financial year ended 31 May 2022.		
2.	To approve the payment of Directors' fees and benefits to Non-Executive Directors up to an amount not exceeding RM300,000 from 1 June 2022 until the next Annual General Meeting.		
3.	To re-elect Mr. Chai Chun Vui as Director.		
4.	To re-elect Mr. Lua Kok Hiyong as Director.		
5.	To re-appoint Messrs Crowe Malaysia PLT (LLP0018817-LCA) (AF 1018) as Auditors of the Company and to authorise the Directors to determine their remuneration.		
6.	Special Business - Authority to Allot and Issue Shares Pursuant to Sections 75 and 76 of the Companies Act, 2016.		

(Please indicate with an "X" in the appropriate space above how you wish your votes to be cast. If you do not do so, the Proxy will vote or abstain from voting at his/her discretion.)

Dated this _____ day of _____ 2022

Signature / Seal of Shareholders:
[* Delete if not applicable]

Number of shares held

CDS Account no.

Notes:

- (A) The Agenda item is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act, 2016 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this agenda item is not put forward for voting.
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- (6) The 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, must, to be valid, be deposited at the office of the Company's Registrars, Boardroom Share Registrars Sdn. Bhd., 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia, not less than forty-eight (48) hours before the time set for the meeting or at any adjournment thereof.
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- (8) Pursuant to Rule 8.31A(1) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad and Clause 72 of the Company's Constitution, all resolutions set out in this Notice will be put to vote by way of poll.

Please fold across the line and close

AFFIX
STAMP

The Company Secretaries
DPI HOLDINGS BERHAD
Registration No. 201701035607 (1249778-M)

Niche & Milestones International Sdn. Bhd.
B-25-2, Block B,
Jaya One, No. 72A Jalan Prof Diraja Ungku Aziz,
46200 Petaling Jaya,
Selangor Darul Ehsan,
Malaysia.

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