

NOTICE ACCOMPANYING THE ELECTRONIC PROSPECTUS OF DPI HOLDINGS BERHAD (“DPI HOLDINGS” OR THE “COMPANY”) DATED 27 NOVEMBER 2018 (“ELECTRONIC PROSPECTUS”)

(Unless otherwise indicated, specified or defined in this notice, the definitions in the Prospectus shall apply throughout this notice).

Website

The Electronic Prospectus can be viewed or downloaded from Bursa Malaysia Securities Berhad’s (“**Bursa Securities**”) website at www.bursamalaysia.com (“**Website**”).

Availability and Location of Paper/Printed Prospectus

Any applicant who is in doubt concerning the validity or integrity of the Electronic Prospectus should immediately request for a paper/printed copy of the Prospectus directly from the Company, Affin Hwang Investment Bank Berhad (“**Affin Hwang IB**”) or Malaysian Issuing House Sdn. Bhd. Alternatively, the applicant may obtain a copy of the Prospectus, subject to availability, from participating organisations of Bursa Securities, members of the Association of Banks in Malaysia and members of the Malaysian Investment Banking Association.

Prospective investors should note that the Application Forms are not available in electronic format.

Jurisdiction Disclaimer

The distribution of the Electronic Prospectus and the sale of the initial public offering (“**IPO**”) shares are subject to Malaysian law. Bursa Securities, Affin Hwang IB, the Promoters and the Company named in the Electronic Prospectus take no responsibility for the distribution of the Electronic Prospectus and/or the sale of the IPO shares outside Malaysia, which may be restricted by law in other jurisdictions. The Electronic Prospectus does not constitute and may not be used for the purpose of an offer to sell or an invitation of an offer to buy any IPO shares, to any person outside Malaysia or in any jurisdiction in which such offer or invitation is not authorised or lawful or to any person to whom it is unlawful to make such offer or invitation.

Close of Application

Applications will be accepted from **10:00 a.m. (Malaysian time)** on **27 November 2018** and will close at **5:00 p.m. (Malaysian time)** on **18 December 2018**.

The Electronic Prospectus made available on the Website after the closing of the application period is made available solely for informational and archiving purposes. No securities will be allotted or issued on the basis of the Electronic Prospectus after the closing of the application period.

Persons Responsible for the Internet Site in which the Electronic Prospectus is Posted

The Electronic Prospectus which is accessible at the Website is owned by Bursa Securities. Users’ access to the website and the use of the contents of the Website and/or any information in whatsoever form arising from the Website shall be conditional upon acceptance of the terms and conditions of use as contained in the Website.

The contents of the Electronic Prospectus are for informational and archiving purposes only and are not intended to provide investment advice of any form or kind, and shall not at any time be relied upon as such.



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SINCE 1982**



www.dpiaerosol.com



PROSPECTUS OF DPI HOLDINGS BERHAD



DPI HOLDINGS BERHAD

(Company No: 1249778-M)
(Incorporated in Malaysia under the Companies Act, 2016)

PUBLIC ISSUE OF 126,560,000 NEW ORDINARY SHARES IN DPI HOLDINGS BERHAD ("COMPANY") ("IPO SHARES") AT AN IPO PRICE OF RM0.25 PER IPO SHARE PAYABLE IN FULL UPON APPLICATION IN CONJUNCTION WITH OUR LISTING ON THE ACE MARKET OF BURSA MALAYSIA SECURITIES BERHAD.

Principal Adviser, Sponsor, Underwriter and Placement Agent



AFFIN Hwang Investment Bank Berhad (14389-U)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

P R O S P E C T U S

THE ACE MARKET IS AN ALTERNATIVE MARKET DESIGNED PRIMARILY FOR EMERGING CORPORATIONS THAT MAY CARRY HIGHER INVESTMENT RISK WHEN COMPARED WITH LARGER OR MORE ESTABLISHED CORPORATIONS LISTED ON THE MAIN MARKET. THERE IS ALSO NO ASSURANCE THAT THERE WILL BE A LIQUID MARKET IN THE SHARES OR UNITS OF SHARES TRADED ON THE ACE MARKET. YOU SHOULD BE AWARE OF THE RISKS OF INVESTING IN SUCH CORPORATIONS AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER CAREFUL CONSIDERATION.

OUR INITIAL PUBLIC OFFERING ("IPO") IS AN EXEMPT TRANSACTION UNDER SECTION 212(8) OF THE CAPITAL MARKETS AND SERVICES ACT 2007 ("CMSA") AND IS THEREFORE NOT SUBJECT TO THE APPROVAL OF THE SECURITIES COMMISSION MALAYSIA ("SC").

NO SECURITIES WILL BE ALLOTTED OR ISSUED BASED ON THIS PROSPECTUS AFTER 6 MONTHS FROM THE DATE OF THIS PROSPECTUS.

YOU ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS PROSPECTUS. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER.

FOR INFORMATION CONCERNING RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" IN SECTION 5 OF THIS PROSPECTUS. THIS PROSPECTUS IS NOT TO BE DISTRIBUTED OUTSIDE OF MALAYSIA.

THIS PROSPECTUS HAS BEEN REGISTERED WITH THE SC. THE APPROVAL, AND REGISTRATION OF THIS PROSPECTUS, SHOULD NOT BE TAKEN TO INDICATE THAT THE SC RECOMMENDS OUR IPO OR ASSUMES RESPONSIBILITY FOR THE CORRECTNESS OF ANY STATEMENT MADE, OPINION EXPRESSED OR REPORT CONTAINED IN THIS PROSPECTUS. THE SC HAS NOT, IN ANY WAY, CONSIDERED THE MERITS OF THE SECURITIES BEING OFFERED FOR INVESTMENT.

APPROVAL HAS BEEN OBTAINED FROM BURSA MALAYSIA SECURITIES BERHAD ("BURSA SECURITIES") FOR THE LISTING OF AND QUOTATION FOR THE SECURITIES BEING OFFERED. ADMISSION TO THE OFFICIAL LIST OF BURSA SECURITIES IS NOT TO BE TAKEN AS AN INDICATION OF THE MERITS OF OUR IPO, OUR COMPANY OR OUR SECURITIES.

THE SC AND BURSA SECURITIES ARE NOT LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF THE COMPANY AND TAKE NO RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS, MAKE NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS, AND EXPRESSLY DISCLAIM ANY LIABILITY FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS PROSPECTUS.

THIS PROSPECTUS IS DATED 27 NOVEMBER 2018



RESPONSIBILITY STATEMENTS

The Directors and Promoters (as defined in this Prospectus) of **DPI HOLDINGS BERHAD** ("**DPI Holdings**" or the "**Company**") have seen and approved this Prospectus. They collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus. Having made all reasonable enquiries, and to the best of their knowledge and belief, they confirm that there is no false or misleading statement or other facts which if omitted, would make any statement in this Prospectus false or misleading.

AFFIN Hwang Investment Bank Berhad ("**AFFIN Hwang IB**"), being the Principal Adviser, acknowledges that, based on all available information and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning the offering.

STATEMENTS OF DISCLAIMER

The valuation utilised for the purpose of the corporate exercise should not be construed as an endorsement by the Securities Commission Malaysia ("**SC**") or Bursa Malaysia Securities Berhad ("**Bursa Securities**") on the value of the subject assets.

This Prospectus, together with the Application Form (as defined in this Prospectus), has also been lodged with the Registrar of Companies, who takes no responsibility for its contents.

OTHER STATEMENTS

You are advised to note that you may seek recourse under Sections 248, 249 and 357 of the Capital Markets and Services Act 2007 ("**CMSA**") for breaches of securities laws including any statement in this Prospectus that is false, misleading, or from which there is a material omission; or for any misleading or deceptive act made in relation to this Prospectus or the conduct of any person in relation to our Company.

Shares listed on Bursa Securities are offered to the public on the premise of full and accurate disclosure of all material information concerning the offering, for which any person set out in Section 236 of the CMSA, is responsible.

This Prospectus is prepared and published solely in connection with our offering under the laws of Malaysia. Our securities are offered in Malaysia solely based on the contents of this Prospectus. Our Company, the Promoters and the Principal Adviser have not authorised anyone to provide you with information which is not contained in this Prospectus.

This Prospectus has not been and will not be made to comply with the laws of any jurisdiction other than Malaysia and has not been and will not be lodged, registered or approved pursuant to or under any applicable securities or equivalent legislation or with or by any regulatory authority or other relevant body of any jurisdiction other than Malaysia.

The distribution of this Prospectus and our offering are subject to the laws of Malaysia. Our Company, the Promoters and the Principal Adviser take no responsibility for the distribution of this Prospectus (in preliminary or final form) outside Malaysia. No action has been taken to permit a public offering of the securities of our Company based on this Prospectus or the distribution of this Prospectus outside Malaysia.

This Prospectus may not be used for the purpose of and does not constitute an offer to sell or an invitation to buy the securities offered under our offering in any jurisdiction or in any circumstances in which such an offer or invitation is not authorised or is unlawful. This Prospectus shall also not be used to make an offer of or invitation to buy the securities offered under our offering to any person to whom it is unlawful to do so. Our Company, the Promoters and the Principal Adviser require you to inform yourselves of and to observe such restrictions.

We will not, prior to acting on any acceptance in respect of our offering, make or be bound to make any enquiry as to whether you have a registered address in Malaysia and will not accept or be deemed to accept any liability in relation thereto whether or not any enquiry or investigation is made in connection therewith. It shall be your sole responsibility, if you are or may be subject to the laws of any country or jurisdiction other than Malaysia, to consult your legal and/or other professional advisers as to whether your application for our offering would result in the contravention of any law of such country or jurisdiction.

Further, it shall also be your sole responsibility to ensure that your application for our offering would be in compliance with the terms of this Prospectus and would not be in contravention of any law of countries or jurisdictions other than Malaysia to which you may be subjected to. We will further assume that you have accepted our offering in Malaysia and will at all applicable times be subjected only to the laws of Malaysia in connection therewith. However, we reserve the right, in our absolute discretion, to treat any acceptance as invalid if we believe that such acceptance may violate any law or applicable legal or regulatory requirements.

It shall be your sole responsibility to consult your legal or other professional adviser on the laws to which our offering or you are or might be subjected to. Neither we nor our Principal Adviser nor any other advisers in relation to our offering shall accept any responsibility or liability in the event that any application made by you shall become illegal, unenforceable, avoidable, or void in any country or jurisdiction.

ELECTRONIC PROSPECTUS

This Prospectus can also be viewed or downloaded from Bursa Securities' website at www.bursamalaysia.com. The contents of the electronic Prospectus and the copy of this Prospectus registered with the SC are the same.

You are advised that the internet is not a fully secured medium and that your Internet Share Application (as defined in this Prospectus) may be subject to risks of problems occurring during data transmission, computer security threats such as viruses, hackers and crackers, faults with computer software and other events beyond the control of the Internet Participating Financial Institutions (as defined in this Prospectus). These risks cannot be borne by them.

If you are in doubt of the validity or integrity of an electronic Prospectus, you should immediately request from us, our Principal Adviser or the Issuing House (as defined in this Prospectus), a paper/printed copy of this Prospectus. In the event of any discrepancies arising between the contents of the electronic Prospectus and the contents of the paper/printed copy of this Prospectus for any reason whatsoever, the contents of the paper/printed copy of this Prospectus, which are identical to the copy of the Prospectus registered with the SC, shall prevail.

In relation to any reference in this Prospectus to third party internet sites (referred to as "**Third Party Internet Sites**") whether by way of hyperlinks or by way of description of the Third Party Internet Sites, you acknowledge and agree that:

- (i) we and our Principal Adviser do not endorse and are not affiliated in any way with the Third Party Internet Sites and are not responsible for the availability of, or the contents or any data, information, files or other material provided on the Third Party Internet Sites. You shall bear all risks associated with the access to or use of the Third Party Internet Sites;

- (ii) we and our Principal Adviser are not responsible for the quality of products or services in the Third Party Internet Sites, particularly in fulfilling any of the terms of any of your agreements with the Third Party Internet Sites. We and our Principal Adviser are also not responsible for any loss or damage or costs that you may suffer or incur in connection with or as a result of dealing with the Third Party Internet Sites or the use of or reliance on any data, information, files or other material provided by such parties; and
- (iii) any data, information, files or other material downloaded from the Third Party Internet Sites is done at your own discretion and risk. We and our Principal Adviser are not responsible, liable or under obligation for any damage to your computer systems or loss of data resulting from the downloading of any such data, information, files or other material.

Where an electronic Prospectus is hosted on the website of the Internet Participating Financial Institutions, you are advised that:

- (i) the Internet Participating Financial Institution is only liable in respect of the integrity of the contents of an electronic Prospectus, to the extent of the contents of the electronic Prospectus situated on the web server of the Internet Participating Financial Institution which may be viewed through web browser or other relevant software. The Internet Participating Financial Institution is not responsible for the integrity of the contents of an electronic Prospectus which has been downloaded or otherwise obtained from the web server of the Internet Participating Financial Institution, and subsequently communicated or disseminated in any manner to you or other parties; and
- (ii) while all reasonable measures have been taken to ensure the accuracy and reliability of the information provided in an electronic Prospectus, the accuracy and reliability of an electronic Prospectus cannot be guaranteed because the internet is not a fully secured medium.

The Internet Participating Financial Institution is not liable (whether in tort or contract or otherwise) for any loss, damage or cost, you or any other person may suffer or incur due to, as a consequence of or in connection with any inaccuracies, changes, alterations, deletions or omissions in respect of the information provided in the electronic Prospectus which may arise in connection with or as a result of any fault or faults with web browsers or other relevant software, any fault or faults on your or any third party's personal computer, operating system or other software, viruses or other security threats, unauthorised access to information or systems in relation to the website of the Internet Participating Financial Institutions, and/or problems occurring during data transmission, which may result in inaccurate or incomplete copies of information being downloaded or displayed on your personal computer.

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DEFINITIONS

Unless the context otherwise requires, the following abbreviations shall apply throughout this Prospectus:

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| "Acquisitions" | : DPI Acquisition, DPIC Acquisition, DPIR Acquisition and DESB Acquisition, collectively |
| "Act" | : Companies Act, 2016, as amended from time to time, and any re-enactment thereof |
| "ADA" | : Authorised Depository Agent |
| "Adam Chai" | : Chai Chun Vui |
| "AFFIN Hwang IB", "Principal Adviser", "Sponsor", "Underwriter" or "Placement Agent" | : AFFIN Hwang Investment Bank Berhad (Company No.: 14389-U) |
| "AGM" | : Annual General Meeting |
| "Application" | : Application for the IPO Shares by way of Application Form, the Electronic Share Application or the Internet Share Application |
| "Application Form" | : Printed application form for the application of the IPO Shares |
| "ATM" | : Automated teller machine |
| "Authorised Financial Institution" | : Authorised financial institution participating in the Internet Share Application, with respect to payments for our IPO Shares made available for application under the IPO |
| "Balloting Shares" | : 24,340,000 IPO Shares made available for application by the Malaysian Public through balloting |
| "Board" | : Board of Directors of DPI Holdings |
| "Bumiputera" | : In the context of individuals, Malays and the aborigines and the natives of Sabah and Sarawak as specified in the Federal Constitution of Malaysia |
| "Bumiputera Investors" | : Being the Bumiputera investors as approved and recognised by MITI to subscribe for the IPO Shares through private placement |
| "Bursa Depository" or "Depository" | : Bursa Malaysia Depository Sdn Bhd (Company No.: 165570-W) |
| "Bursa Securities" | : Bursa Malaysia Securities Berhad (Company No.: 635998-W) |
| "CAGR" | : Compounded annual growth rate |
| "CCC" | : Certificate of Completion and Compliance |
| "CDS" | : Central Depository System |
| "CF" | : Certificate of Fitness |
| "CMSA" | : Capital Markets and Services Act 2007, as amended from time to time, and any re-enactment thereof |
| "COA" | : Certificate of Analysis |

DEFINITIONS (Cont'd)

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| “DESB” | : | Dimethyl Ether Sdn Bhd (Company No.: 396015-X), a wholly-owned subsidiary of DPI Holdings |
| “DESB Acquisition” | : | The acquisition by DPI Holdings of DESB's entire issued share capital from the Vendors for a purchase consideration of RM1.00 which was satisfied entirely by the issuance of 10 new Shares |
| “DIY” | : | Do-it-yourself, being the activity of making or repairing things yourself, especially in your home |
| “Director(s)” | : | Member(s) of the Board |
| “DPI” | : | DPI Sdn Bhd (Company No.: 24781-A), a wholly-owned subsidiary of DPI Holdings |
| “DPI Acquisition” | : | The acquisition by DPI Holdings of DPI's entire issued share capital from the Vendors for a purchase consideration of RM30,381,147 which was satisfied entirely by the issuance of 303,811,810 new Shares |
| “DPI Group” or “Group” | : | DPI Holdings and its subsidiaries, collectively |
| “DPI Holdings” or “Company” | : | DPI Holdings Berhad (Company No.: 1249778-M) |
| “DPI Holdings Share(s)” or “Share(s)” | : | Ordinary share(s) in the share capital of DPI Holdings |
| “DPIC” | : | DPI Chemicals Sdn Bhd (Company No.: 210789-M), a wholly-owned subsidiary of DPI Holdings |
| “DPIC Acquisition” | : | The acquisition by DPI Holdings of DPIC's entire issued share capital from the Vendors for a purchase consideration of RM4,909,857 which was satisfied entirely by the issuance of 49,098,622 new Shares |
| “DPIR” | : | DPI Resources Sdn Bhd (Company No.: 654403-H), a wholly-owned subsidiary of DPI Holdings |
| “DPIR Acquisition” | : | The acquisition by DPI Holdings of DPIR's entire issued share capital from the Vendors for a purchase consideration of RM726,053 which was satisfied entirely by the issuance of 7,260,538 new Shares |
| “DOSH” | : | Department of Occupational Safety and Health |
| “EBITDA” | : | Earnings before finance costs and interest income, taxation, depreciation and amortisation |
| “Electronic Share Application” | : | Application for the IPO Shares through a Participating Financial Institution's ATM |
| “Eligible Parties” | : | Eligible Directors and employees of our Group, and other persons who have contributed to the success of our Group |
| “EPF” | : | Employees Provident Fund Board |
| “EPS” | : | Earnings per share |
| “ex-factory sales” | : | Being sales registered by the manufacturers, and not the retailers |

DEFINITIONS (Cont'd)

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| “FYE(s)” | : Financial year(s) ended/ending 31 May |
| “FY Under Review” | : FYEs 2016, 2017 and 2018, collectively |
| “GP” | : Gross profit |
| “GST” | : Goods and services tax |
| “Hornbill” | : Hornbill Paints Sdn Bhd (Company No.: 160703-P) |
| “HR” | : Human resources |
| “IFRS” | : International Financial Reporting Standards |
| “IMR Report” | : The Independent Market Research Report prepared by Infobusiness Research in relation to this IPO |
| “Infobusiness Research” or “IMR” | : Infobusiness Research & Consulting Sdn Bhd (Company No.: 498926-P) |
| “Internet Participating Financial Institutions” | : Participating financial institutions for the Internet Share Application, as listed in Section 13.6 of this Prospectus |
| “Internet Share Application” | : Application for the IPO Shares through an Internet Participating Financial Institution |
| “IP” | : Intellectual property |
| “IPO” | : Public issue of 126,560,000 new Shares in conjunction with the listing of and quotation for our entire enlarged issued share capital on the ACE Market of Bursa Securities |
| “IPO Price” | : RM0.25 for each IPO Share |
| “IPO Share(s)” | : 126,560,000 new Shares to be issued pursuant to the IPO |
| “IPOS” | : Intellectual Property Office of Singapore |
| “K6” | : K6 is a rented property that refers to a single storey factory located at No. K6, Jalan Perindustrian, Kawasan Perindustrian Tanjung Agas, 84000 Kesang, Tangkak, Johor and held under Lot No. Plot 21, Title No. HSD 2499, Mukim of Kesang, District of Tangkak and State of Johor. It is utilised for our plastic caps manufacturing facilities |
| “K26” | : K26 is our property that refers to an industrial land located at No. K26, Jalan Perindustrian 6, Kawasan Perindustrian Tanjung Agas, 84000 Kesang, Tangkak, Johor and held under Lot No. Lain-lain 84, Title No. H.S.(D) 7210, Mukim of Kesang, District of Tangkak and State of Johor |
| “K68 and K68-A” | : K68 and K68-A are our properties that refer to two pieces of adjoining industrial land with a double storey factory located at No. K68 and K68-A, Jalan Perindustrian 5, Kawasan Perindustrian Tanjung Agas, 84000 Kesang, Tangkak, Johor and held under Lot Nos. PTD 4530 & PTD 4550, Title Nos. H.S.(D) 1458 & H.S.(D) 1504, Mukim of Kesang, District of Tangkak and State of Johor. They are utilised as storage areas |

DEFINITIONS (Cont'd)

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| "K69" | : | K69 is our property that refers to a single storey factory building with double storey office annexed located at No. K69, Jalan Perindustrian 6, Kawasan Perindustrian Tanjung Agas, 84000 Kesang, Tangkak, Johor and held under Lot No. PTD 4973, Title No. H.S.(D) 2578, Mukim of Kesang, District of Tangkak and State of Johor. It is utilised for our main production facilities and head office |
| "K69-1" | : | K69-1 is our property that refers to a single storey detached factory building located at No. K69-1, Jalan Perindustrian 6, Kawasan Perindustrian Tanjung Agas, 84000 Kesang, Tangkak, Johor and held under Lot No. PTD 4531, Title No. H.S.(D) 2359, Mukim of Kesang, District of Tangkak and State of Johor. It is utilised as a storage area |
| "K861" | : | K861 refers to a leasehold industrial land with building located at No. K861, Jalan Tanjung Agas, Kawasan Perindustrian Tanjung Agas, 84000 Kesang, Tangkak, Johor and held under H.S.(D) 2589, PTD 4562, Mukim of Kesang, District of Tangkak and State of Johor |
| "K862" | : | K862 refers to a leasehold industrial land with building located at No. K862, Jalan Tanjung Agas, Kawasan Perindustrian Tanjung Agas, 84000 Kesang, Tangkak, Johor and held under H.S.(D) 2631, PTD 5368, Mukim of Kesang, District of Tangkak and State of Johor |
| "kg" | : | Kilogram |
| "Listing" | : | Listing of and quotation for the entire enlarged share capital of DPI Holdings of RM67,657,078 comprising 486,731,000 Shares on the ACE Market of Bursa Securities |
| "Listing Requirements" | : | ACE Market Listing Requirements of Bursa Securities |
| "Listing Scheme" | : | IPO and Listing, collectively |
| "Lot 11078" | : | Lot 11078 is our property that refers to a leasehold industrial land known as Lot No. 11078, located along Jalan Perindustrian, Kawasan Perindustrian Tanjung Agas, 84000 Kesang, Tangkak, Johor held under title no. PN 50437, Mukim of Kesang, District of Tangkak and State of Johor |
| "LPD" | : | 31 October 2018, being the latest practicable date prior to the registration of this Prospectus with the SC |
| "Malaysian Public" | : | Malaysian citizens, companies, co-operatives, societies and institutions incorporated or organised under the laws of Malaysia |
| "Market Day" | : | Any day on which the stock market of Bursa Securities is open for trading in securities |
| "MCCG" | : | Malaysian Code on Corporate Governance |
| "MFRS" | : | Malaysian Financial Reporting Standards |
| "MIA" | : | Malaysian Institute of Accountants |
| "MIH" or "Issuing House" | : | Malaysian Issuing House Sdn Bhd (Company No.: 258345-X) |
| "MITI" | : | Ministry of International Trade and Industry, Malaysia |

DEFINITIONS (Cont'd)

| | |
|--|--|
| “MyIPO” | : Intellectual Property Corporation of Malaysia |
| “NA” | : Net assets |
| “NBV” | : Net book value |
| “NOIP Vietnam” | : National Office of Intellectual Property of Vietnam |
| “Official List” | : A list specifying all securities which have been admitted for listing on Bursa Securities and not removed |
| “OSHA” | : Occupational Safety and Health Act 1994, as amended from time to time, and any re-enactment thereof |
| “Participating Financial Institutions” | : Participating financial institutions for the Electronic Share Application, as listed in Section 13.5 of this Prospectus |
| “PAT” | : Profit after tax |
| “PBT” | : Profit before tax |
| “PCASB” | : PCA Properties Sdn Bhd (Company No.: 231906-X) |
| “PE Multiple” | : Price-to-earnings multiple |
| “Peter Chai” | : Choy Mui Seng @ Chai Mui Seng |
| “Pink Form Shares” | : 14,120,000 IPO Shares made available for application by the Eligible Parties |
| “Placement Shares” | : 88,100,000 IPO Shares made available for application by way of private placement to Selected Investors and Bumiputera Investors |
| “PO” | : Purchase order |
| “Promoters” | : The promoters of DPI Holdings, namely Peter Chai and Adam Chai, collectively |
| “Prospectus” | : This Prospectus dated 27 November 2018 in relation to our IPO |
| “QC” | : Quality control |
| “QMS” | : Quality management system |
| “SC” | : Securities Commission Malaysia |
| “Selected Investors” | : Being the investors that meet the requirements of Schedule 6 or 7 of the CMSA and subscribe for the IPO Shares through private placement |
| “SME” | : Small and medium enterprise |
| “SMI” | : Small and medium industries |
| “SMIDEC” | : Small and Medium Industries Development Corporation |
| “SOCSO” | : Social Security Organisation |
| “sq. ft.” | : Square feet |
| “sq. m.” | : Square metre |

DEFINITIONS (Cont'd)

- “Underwriting Agreement” : The underwriting agreement entered into between our Company and the Underwriter on 7 November 2018 for the underwriting of the Balloting Shares and Pink Form Shares subject to the terms and conditions stated therein
- “Vendors” : Peter Chai and Adam Chai, collectively
- “WIPO” : World Intellectual Property Organisation

CURRENCY

- JPY : Japanese Yen
- NZD : New Zealand Dollar
- RM and sen : Ringgit Malaysia and Sen, respectively
- SGD : Singapore Dollar
- USD : United States Dollar

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GLOSSARY OF TECHNICAL TERMS

This glossary contains explanation of certain terms used throughout this Prospectus in connection with our Group and business. The terminologies and their meanings may not correspond to the standard industry meanings or usage of these terms.

| | |
|-------------------------------|--|
| “Additives” | : Additives are ingredients added in small quantities to achieve specific paint properties such as, improving flow properties, improving the finished appearance, improving pigment stability, controlling foaming and improving durability of the paint |
| “Aerosol paints” | : It is commonly referred to as spray paint. The paint is sealed within a pressurised can and is released as a fine mist when the nozzle is pressed |
| “Binders” | : Ingredients used in the production of paint that hold the particles of pigment together in paint. All paints include a binder of some sort because this keeps the pigment in place after the paint dries |
| “Colour pigments” | : Pigments are coloured powders used in the production of paint to provide colours |
| “DME gas” | : Refers to dimethyl ether gas. It is a clean, biodegradable, non-corrosive and colourless gas. It is used as the propellant in aerosol products |
| “Extenders” | : A substance added to paint to dilute its colour or increase its volume |
| “Industrial aerosol products” | : Comprises our aerosol lubricant and adhesion promoter |
| “Lacquer” | : A fast drying coating |
| “LPG” | : Refers to liquefied petroleum gas, which is a mixture of hydrocarbon gases such as propane, butane and isobutene. They are blended in the required ratios to be used as propellants |
| “OBM” | : A product that is manufactured by us and sold under our in-house brands |
| “Private label” | : A product that is manufactured by us and sold under our customer’s brand name |
| “Propellant” | : The propellant is a pressurised gas pumped into the aerosol can so that when the nozzle is pressed, the contents are released as a mist |
| “Resin” | : Resin is a raw material used in the production of paints and coatings to provide amongst others, adhesion, durability and resistance |
| “Solvents” | : Solvents are a class of chemical compounds. It is used, amongst others, in aerosol paints to achieve the desired viscosity for application, to prevent clumping, for quick drying and to unclog the spray valve |
| “Thinners” | : Thinners are used to dilute oil-based paints and are also used to clean painting tools such as brushes and rollers |
| “Undercoat” | : A coating that is applied before the final coating |
| “Valve” | : The valve is used to dispense the contents from the aerosol can |
| “Viscosity” | : It is a measurement of the thickness of a liquid or scientifically, a fluid’s resistance to flow |

INDICATIVE TIMETABLE

The indicative timing of events leading up to the listing of and quotation for our entire enlarged share capital on the ACE Market of Bursa Securities is set out below:

| Events | Date/Time |
|--|--------------------------------|
| Opening date of application for our IPO Shares | 27 November 2018 at 10.00 a.m. |
| Closing date of application for our IPO Shares | 18 December 2018 at 5.00 p.m. |
| Date for balloting of applications | 20 December 2018 |
| Date for allotment to successful applicants | 3 January 2019 |
| Listing date | 7 January 2019 |

We will announce any changes to the timetable, if any, through Bursa Securities and the announcement will be made available on their website. The applications for our IPO Shares will close at the time and date stated above. We will not accept late applications.

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PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Words importing the singular include the plural and vice versa. Words importing a gender include any gender. References to persons include a corporation. Any reference to words such as “we”, “us”, “our” and “ourselves” in this Prospectus shall be a reference to our Company, our Group or any member company of our Group as the context requires, unless otherwise stated. All references to “DPI Holdings” and “our Company” in this Prospectus are to DPI Holdings Berhad, references to “our Group” are to our Company and our subsidiaries taken as a whole. Unless the context otherwise requires, references to “Management” are to our Directors and key senior management as at the LPD, and statements as to our beliefs, expectations, estimates and opinions are those of our Management.

Any reference in this Prospectus, the Application Form, Electronic Share Application or Internet Share Application to any legislation, statute or statutory provision shall be a reference to the statute or legislation of Malaysia that is currently enforced as may be amended from time to time, and includes any statutory modification, amendment or re-enactment thereof, unless otherwise indicated.

This Prospectus includes statistical data provided by us and various third parties and cites third party projections regarding growth and performance of the industry in which we operate. This data is taken or derived from information published by industry sources and from our internal data. In each such case, the source is stated in this Prospectus, provided that where no source is stated, it can be assumed that the information originates from us. In particular, certain information in this Prospectus is extracted or derived from report prepared by Infobusiness Research. We believe that the statistical data and projections cited in this Prospectus are useful in helping you understand the major trends in the industry in which we operate. However, third party projections, including the projections from Infobusiness Research, cited in this Prospectus are subject to significant uncertainties that could cause actual data to differ materially from the projected figures. Hence, you should not place undue reliance on the third party projections cited in this Prospectus.

Certain numbers presented in this Prospectus have been rounded off to the nearest thousandth or 2 decimal places, hence may not be exact. Any discrepancies in the tables included in this Prospectus between the amounts listed and the totals thereof are due to rounding.

If there are any discrepancies or inconsistencies between the English and Malay versions of this document, the English version shall prevail. Any reference to a time of day in this Prospectus shall be a reference to Malaysian time, unless otherwise stated. The information on our website, or any website directly or indirectly linked to such website does not form part of this Prospectus and you should not rely on it.

All information stated herein are as at the LPD unless otherwise specified.

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FORWARD-LOOKING STATEMENTS

This Prospectus contains forward-looking statements, which include all statements other than those of historical facts including, among others, those regarding our financial position, business strategies, prospects, plans and objectives of our Management for future operations. Some of these statements can be identified by the use of forward-looking terminology such as the words "may", "will", "would", "could", "believe", "expect", "anticipate", "intend", "estimate", "aim", "plan", "forecast" or similar expressions. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond our control that could cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we operate. Additional factors that could cause our actual results, performance or achievements to differ materially include, but are not limited to, those discussed in Section 5 of this Prospectus - Risk Factors and Section 8.3 of this Prospectus - Management's Discussion and Analysis of Financial Condition and Results of Operations.

These forward-looking statements are based on information available to us as at the date of this Prospectus. We cannot give any assurance that the forward-looking statements made in this Prospectus will be realised.

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CORPORATE DIRECTORY**BOARD OF DIRECTORS**

| Name / Designation | Designation | Address | Nationality |
|-------------------------------------|--|---|--------------------|
| Peter Chai | Executive Chairman / Managing Director | No. 84, Jalan Peace, 93450 Kuching, Sarawak | Malaysian |
| Adam Chai | Deputy Managing Director / Marketing and Business Development Director | No. 84, Jalan Peace, 93450 Kuching, Sarawak | Malaysian |
| Datuk Seri Nurmala Binti Abd. Rahim | Senior Independent Non-Executive Director | E-19-3, Villa Wangsamias Condo, Jalan Seri Wangsa 1, Wangsa Maju, 53300 Kuala Lumpur, W. Persekutuan (KL) | Malaysian |
| Fong Yoo Kaw @ Fong Yee Kow | Independent Non-Executive Director | No. 292, Lorong Kedandi 14, Tabuan Dusun, 93350 Kuching, Sarawak | Malaysian |
| Lua Kok Hiyong | Independent Non-Executive Director | No. 6, Jalan Kemuning Indah 32/136D, Kemuning Utama, 40460 Shah Alam, Selangor Darul Ehsan | Malaysian |

AUDIT AND RISK COMMITTEE

| Name | Designation | Directorship |
|-------------------------------------|--------------------|---|
| Fong Yoo Kaw @ Fong Yee Kow | Chairman | Independent Non-Executive Director |
| Datuk Seri Nurmala Binti Abd. Rahim | Member | Senior Independent Non-Executive Director |
| Lua Kok Hiyong | Member | Independent Non-Executive Director |

REMUNERATION COMMITTEE

| Name | Designation | Directorship |
|-------------------------------------|--------------------|---|
| Lua Kok Hiyong | Chairman | Independent Non-Executive Director |
| Datuk Seri Nurmala Binti Abd. Rahim | Member | Senior Independent Non-Executive Director |
| Peter Chai | Member | Executive Chairman / Managing Director |

NOMINATION COMMITTEE

| Name | Designation | Directorship |
|-------------------------------------|--------------------|---|
| Datuk Seri Nurmala Binti Abd. Rahim | Chairman | Senior Independent Non-Executive Director |
| Fong Yoo Kaw @ Fong Yee Kow | Member | Independent Non-Executive Director |
| Lua Kok Hiyong | Member | Independent Non-Executive Director |

CORPORATE DIRECTORY (Cont'd)

| | | |
|--|---|---|
| COMPANY SECRETARIES | : | <p>Wong Youn Kim (MAICSA 7018778) Chartered Secretary, Associate of the Malaysian Institute of Chartered Secretaries and Administrators</p> <p>Lee Chin Wen (MAICSA 7061168) Chartered Secretary, Associate of the Malaysian Institute of Chartered Secretaries and Administrators</p> <p>Niche & Milestones International Sdn Bhd (533444-V) B-25-2, Block B, Jaya One, No. 72A, Jalan Universiti, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia</p> <p>Tel No. : +603-7955 0955 Fax No. : +603-7955 0959</p> |
| REGISTERED OFFICE | : | <p>B-25-2, Block B, Jaya One, No. 72A, Jalan Universiti, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia</p> <p>Tel No. : +603-7955 0955 Fax No. : +603-7955 0959</p> |
| HEAD OFFICE | : | <p>K69, Jalan Perindustrian 6, Kawasan Perindustrian Tanjung Agas, 84000 Kesang, Tangkak Johor Darul Takzim, Malaysia</p> <p>Tel No. : +606-952 2854 Fax No. : +606-951 3543 Email: : general@dpiaerosol.com Website: : www.dpiaerosol.com</p> |
| PRINCIPAL ADVISER, SPONSOR, UNDERWRITER AND PLACEMENT AGENT | : | <p>AFFIN Hwang Investment Bank Berhad (14389-U) 27th Floor, Menara Boustead, 69, Jalan Raja Chulan, 50200 Kuala Lumpur, Malaysia</p> <p>Tel No. : +603-2142 3700 Fax No. : +603-2141 7701</p> |
| AUDITORS AND REPORTING ACCOUNTANTS | : | <p>Crowe Malaysia (formerly known as Crowe Horwath) Firm No: AF1018 Chartered Accountants Level 16, Tower C, Megan Avenue II, 12, Jalan Yap Kwan Seng, 50450 Kuala Lumpur, Malaysia</p> <p>Tel No. : +603-2788 9999 Fax No. : +603-2788 9998</p> |

CORPORATE DIRECTORY (Cont'd)

- Partner : **Chan Kuan Chee**
Approval No: 02271/10/2019 J
*Chartered Accountant,
Malaysian Institute of Accountants;
Certified Public Accountant,
The Malaysian Institute of Certified Public
Accountants; and
Certified Fraud Examiners,
Association of Certified Fraud Examiners*
- SOLICITORS FOR
OUR IPO** : **Chooi & Company + Cheang & Ariff**
Level 5, Menara BRDB,
285, Jalan Maarof,
Bukit Bandaraya,
59000 Kuala Lumpur,
MalaysiaLevel 5, Menara BRDB
- Tel No. : +603-2055 3888
Fax No. : +603-2055 3880
- ISSUING HOUSE** : **Malaysian Issuing House Sdn Bhd (258345-X)**
Level 6, Symphony House,
Pusat Dagangan Dana 1,
Jalan PJU 1A/46,
47301 Petaling Jaya,
Selangor Darul Ehsan,
Malaysia
- Tel No. : +603-7841 8289
Fax No. : +603-7841 8150
- SHARE REGISTRAR** : **Symphony Share Registrars Sdn Bhd (378993-D)**
Level 6, Symphony House,
Pusat Dagangan Dana 1,
Jalan PJU 1A/46,
47301 Petaling Jaya,
Selangor Darul Ehsan,
Malaysia
- Tel No. : +603-7849 0777
Fax No. : +603-7841 8151/8152
- INDEPENDENT
MARKET
RESEARCHER** : **Infobusiness Research & Consulting Sdn Bhd (498926-P)**
C4-3A-2, Solaris Dutamas,
No. 1, Jalan Dutamas 1,
50480 Kuala Lumpur,
Malaysia
- Tel No. : +603-6205 3930
Fax No. : +603-6205 3927
- Person-in-charge : **Leow Hock Bee**
Research Director
*Master of Business Administration
Bachelor of Science (Hons) Geology*

CORPORATE DIRECTORY (Cont'd)

- VALUERS** : **Henry Butcher Malaysia (Johor) Sdn Bhd (199150-H)**
No. 52, 52-A-B, Jalan Padi 1,
Bandar Baru UDA,
81200 Johor Bahru,
Johor Darul Takzim,
Malaysia
- Tel No. : +607-236 8060
Fax No. : +607-235 3060 / 236 3060
- Person-in-charge : **Cheng Wui Kiang**
Director
Registered Valuer (V648)
*Member of Royal Institution of Surveyors
Malaysia*
- Henry Butcher Malaysia (Sel) Sdn Bhd (495503-K)**
No. 36-1, 2 & 3, Jalan SS 15/4D,
47500 Subang Jaya,
Selangor Darul Ehsan,
Malaysia
- Tel No. : +603-5631 5555
Fax No. : +607-5632 7155
- Person-in-charge : **Tew Kok Huat**
Director
Registered Valuer (V481)
*Member of Royal Institution of Surveyors
Malaysia; and*
*Association of Valuers, Property
Managers, Estate Agents and Property
Consultants*
- LISTING SOUGHT** : ACE Market of Bursa Securities

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APPROVALS AND CONDITIONS

We have obtained the following approvals for our Listing:

1. Bursa Securities

Bursa Securities had in its letter dated 1 November 2018, approved:

- (i) the admission of our Company to the Official List of the ACE Market of Bursa Securities; and
- (ii) the listing of and quotation for our entire enlarged issued share capital of RM67,657,078 comprising 486,731,000 Shares on the ACE Market of Bursa Securities,

subject to the following conditions:

| No. | Details of conditions imposed | Status of Compliance |
|-----|--|----------------------|
| (1) | Submission of the following information with respect to the moratorium on the shareholdings of the promoter to Bursa Depository: <ul style="list-style-type: none"> (i) name of the shareholders; (ii) number of shares; and (iii) date of expiry of the moratorium for each block of shares. | To be complied |
| (2) | Approvals from other relevant authorities have been obtained for implementation of the listing proposal. | Complied |
| (3) | Make the relevant announcements pursuant to paragraphs 8.1 and 8.2 of Guidance Notes 15 of the Listing Requirements. | To be complied |
| (4) | Furnish Bursa Securities a copy of the schedule of distribution showing compliance with the share spread requirements based on the entire issued share capital of DPI Holdings on the first day of listing. | To be complied |
| (5) | Any director of DPI Holdings who has not attended the Mandatory Accreditation Programme must do so prior to the listing of DPI Holdings. | To be complied |
| (6) | In relation to the public offering to be undertaken by DPI Holdings, to announce at least 2 market days prior to the listing date, the results of the offering including the following: <ul style="list-style-type: none"> (a) level of subscription of public balloting and placement; (b) basis of allotment / allocation; (c) a table showing the distribution for placement tranche; and (d) disclosure of placees who became substantial shareholders of DPI Holdings arising from the public offering, if any. | To be complied |
| (7) | DPI Holdings / AFFIN Hwang IB to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval upon the admission of DPI Holdings to the Official List of the ACE Market. | To be complied |

APPROVALS AND CONDITIONS (Cont'd)**2. SC**

Our Listing is an exempt transaction under Section 212(8) of the CMSA and is therefore not subject to the approval of the SC.

The SC had in its letter dated 2 November 2018, approved the resultant equity structure of our Company under the equity requirement for public listed companies pursuant to the Listing, subject to DPI Holdings allocating shares equivalent to at least 12.5% of its enlarged issued share capital at the point of Listing to Bumiputera investors. This includes the shares offered under the balloted public offer portion, of which at least 50% are to be offered to Bumiputera investors. In the event that the MITI is unable to allocate the shares to Bumiputera investors, the unsubscribed shares shall be offered to Bumiputera public investors via balloting. The effect of the Listing on the equity structure of DPI Holdings is as follows:

| Category of shareholders | Before the IPO and Listing | | After the IPO and Listing | |
|--------------------------|----------------------------|---------------|----------------------------|---------------|
| | No. of Shares | % | No. of Shares | % |
| Bumiputera | - | - | ⁽¹⁾ 60,844,000 | 12.50 |
| Non-Bumiputera | 360,171,000 | 100.00 | ⁽²⁾ 425,887,000 | 87.50 |
| Malaysians | 360,171,000 | 100.00 | 486,731,000 | 100.00 |
| Foreigners | - | - | - | - |
| Total | 360,171,000 | 100.00 | 486,731,000 | 100.00 |

Notes:

- (1) Based on the assumption that the Shares allocated to Bumiputera investors shall be fully subscribed as follows:

| Category | No. of Shares |
|---|-------------------|
| Bumiputera public investors via balloting | 12,170,000 |
| Private placement to selected Bumiputera investors approved by MITI | 48,674,000 |
| Total | 60,844,000 |

- (2) Based on the assumption that all Shares under the proposed public issue save as disclosed above are subscribed by non-Bumiputera investors.

We have also sought relief from the SC from complying with certain requirements of the Prospectus Guidelines. The SC has in its letter dated 2 November 2018, granted the following reliefs as follows:

| Reference | Details of relief sought | Details of conditions imposed | Status of Compliance |
|---|--|-------------------------------|----------------------|
| Paragraph 13.01(b)(v) of Division 1, Part II of the Prospectus Guidelines | Relief from making available the audited financial statements of DPI, DPIC, DPIR and DESB for the FYE 2015 and FYE 2016 as documents for public inspection | Nil | - |

3. MITI

MITI had in its letter dated 13 July 2018, agreed to take note and has no objection to our Listing.

MORATORIUM

As at the date of submission of our listing application to Bursa Securities, we have met the quantitative criteria for admission to the Main Market of Bursa Securities. Hence, a moratorium will be imposed on the sale, transfer or assignment of our Shares held by our Promoters for a period of 6 months from the date of our admission to the Official List ("**Moratorium Period**") in accordance with Rule 3.19(1A)(b) of the Listing Requirements.

The details of the moratorium are as follows:

| Promoters | No. of Shares to be held under the moratorium | |
|------------------|--|--------------|
| | Direct | (1) % |
| Peter Chai | 277,331,672 | 56.98 |
| Adam Chai | 82,839,328 | 17.02 |
| Total | 360,171,000 | 74.00 |

Note:

(1) Based on our enlarged issued share capital of 486,731,000 Shares after the IPO.

The moratorium, which is fully accepted by our Promoters, will be specifically endorsed on the share certificates representing the entire shareholdings of our Promoters to ensure that our Company's share registrar does not register any transfer that contravenes the moratorium restrictions. In addition, our Promoters have also provided undertakings that they will comply with the said moratorium condition relating to the sale of their Shares as mentioned above.

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1. PROSPECTUS SUMMARY

THIS PROSPECTUS SUMMARY ONLY HIGHLIGHTS THE KEY INFORMATION FROM OTHER PARTS OF THIS PROSPECTUS. IT DOES NOT CONTAIN ALL THE INFORMATION THAT MAY BE IMPORTANT TO YOU. YOU SHOULD READ AND UNDERSTAND THE CONTENTS OF THE WHOLE PROSPECTUS PRIOR TO DECIDING WHETHER TO INVEST IN OUR SHARES.

1.1 PRINCIPAL DETAILS OF OUR IPO

Our total 126,560,000 IPO Shares will be offered to the following groups of investors:

| | No. of IPO Shares |
|-------------------------------------|-------------------|
| Malaysian Public – Balloting Shares | 24,340,000 |
| Placement: | |
| (a) Bumiputera Investors | 48,674,000 |
| (b) Selected Investors | 39,426,000 |
| Eligible Parties – Pink Form Shares | 14,120,000 |
| IPO Price per Share | RM 0.25 |

Further details on our IPO are set out in Section 2.1 of this Prospectus.

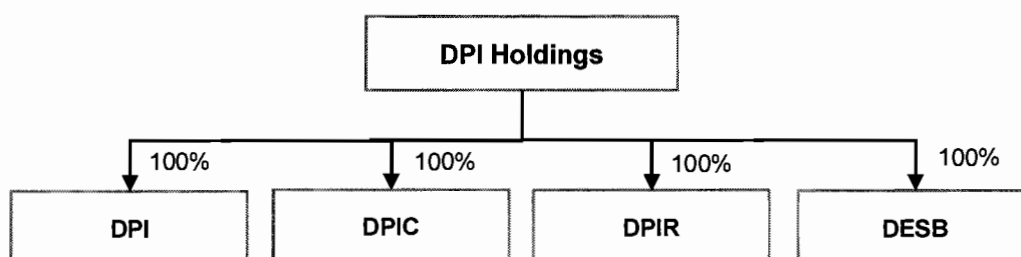
A moratorium will be imposed on the sale, transfer or assignment of our Promoters' entire shareholdings for a period of 6 months from the date of our Listing. Further details on the moratorium on our Shares are set out in the Moratorium section of this Prospectus.

1.2 OUR GROUP

DPI Holdings was incorporated in Malaysia on 5 October 2017.

Our principal activity is investment holding whereas our subsidiaries are principally involved in the development, manufacturing and distribution of aerosol products for the automotive, industrial and household markets. Our Group is also involved in trading of solvents and thinners.

Set out below is an illustration of our group structure:



Further details of our Group are set out in Section 4.2 of this Prospectus.

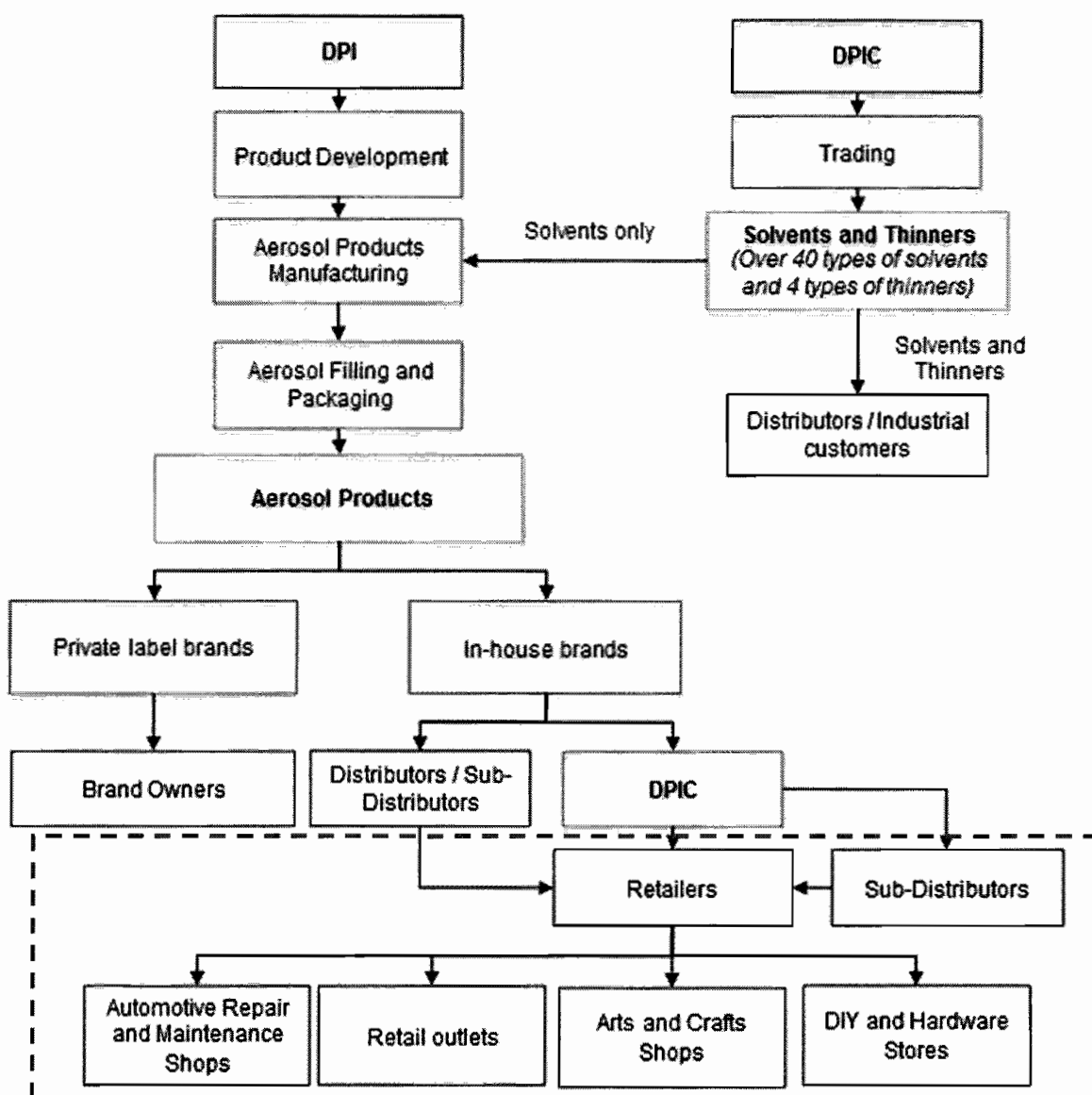
1. PROSPECTUS SUMMARY (Cont'd)

1.3 BUSINESS MODEL

Our Group's key revenue contributors are:

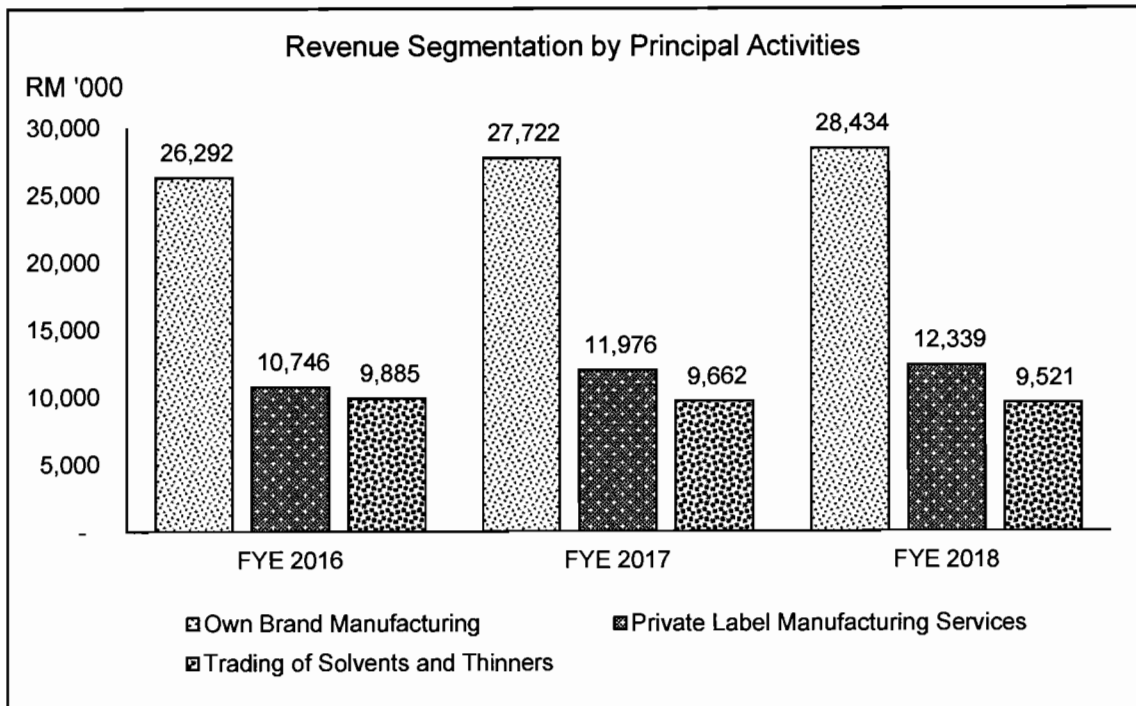
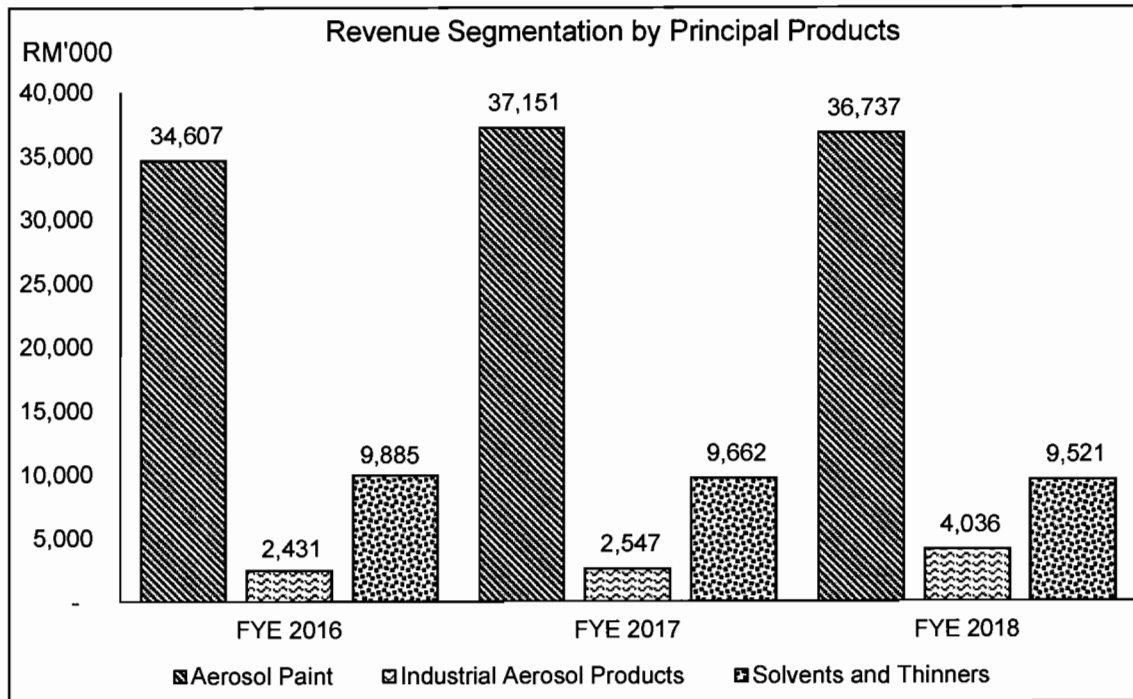
- (i) Own Brand Manufacturing (OBM) – developing, manufacturing, filling and packaging of aerosol products under our own brand names, “DPI”, “Anchor” and “Kromoto”. We currently sell to customers in Malaysia and Indonesia.
- (ii) Private label manufacturing services – we provide solutions for paint and lubricant formulation, raw and packaging materials sourcing as well as aerosol packaging. The products manufactured under this category are sold under our customers' brand names. We currently serve customers operating in Malaysia, Indonesia, Japan, Australia and New Zealand.

The figures below depict our Group's business model and our Group's revenue contribution by principal activities and principal products.



Note:
The dotted box demarcates the customers of DPI's purchasers (DPIC included).

1. PROSPECTUS SUMMARY (Cont'd)



Further details on our Group and business model are set out in Section 4 of this Prospectus.

1. PROSPECTUS SUMMARY (Cont'd)

1.4 COMPETITIVE POSITION

We believe that these key strengths listed below, have driven our past business performance and will bolster our growth:

- (i) We are an established aerosols manufacturer having operated for over 30 years and our aerosol products, namely “DPI”, “Anchor” and “Kromoto” are known for their quality and price competitiveness;
- (ii) We produce quality aerosol products consistently as we have in place stringent QMS procedures that are ISO 9001:2015 certified;
- (iii) We have the competency to formulate, develop, customise and produce a wide range of aerosol paints and are able to make customisations or modifications to our products on request;
- (iv) We have experienced key senior management and key technical personnel teams, majority of whom have been in the industry and with our Group for more than 25 years;
- (v) We have good long-term working relationships with our customers and suppliers, some of whom have been in business with us for between 5 to more than 30 years; and
- (vi) We have a wide distribution channel for our aerosol products locally where we sell to approximately 700 customers across Malaysia.

Further details on our competitive position are set out in Section 4.14 of this Prospectus.

1.5 BUSINESS STRATEGIES

Our business strategies and plans moving forward are as follows:

- (i) To maintain our market position in the domestic market and increase our exports for our aerosol products through expansion of production capacity with construction of a new factory and upgrade of existing aerosol filling lines;
- (ii) 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
- (iii) To consistently improve the quality standard of our products and manufacturing practices through continual investment in product development.

Further details on our business strategies are set out in Section 4.22 of this Prospectus.

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1. PROSPECTUS SUMMARY (Cont'd)**1.6 RISK FACTORS**

There are risks associated with investing in our Shares. Set out below are the key risks faced by us in our business operations:

- (i) We may face manufacturing or operational disruptions such as outbreak of fire and machinery breakdown. The main raw materials used in the production of our products are solvents and propellants which are highly flammable. As such, we face the risk of an accidental fire breakout from storing, handling and using these raw materials. In addition, our principal products, namely aerosol products, consistently contribute between 78.93% and 81.07% to our revenue for the FY Under Review and our main production facilities is solely located in K69. Therefore, in the event of manufacturing disruption, our business operations and financial performance will be adversely affected;
- (ii) We depend on the strength of our reputation, brands and product quality. Our OBM operations have consistently contributed over 56% to our revenue for the FY Under Review. We believe we have built a credible reputation and our brands are widely recognised. As such, if our brand image deteriorates or if our trademarks or logos are counterfeited or infringed, our business, prospects and financial performance may be materially and adversely affected;
- (iii) We rely on our Directors, key senior management and key technical personnel for our business continuity. Most of our key senior management and key technical personnel have vast industry experience and have been with us for more than 25 years. Hence, the loss of services from any of the key personnel without suitable and timely replacements may materially and adversely affect our business, prospects and future financial performance;
- (iv) We may face failure in our QMS which could harm our business, reputation and brand equity. As we deal in consumer goods, we are subject to consumer claims in the case of defective products. Thus, any material claims, lawsuits or complaints could materially and adversely affect our business, financial condition and growth prospects;
- (v) We rely on our customers to distribute our products. We also rely on our customers for feedbacks on market developments and consumer preferences. If our top 5 customers collectively discontinue business with us, our revenue will be adversely affected and our market position may deteriorate;
- (vi) We rely on our suppliers for continuous and stable supply of our packaging and raw materials. We do not manufacture most of our packaging and raw materials. If our suppliers discontinue business with us and if we are unable to secure alternative suppliers in a timely manner, our ability to meet our customers' orders may be materially and adversely affected;
- (vii) We are subject to regulatory requirements as may be imposed by statutes or regulatory authorities for our business operations such as OSHA, DOSH and Poisons Act 1952, amongst others. Failure to comply with or any changes to applicable laws, regulation or policies may lead to the authorities imposing stricter requirements on us that may restrict our business or operations and consequently, affect our financial condition;
- (viii) Our growth depends on our ability to manage our expansion plans. The implementation of these business strategies involves risks and uncertainties and may not be successful. Thus, this will have a material adverse impact on our business, operations and future financial performance;
- (ix) We are subject to risk of inadequate insurance coverage for our material assets and operations. Our insurance policies include those against all risks, fire and third-party liability. Nonetheless, our business may be adversely and materially affected in the event of such occurrences where our losses and liabilities incurred are not adequately covered by insurance;

1. PROSPECTUS SUMMARY (Cont'd)

- (x) Our manufacturing activities may cause environmental concerns. We use controlled hazardous materials in our production. Our manufacturing processes also produce small amounts of hazardous waste. Hence, we are required to comply with the Environmental Quality (Scheduled Wastes) Regulations 2005. If we are found to have violated any environmental laws or regulations, it could materially and adversely affect our business and manufacturing operations as well as financial condition; and
- (xi) We are subject to foreign exchange risk as we have transactions in USD, NZD, JPY and SGD. We currently do not have a formal policy with respect to our foreign exchange transactions and have not undertaken any hedging activities. Hence, any significant foreign currency exchange fluctuation may have a material and adverse impact on our revenue and earnings.

Further details on the risks faced by our business operations, industry and Shares are set out in Section 5 of this Prospectus.

1.7 DIRECTORS AND KEY SENIOR MANAGEMENT

Our Directors and key senior management are as follows:

(a) Directors

| Name | Designation |
|-------------------------------------|--|
| Peter Chai | Executive Chairman / Managing Director |
| Adam Chai | 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 |

(b) Key senior management

| Name | Designation |
|-----------------------|--|
| Cecelia Lai Pooi Chui | Group Chief Financial Officer |
| Ng Sho Lin | Senior Manager, Finance and Administration of DPI |
| Hing Hiang Sen | Senior Manager, Operations, Purchasing and HR of DPI |
| Chen Sook Shin | Operations and Purchasing Manager of DPIC |

Further details of the aforementioned persons are set out in Section 3 of this Prospectus.

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1. PROSPECTUS SUMMARY (Cont'd)**1.8 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS**

The Promoters and substantial shareholders' shareholdings in our Company before and after the IPO are as follows:

| Name | Nationality | Before the IPO | | | | After the IPO | | | |
|------------|-------------|----------------|-------|---------------------------|-------|---------------|-------|---------------------------|-------|
| | | Direct | | Indirect | | Direct | | Indirect | |
| | | No. of Shares | % | No. of Shares | % | No. of Shares | % | No. of Shares | % |
| Peter Chai | Malaysian | 277,331,672 | 77.00 | 82,839,328 ⁽¹⁾ | 23.00 | 277,331,672 | 56.98 | 82,839,328 ⁽¹⁾ | 17.02 |
| Adam Chai | Malaysian | 82,839,328 | 23.00 | - | - | 82,839,328 | 17.02 | - | - |

Note:

(1) Indirect interest pursuant to Section 59(11)(c) of the Act.

Further details on the Promoters and substantial shareholders are set out in Section 3 of this Prospectus.

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1. PROSPECTUS SUMMARY (Cont'd)**1.9 USE OF PROCEEDS**

We expect to raise gross proceeds of RM31.64 million from the IPO and intend to use the proceeds in the following manner:

| Details of utilisation | Amount (RM '000) | Percentage of gross proceeds (%) | Estimated timeframe for utilisation after Listing |
|---|---------------------|---|--|
| Capital expenditure and expansion | 23,540 | 74.40 | Within 18 - 24 months |
| Sales, marketing and advertising expenses | 3,000 | 9.48 | Within 24 months |
| Product development | 1,300 | 4.11 | Within 24 months |
| Estimated listing expenses | 3,800 | 12.01 | Within 1 month |
| Total | 31,640 | 100.00 | |

Further details on the utilisation of proceeds are set out in Section 2.5 of this Prospectus.

1.10 FINANCIAL HIGHLIGHTS

The historical financial information presented herein are prepared based on:

- combined financial statements where the subsidiaries of our Group were under common control for the FYEs 2016 and 2017; and
- audited consolidated financial statements DPI Holdings for the FYE 2018 as the acquisitions of DPI, DPIC, DPIR and DESB by DPI Holdings were completed on 1 March 2018.

(a) Historical combined and consolidated financial statements

Set out below are the financial highlights of our Group based on the historical combined and consolidated financial statements for the FY Under Review:

| | Audited FYE 2016 RM'000 | Audited FYE 2017 RM'000 | Audited FYE 2018 RM'000 |
|--|-------------------------------|-------------------------------|-------------------------------|
| Revenue | 46,923 | 49,360 | 50,294 |
| GP | 14,291 | 17,039 | 17,025 |
| Other income | 576 | 843 | 9,193 |
| PBT | 9,800 | 12,081 | 18,624 |
| PAT | 7,420 | 9,288 | 15,160 |
| GP margin (%) | 30.46 | 34.52 | 33.85 |
| PBT margin (%) | 20.89 | 24.48 | 37.03 |
| PAT margin (%) | 15.81 | 18.82 | 30.14 |
| Basic and diluted EPS (sen) ^{(2) (3)} | 2.06 | 2.58 | 4.21 |
| Key financial ratios | | | |
| Trade receivables turnover (days) | 60 | 61 | 58 |
| Trade payables turnover (days) | 95 | 81 | 69 |
| Inventory turnover period (days) | 57 | 78 | 98 |
| Current ratio (times) | 1.76 | 1.66 | 4.76 |
| Gearing ratio (times) | ⁽⁴⁾ | - | - |

1. PROSPECTUS SUMMARY (Cont'd)**Notes:**

(1) *The PBT margin, PAT margin and basic and diluted EPS which are adjusted to exclude other income for the FY Under Review and listing expenses of RM1.09 million incurred in FYE 2018 are as follows:*

| | Audited | Audited | Audited |
|---|-----------------|-----------------|-----------------|
| | FYE 2016 | FYE 2017 | FYE 2018 |
| <i>Adjusted PBT margin (exclude other income) (%)</i> | 19.66 | 22.77 | 18.75 |
| <i>Adjusted PBT margin (exclude other income and listing expenses) (%)</i> | 19.66 | 22.77 | 20.92 |
| <i>Adjusted PAT margin (exclude other income) (%)</i> | 14.59 | 17.11 | 11.86 |
| <i>Adjusted PAT margin (exclude other income and listing expenses) (%)</i> | 14.59 | 17.11 | 14.03 |
| <i>Adjusted basic and diluted EPS (exclude other income) (sen)</i> | 1.90 | 2.34 | 1.66 |
| <i>Adjusted basic and diluted EPS (exclude other income and listing expenses) (sen)</i> | 1.90 | 2.34 | 1.96 |

(2) *Computed based on our present issued shares of 360,171,000 Shares*

(3) *Our Group does not have any outstanding convertible security*

(4) *Negligible*

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1. PROSPECTUS SUMMARY (Cont'd)**(b) Pro forma consolidated statements of financial position**

Set out below is the summary of the pro forma statements of financial position of our Group as at 31 May 2018 to show the effects of the IPO:

| | Statements of financial position as at 31 May 2018 RM'000 | Pro forma I After IPO and utilisation of proceeds RM'000 |
|--|---|--|
| ASSETS | | |
| Total non-current assets | 5,724 | 5,724 |
| Total current assets | 36,724 | 65,656 |
| TOTAL ASSETS | 42,448 | 71,380 |
| EQUITY AND LIABILITIES | | |
| EQUITY | | |
| Share capital | 36,017 | 66,138 |
| Merger deficit | (28,698) | (28,698) |
| Retained profits | 27,248 | 26,059 |
| TOTAL EQUITY | 34,567 | 63,499 |
| LIABILITIES | | |
| Non-current liabilities | 165 | 165 |
| Current liabilities | 7,716 | 7,716 |
| TOTAL LIABILITIES | 7,881 | 7,881 |
| TOTAL EQUITY AND LIABILITIES | 42,448 | 71,380 |
| Number of Shares in issue | 360,171,000 | 486,731,000 |
| NA attributable to the owners of the Company | 34,567 | 63,499 |
| NA/(net liabilities) per Share (RM) | 0.10 | 0.13 |

Further details on our financial information are set out in Section 8 of this Prospectus.

1.11 DIVIDEND POLICY

Our Company currently does not have any formal dividend policy. Nevertheless, it is the intention of our Board to retain adequate reserves for our future growth as well as to reward our shareholders with participation in the profits of our Group. As we are an investment holding company, our ability to pay dividends will depend on the dividends or other distributions that we receive from our subsidiaries. Any declaration and payment of dividends in the future will be at the discretion of our Board. No inference should or can be made from any of the statements above as to our actual future profitability and our ability to pay dividends in the future.

Further details on our dividend policy are set out in Section 8.6 of this Prospectus.

2. OUR IPO**2.1 DETAILS OF OUR IPO****2.1.1 IPO**

Our IPO comprises:

| | Notes | No. of IPO Shares | Percentage of our enlarged share capital (%) |
|-------------------------------------|-------|--------------------|--|
| Malaysian Public – Balloting Shares | (i) | 24,340,000 | 5.00 |
| Placement: | | | |
| (a) Bumiputera Investors | (ii) | 48,674,000 | 10.00 |
| (b) Selected Investors | (iii) | 39,426,000 | 8.10 |
| Eligible Parties – Pink Form Shares | (iv) | 14,120,000 | 2.90 |
| Total | | 126,560,000 | 26.00 |

The IPO Shares are offered at the IPO Price which is payable in full on application based on the terms and conditions as set out in this Prospectus.

(i) Malaysian Public – Balloting Shares

24,340,000 IPO Shares (which represents 5.00% of our enlarged share capital) will be made available for application by the Malaysian Public through a balloting process as follows:

- (a) 12,170,000 IPO Shares (which represents 2.50% of our enlarged share capital) will be strictly made available to the Bumiputera Malaysian Public; and
- (b) 12,170,000 IPO Shares (which represents 2.50% of our enlarged share capital) will be made available to the Malaysian Public.

(ii) Placement – Bumiputera Investors

48,674,000 IPO Shares (which represents 10.00% of our enlarged share capital) will be made available for application through private placement to selected Bumiputera investors approved and recognised by MITI.

(iii) Placement – Selected Investors

39,426,000 IPO Shares (which represents 8.10% of our enlarged share capital) will be made available for application through private placement to Selected Investors.

2. OUR IPO (Cont'd)**(iv) Eligible Parties – Pink Form Shares**

14,120,000 IPO Shares (which represents 2.90% of our enlarged share capital) will be reserved for application by the Eligible Parties. The details are as follows:

| Eligible Parties | No. of person/ companies | Aggregate number of IPO Shares allocated |
|--|-------------------------------------|---|
| Eligible Directors of our Group | 3 | 600,000 |
| Eligible employees of our Group | 127 | 4,400,000 |
| Persons who have contributed to the success of our Group | 696 | 9,120,000 |
| Total | 826 | 14,120,000 |

(a) Eligible Directors and employees of our Group

We have allocated the IPO Shares to the eligible Directors and employees of our Group based on the following criteria as approved by our Board:

- at least 18 years old;
- category, position, seniority and responsibilities;
- length of service;
- level of contribution to our Group;
- employment record;
- employee who is confirmed as at the LPD; and
- other factors deemed relevant by our Board.

The number of IPO Shares allocated to our independent Directors are as follows:

| Name of Director | Designation | No. of IPO Shares allocated |
|-------------------------------------|---|--|
| Datuk Seri Nurmala Binti Abd. Rahim | Senior Independent Non-Executive Director | 200,000 |
| Fong Yoo Kaw @ Fong Yee Kow | Independent Non-Executive Director | 200,000 |
| Lua Kok Hiyong | Independent Non-Executive Director | 200,000 |
| Total | | 600,000 |

2. OUR IPO (Cont'd)

(b) Persons who have contributed to the success of our Group

We have allocated the IPO Shares to the persons who have contributed to the success of our Group based on the following criteria as approved by our Board:

- level of contribution and support to the growth of our Group;
- length of business relationship as at the LPD; and
- other factors deemed relevant by our Board.

This may include, amongst others, our customers, distributors, suppliers and business associates who have contributed to the growth and success of our Group.

2.1.2 Price stabilisation mechanism

We will not be employing any price stabilisation mechanism (which is in accordance with the Capital Markets and Services (Price Stabilisation Mechanism) Regulations 2008) for our IPO.

2.1.3 Statement by the Board

To the best of our knowledge and belief:

- (a) our independent Directors and key senior management intend to subscribe for the IPO through their entitlements for the Pink Form Shares;
- (b) our key senior management may be subscribing for the IPO through the Balloting Shares; and
- (c) there is no person who intends to subscribe for more than 5% of the IPO.

2.1.4 Underwriting arrangement

The Underwriter has fully underwritten the following:

- (i) all the 24,340,000 Balloting Shares which are to be subscribed by the Malaysian Public; and
- (ii) all the 14,120,000 Pink Form Shares which are to be subscribed by the Eligible Parties.

Please refer to Section 2.7 of this Prospectus for further details of the underwriting arrangement.

The following IPO Shares are not underwritten as they will be allocated by way of placement and irrevocable written undertakings have been or will be obtained from them to take up the IPO Shares:

- (i) 48,674,000 IPO Shares to be subscribed by Bumiputera Investors that have been approved and recognised by MITI; and
- (ii) 39,426,000 IPO Shares to be subscribed by Selected Investors.

2. OUR IPO (Cont'd)

2.1.5 Clawback and reallocation of IPO Shares

(i) Malaysian Public – Balloting Shares

In the event of an under-subscription of the Balloting Shares by the Malaysian Public, the unsubscribed Balloting Shares will be made available for subscription under the private placement to Selected Investors at the IPO Price.

Any further Balloting Shares not subscribed for will be taken up by the Underwriter in accordance with the Underwriting Agreement.

(ii) Placement – Bumiputera Investors

In the event that MITI is unable to fully allocate the entire portion reserved for the Bumiputera Investors or the MITI approved Bumiputera Investors are unable to fully subscribe the IPO Shares offered to them, the balance not taken up will be offered to the Bumiputera Malaysian Public through the balloting process.

Subsequently, any of the unsubscribed IPO Shares not taken up by the Bumiputera Malaysian Public shall be made available for subscription by the Malaysian Public through the balloting process and/or Selected Investors through private placement at the IPO Price.

(iii) Placement – Selected Investors

In the event that any of the 39,426,000 IPO Shares made available for private placement to the Selected Investors are not taken up, the balance shall be made available for subscription by the Malaysian Public through the balloting process at the IPO Price, if there is an over-subscription by the Malaysian Public.

(iv) Eligible Parties – Pink Form Shares

Any Pink Form Shares not taken up by any of the Eligible Parties shall be made available for subscription by the Malaysian Public through the balloting process and/or Selected Investors through private placement at the IPO Price.

Thereafter, any further Pink Form Shares not subscribed for will be taken up by the Underwriter in accordance with the Underwriting Agreement.

Further, the basis of allocating the IPO Shares shall consider the desirability of distributing the IPO Shares to a reasonable number of applicants with a view of broadening our shareholding base, to meet the public spread requirements of Bursa Securities and to establish a liquid and adequate market for our Shares.

2.1.6 Minimum level of subscription

There is no minimum level of subscription in terms of the proceeds to be raised by us for the IPO.

However, we will need to comply with the public spread requirements of Bursa Securities where we must have at least 25% of our total Shares held by a minimum of 200 public shareholders holding not less than 100 Shares each. This is the minimum subscription level in terms of number of Shares.

Our Company may not be permitted to proceed with the Listing if the public spread requirement is not met. In such event, we will return all monies paid for the applications in full and without interest. Further, if such monies are not returned in full within 14 days after our Company becomes liable to do so, the provision of Section 243(2) of the CMSA shall apply accordingly.

2. OUR IPO (Cont'd)**2.2 BASIS OF ARRIVING AT THE IPO PRICE****2.2.1 IPO Price**

The IPO Price was determined and agreed upon by us and AFFIN Hwang IB as the Principal Adviser based on various factors after taking into account, amongst others, the following factors:

- (i) our Group's financial performance and operating history as set out in Sections 8 and 9 of this Prospectus where:

| | FYE 2018 |
|---|-----------------|
| Adjusted audited consolidated PAT ⁽¹⁾ (RM'000) | 7,926 |
| Enlarged issued share capital upon listing ('000) | 486,731 |
| Adjusted EPS (sen) | 1.63 |
| PE Multiple | 15.34 |

Note:

- (1) *Adjusted to exclude non-recurrent items such as gain on disposal of investment property and property, plant and equipment of RM8.33 million (net of real property gain tax) and adjusted for the listing expenses of RM1.09 million.*

- (ii) our proforma consolidated NA per Share of RM0.13 as at 31 May 2018 and after our IPO, which was computed based on the following:
- the audited consolidated net assets as at 31 May 2018, our IPO and its subsequent utilisation of the IPO proceeds as set out in the Pro Forma Consolidated Statements of Financial Position of our Group (in Section 8.9 of this Prospectus); and
 - our enlarged share capital of 486,731,000 Shares upon Listing;
- (iii) our past financial performance and operating history as set out in Section 8 of this Prospectus;
- (iv) our competitive position as set out in Section 4.14 of this Prospectus; and
- (v) our future plans and business strategies as set out in Section 4.22 of this Prospectus; and
- (vi) the overview and prospects of our industry as set out in Section 4.29 of this Prospectus.

However, you should also note that the market price of the Shares upon Listing is subject to the uncertainties of market forces and other factors, which may affect the price of the Shares being traded. You should form your own views on the valuation of the IPO Shares before deciding to invest in our Shares.

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2. OUR IPO (Cont'd)**2.2.2 Market capitalisation upon listing**

Based on the IPO Price and our enlarged number of issued Shares of 486,731,000 Shares after the IPO, the total market capitalisation of our Company upon Listing shall be RM121.68 million.

2.3 PURPOSE OF OUR IPO

The purposes of our IPO are as follows:

- (i) to enhance our corporate profile and stature to gain recognition through our listing status which is expected to enhance our reputation and market credibility;
- (ii) to provide our Group with financial flexibility by accessing the capital market to raise funds for our future business expansion and growth;
- (iii) to allow the investing community, including the Malaysian Public and Eligible Parties to participate in our continuing growth by way of equity participation; and
- (iv) to assist us to attract and retain talents.

2.4 DILUTION

Dilution is computed as the difference between the IPO Price paid by the applicants for our Shares under the IPO and the pro forma consolidated NA per Share of our Group immediately after the IPO.

The following table illustrates such dilution on a per Share basis:

| | RM | RM |
|---|------|--------|
| Issue Price | | 0.25 |
| Audited consolidated NA per Share as at 31 May 2018 (based on the issued share capital of 360,171,000 Shares) | 0.10 | |
| Increase in the pro forma consolidated NA per Share attributable to the existing shareholders (after the IPO and adjusting for the proceeds from IPO less the estimated listing expenses) | 0.03 | |
| Pro forma consolidated NA per Share after the IPO (based on the enlarged issued share capital of 486,731,000 Shares) | | 0.13 |
| Dilution in the pro forma consolidated NA per Share to new investors | | 0.12 |
| Dilution in the pro forma consolidated NA per Share to new investors as a percentage of the IPO Price | | 48.00% |

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2. OUR IPO (Cont'd)

Summarised below is the total number of Shares acquired by our Directors, Promoters, key senior management, substantial shareholders and/or persons connected to them, the total consideration paid by them and the average effective cash cost per Share to them and the IPO Shares subscribed by the new investors pursuant to the IPO. Save as disclosed below, there has been no other equity transaction and/or right to acquire by our Directors, Promoters, key senior management, substantial shareholders and/or persons connected to them during the past 3 years prior to the date of this Prospectus:

| | No. of Shares held / subscribed | Total Consideration RM | Cost per Share RM |
|--|---------------------------------|------------------------|-------------------|
| <u>Promoters and substantial shareholders</u> | | | |
| Peter Chai | 277,331,672 ⁽¹⁾ | 27,733,135 | 0.10 |
| Adam Chai | 82,839,328 ⁽¹⁾ | 8,283,923 | 0.10 |
| <u>Directors</u> | | | |
| Datuk Seri Nurmala Binti Abd. Rahim | 200,000 ⁽²⁾ | 50,000 | 0.25 |
| Fong Yoo Kaw @ Fong Yee Kow | 200,000 ⁽²⁾ | 50,000 | 0.25 |
| Lua Kok Hiyong | 200,000 ⁽²⁾ | 50,000 | 0.25 |
| <u>Key senior management</u> | | | |
| Cecelia Lai Pooi Chui | 200,000 ⁽²⁾ | 50,000 | 0.25 |
| Ng Sho Lin | 400,000 ⁽²⁾ | 100,000 | 0.25 |
| Hing Hiang Sen | 400,000 ⁽²⁾ | 100,000 | 0.25 |
| Chen Sook Shin | 400,000 ⁽²⁾ | 100,000 | 0.25 |
| <u>New investors from our IPO</u> | | | |
| Public Issue | 126,560,000 | 31,640,000 | 0.25 |

Notes:

- (1) After the Acquisitions and including subscribers' Shares. Please refer to Section 4.3 of this Prospectus for further details on the Acquisitions.
- (2) Assuming full subscription of their respective entitlements under the Pink Form Shares.

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2. OUR IPO (Cont'd)**2.5 USE OF PROCEEDS**

We expect to raise gross proceeds of RM31.64 million from the IPO and intend to use the proceeds in the following manner:

| Details of utilisation | Section | Amount (RM'000) | Percentage of gross proceeds (%) | Estimated timeframe for utilisation after Listing |
|--|---------|-----------------|----------------------------------|---|
| Capital expenditure and expansion: | | | | |
| - new building at Lot 11078 | 2.5.1 | 17,330 | 54.77 | Within 18 months |
| - upgrade of existing aerosol paint production factory | 2.5.2 | 4,000 | 12.64 | Within 24 months |
| - plastic cap production | 2.5.3 | 2,210 | 6.99 | Within 18 months |
| <i>Sub-total</i> | | 23,540 | 74.40 | |
| Sales, marketing and advertising expenses | 2.5.4 | 3,000 | 9.48 | Within 24 months |
| Product development | 2.5.5 | 1,300 | 4.11 | Within 24 months |
| Estimated listing expenses | 2.5.6 | 3,800 | 12.01 | Within 1 month |
| Total | | 31,640 | 100.00 | |

As stated above, we intend to use most of our IPO proceeds for our expansion plans where we will build a new factory and upgrade our existing production facilities for our aerosol paint production. Further details of the utilisation are set out below whilst our future plans relating to these plans are set out in Section 4.22 of this Prospectus.

Currently, we have started our capital expenditure and expansion plans financed through our internally generated funds. Therefore, we will use the allocated IPO proceeds to finance the remaining cost of the aforesaid plans and replenish our internal funds used earlier.

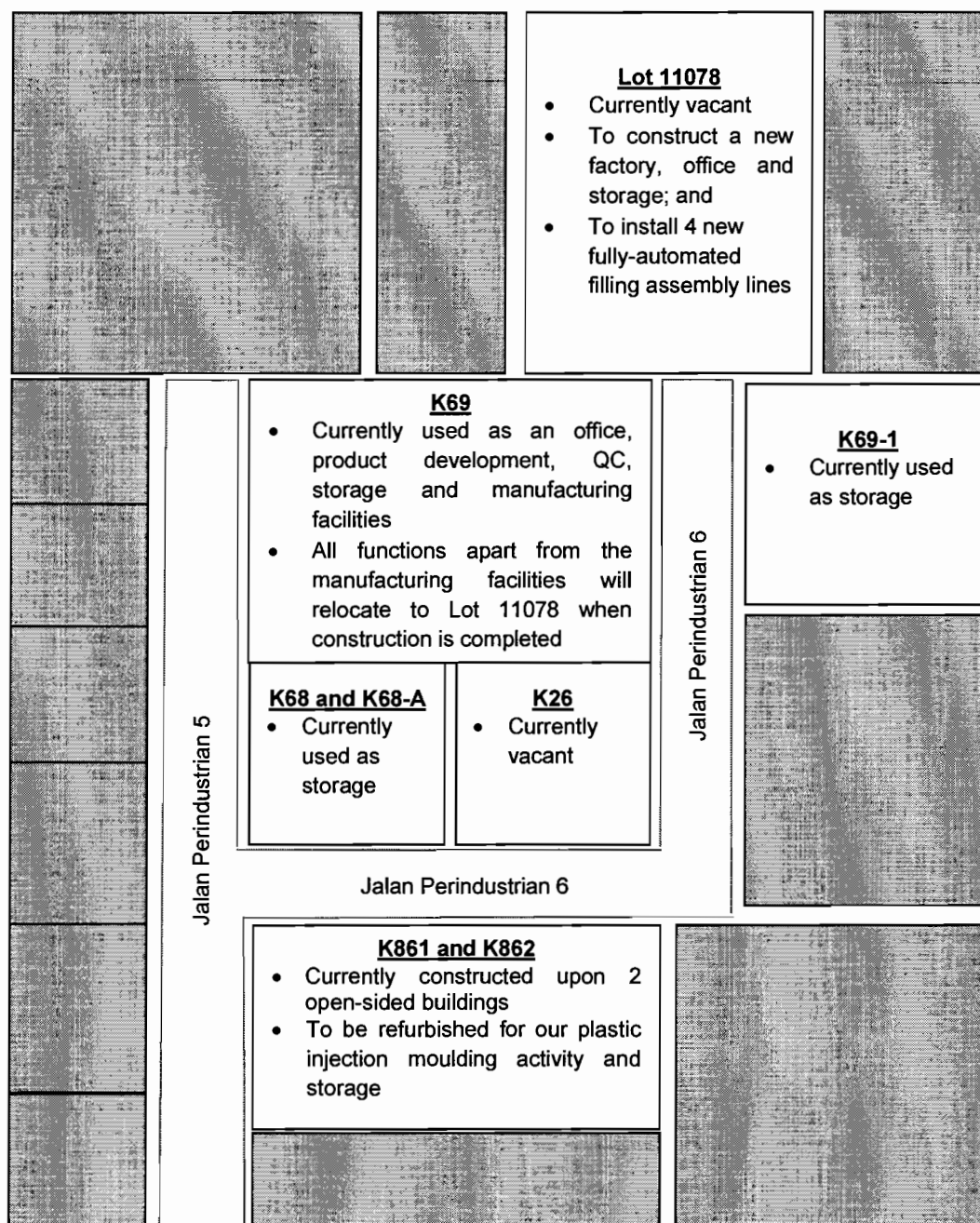
The capital expenditure and expansion plans stated herein are based on the estimated cost as at LPD. We may resort to internally generated funds or borrowing in the event the total cost of our plans is higher than the allocated amount from the IPO proceeds. Conversely, if the actual cost is lower than the allocated amount from IPO proceeds, we shall use the surplus for our working capital.

We have allocated the utilisation of our proceeds according to the respective estimated costs as at the LPD. Any shortfall of the allocated funds will be funded from our working capital and/or borrowings (where relevant), while any surplus funds will be reallocated for working capital purposes.

We intend to place the IPO proceeds into interest bearing accounts with licensed financial institutions pending its utilisation.

2. OUR IPO (Cont'd)

For illustration purposes, we set out below the location of our existing and planned production facilities for our aerosol paint production at Kawasan Perindustrian Tanjung Agas, Johor:



*Note:
The properties shaded in grey do not belong to our Group.*

2. OUR IPO (Cont'd)**2.5.1 Capital expenditure and expansion for the new building at Lot 11078**

We will use the IPO proceeds as follows:

| Details | Notes | RM'000 |
|------------------------------------|-------|---------------|
| Construction of new building | (a) | 12,630 |
| Aerosol production facilities | (b) | 4,100 |
| Equipment and store racking system | (c) | 600 |
| Total | | 17,330 |

(a) New building at Lot 11078

DPI has a vacant land - Lot 11078, which is located across its main production facilities at K69. We intend to build a 3-storey building with a mezzanine floor that will have a total built-up area of approximately 77,200 sq. ft., which will comprise, amongst others, the following:

- single storey production floor complete with the necessary production facilities for manufacturing of our aerosol products;
- offices for finance and administration, purchasing, marketing and business development departments; and
- storage area for our inventories.

This will include the foundation work, construction costs, infrastructure works and internal fittings. The building plan for Lot 11078 has been submitted to Majlis Daerah Tangkak for approval.

We will commence construction of the factory building upon receipt of approval on the finalised building plan from Majlis Daerah Tangkak. The scheduled completion of the new building at Lot 11078 is by the second half of 2019 and we expect to receive the CCC within 3 months of completion. We plan to commence production in the first half of 2020.

(b) Aerosol production facilities

The new factory at Lot 11078 will primarily cater for the manufacturing of our aerosol products. We will purchase new machineries and equipment to form 4 new assembly production lines for this factory, which we estimate will cost us RM4.10 million.

(c) Equipment and store racking system

We will install racks and purchase 4 new forklifts to be used at the storage area. The total estimated cost is RM0.60 million.

2. OUR IPO (Cont'd)**2.5.2 Upgrade of existing factory**

We also intend to use our IPO proceeds to upgrade our existing aerosol production facilities and to purchase new equipment, as follows:

| Items | Notes | RM'000 |
|--|-------|--------------|
| Upgrade of the existing aerosol production facilities and purchase of new equipment at K69 | (a) | 2,000 |
| Installation of new and improvement of existing infrastructure at K69, K68, K68-A and K26 | (b) | 2,000 |
| Total | | 4,000 |

(a) Upgrade of the existing aerosol production facilities and purchase of new equipment at K69

Our existing aerosol production facilities at K69 comprises 3 semi-automated aerosol filling lines and 1 fully-automated aerosol filling line. We intend to upgrade all 4 lines into new fully-automated aerosol filling lines where it will be capable of filling an aerosol can with paint and propellant, automate the placement of valve and plastic cap, shrink wrapping the aerosol cans and automate the packaging into carton boxes.

We also intend to purchase several new equipment for the production of paint at K69. This includes items such as high speed dissolver, grinding mill and paint mixing tank.

(b) Installation of new and improvement of existing infrastructure at K69, K68, K68-A and K26

Our main production facilities at K69 is supported by storage facilities located at adjacent land - K68 and K68-A.

Currently, all the structures at K69, K68 and K68-A have separate roofs as they are built on individual land titles. We intend to install one new roof over the existing roofs and to include K26 as well. The installation of this new roof will allow us to maximise floor space by utilising the current unused areas at the respective land. Correspondingly, we will need to install new fire safety measures and upgrade the infrastructure accordingly.

In this regard, applications for the amalgamation of the land titles of the said properties have been submitted to the land office on 12 January 2015 and 15 March 2017 and we have received approval from the land office on the same in its letter dated 15 March 2018.

2.5.3 Capital expenditure and expansion for the plastic cap production

Plastic caps are one of the components of our aerosol products. Further details of our aerosol product components are set out in Section 4.11 of this Prospectus. We intend to use part of our IPO proceeds in respect of the plastic cap production as follows:

| Items | Notes | RM'000 |
|---|-------|--------------|
| Renovation costs | (a) | 1,000 |
| New plastic injection machinery and its ancillary equipment | (b) | 1,210 |
| Total | | 2,210 |

2. OUR IPO (Cont'd)**(a) Renovation costs**

Our plastic injection moulding factory is currently located at K6.

In line with our expansion plans for the aerosol production, we intend to expand our plastic injection moulding activities to produce additional plastic caps. We intend to shift our current plastic injection moulding factory to K861 and/or K862 in view of their proximity to our main production facilities at K69 and our future factory at Lot 11078. Hence, we intend to renovate K861 and K862 into 2 separate purpose-built factories for our plastic injection moulding activities and storage area. The refurbishment is expected to be completed by first half of 2019 and upon completion, the combined floor space of these 2 buildings will be approximately 20,000 sq. ft.. The current factory at K6 will then be closed.

The renovation cost comprises items such as general renovation works, upgrade of utilities, improvement on the infrastructure and storage area.

(b) New plastic injection machinery and its ancillary equipment

We plan to invest in 4 new plastic injection moulding machines and its related equipment, which are capable of producing an additional 10.00 million plastic caps per year.

2.5.4 Sales, marketing and advertising expenses

We intend to intensify our sales, marketing and advertising initiatives to expand our markets and increase our products visibility. The details are as follows:

| Items | Notes | RM'000 |
|--|-------|--------------|
| Exhibitions, trade fairs and roadshows and its relevant expenses | (a) | 1,300 |
| Internet marketing | (b) | 900 |
| Enhancement of website, product designs and marketing brochures | (c) | 800 |
| Total | | 3,000 |

(a) Exhibitions, trade fairs and roadshows

We intend to participate in exhibitions, trade fairs and roadshows to showcase our products and services internationally. These include:

- METALEX (which is an Association of Southeast Asian Nations' (ASEAN) machine tool and metalworking technology trade exhibition and conference) in Vietnam and Thailand;
- CHINACOAT (which is an international exhibition for coating materials, corrosion prevention, environment protection, paints and QC) in Guangzhou, China;
- European Aerosol Federation's Global Aerosol Event (which is a conference and exhibition by international service providers of the aerosol industry) in Germany; and
- Asian Aerosol Federation's Annual Meeting (which is an exhibition and conference for technical and legislative developments of the aerosol industry in Asia-Oceania) in Thailand.

The estimated cost comprises participation fees, transportation cost for our display items and, cost of marketing and demonstration materials during the events.

2. OUR IPO (Cont'd)**(b) Internet marketing**

We also intend to enhance our branding, marketing and advertising initiatives to increase our sales through established social media and online advertising platforms such as Google, YouTube and Facebook.

We will purchase advertisements on these selected websites to project our brand to the targeted audience. We may need to engage media agencies to assist us in achieving the above purpose.

(c) Enhancement of our website, product designs and marketing brochures

We will enhance our website to include more demonstrative contents. Our website will feature our latest product range as well as links to videos which provide customers with tutorials on our products' functionality and applications.

We also intend to give our product designs and marketing brochures a new look to increase sales.

Further details of our sales, marketing and advertising initiatives are set out in Section 4.22.2 of this Prospectus.

2.5.5 Product development

One of our product development efforts is to improve the quality of our paints in providing long term durability and performance under outdoor weather conditions.

As such, we intend to use RM1.30 million on the following:

| Items | RM'000 | Purpose |
|---|--------------|--|
| Testing machineries: | | |
| • A unit each of accelerated weathering tester, universal oven, high speed disperser and 2 microscope units | 605 | These machineries are to be used to simulate primary weather conditions to test and inspect the degradation of paints and coatings' durability. |
| • A unit of refrigerated bath circulator and 3 different aerosol filling machinery | 130 | These machineries are used to test the aerosol cans' effectiveness in low temperatures and to test the use of different propellants in the aerosol can system. |
| | 735 | |
| Test specimen materials | 315 | Comprises raw materials and consumables to develop new aerosol paint variants. |
| Upgrading in the lab, compressor and air filter systems | 250 | To ensure safety and controlled environment for product development initiatives. |
| Total | 1,300 | |

Further details of our product development expansion plans are as set out in Section 4.22.3 of this Prospectus.

2. OUR IPO (Cont'd)

2.5.6 Estimated listing expenses

We will pay for the listing expenses of our IPO. We estimate the listing expenses to be RM3.80 million, which comprise:

| | Estimated amount (RM'000) |
|--|------------------------------|
| Professional fees | 2,065 |
| Regulatory fees | 78 |
| Underwriting, placement and brokerage fees | 718 |
| Printing and advertisement | 400 |
| Contingencies | 325 |
| Tax | 214 |
| Total | 3,800 |

2.6 UNDERWRITING COMMISSION, BROKERAGE AND PLACEMENT FEES

2.6.1 Brokerage fee

We will pay the brokerage at the rate of 1.00% on the IPO Price in respect of successful applications bearing the stamp of AFFIN Hwang IB and other participating member companies of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association or the Issuing House.

2.6.2 Underwriting commission

The Underwriter has entered into the Underwriting Agreement on 7 November 2018 with our Company for the underwriting of 38,460,000 IPO Shares, which are available for application by the Malaysian Public and our Eligible Parties ("**Underwritten Shares**"). We will pay an underwriting commission in respect of the Underwritten Shares at the rate of 2.25% of the value of the Underwritten Shares to the Underwriter.

2.6.3 Placement fee

We will pay the Placement Agent, a placement fee at the rate of up to 2.25% of the value of the 88,100,000 IPO Shares reserved for placement to the Bumiputera Investors and Selected Investors (being the number of IPO Shares reserved for placement multiplied by the IPO Price).

2.7 UNDERWRITING AGREEMENT

We had on 7 November 2018 entered into the Underwriting Agreement with the Underwriter, whereby the Underwriter has agreed to underwrite 38,460,000 IPO Shares, upon the terms and subject to the conditions as set out in the Underwriting Agreement.

A summary of the salient terms are as follows:

- (i) The obligations of the Underwriter are conditional on, amongst others, the following:
 - (a) on or prior to the closing date of application for our IPO Shares ("**Closing Date**") there have been no:
 - development which has any material adverse effect or is reasonably likely to result in any material adverse effect, on the condition (financial or otherwise) of our Group and which is material in the context of our IPO;

2. OUR IPO (Cont'd)

- occurrence of any event or the discovery of any fact which is inaccurate, untrue or incorrect, which results in any representations and warranties untrue and incorrect in any material respect, in the Underwriter's reasonable opinion; or
 - occurrence of any breach of the undertakings;
- (b) the delivery of:
- a certified true copy of all the resolutions of our Directors and shareholders in general meeting for:
 - approving the Underwriting Agreement, Prospectus and our IPO; and
 - authorising the execution of the Underwriting Agreement and the issuance of this Prospectus; and
 - a certificate (as stated in the Second Schedule to the Underwriting Agreement),
- to the Underwriter prior to the date of the registration of this Prospectus;
- (c) the Underwriter is satisfied with this Prospectus;
- (d) the Underwriter is satisfied that sufficient arrangements have been made for the payment of expenses referred to in the Underwriting Agreement;
- (e) our IPO is not prohibited by any statute, order, rule, regulation or directive promulgated or issued by any legislative, executive or regulatory body or authority in Malaysia;
- (f) our IPO is in compliance with the policies, guidelines and requirements of Bursa Securities and/or the SC;
- (g) we have complied with all the conditions which are required to be complied prior to the issuance of this Prospectus or the Closing Date as imposed, by the SC and Bursa Securities;
- (h) the acceptance for registration by the SC of this Prospectus and such other documents as may be required in accordance with the CMSA for our IPO;
- (i) the lodgement of this Prospectus with the Registrar of Companies;
- (j) the receipt of the following approvals:
- SC, for the issuance of this Prospectus;
 - Bursa Securities, for the admission to the Official List of ACE Market of Bursa Securities and the listing of and quotation for the entire enlarged issued and paid-up share capital of our Company on the ACE Market of Bursa Securities,

where all conditions to the approval are acceptable to the Underwriter and are to be reasonably satisfied on or prior to the Closing Date.

Further, such approval are not withdrawn, revoked, suspended, terminated or lapsed, and that the listing and quotation are granted 2 clear Market Days after the submission of the relevant documents to Bursa Securities;

2. OUR IPO (Cont'd)

- (k) this Prospectus having been issued within 45 days from the date of the Underwriting Agreement or within any extended period as determined by the Underwriter;
- (l) approval by Bursa Securities, any other relevant authorities and our shareholders in a general meeting for the issuance of the IPO Shares, which has not been withdrawn, revoked, suspended, terminated or lapsed; and
- (m) receipt of all necessary approvals and authorisations required in relation to our IPO, which are in full force and effect.
- (ii) The Underwriter may terminate, cancel or withdraw its commitment before the Closing Date, if:
- (a) we have breached any of the representations, warranties or undertakings and it cannot be remedied or is not remedied to the satisfaction of the Underwriter within a reasonable period as stipulated by the Underwriter; or
- (b) there is withholding of information that is required to be disclosed to the Underwriter, which would have or can reasonably be expected to have a material adverse effect on the business or operations of our Group, the success of our IPO, or the distribution or sale of the IPO Shares, in the Underwriter's opinion, and if it can be remedied, it is not remedied within a reasonable period as stipulated by the Underwriter; or
- (c) any material and adverse change to the business or financial condition of our Group; or
- (d) occurrence of any of the following circumstances:
- any material change or any development involving a prospective change, in national or international monetary, financial, economic or political conditions (such as conditions on the stock market, foreign exchange market or money market or with regard to inter-bank offer or interest rates, both in Malaysia and overseas) or foreign exchange controls;
 - any change in law, regulation, directive, policy or ruling in any jurisdiction or any event beyond the reasonable control of the Underwriter (such as acts of God, acts of terrorism, strikes, lock-outs, fire, explosion, flooding, civil commotion, sabotage, acts of war or accidents);
 - war, acts of warfare, sabotages, hostilities, invasion, incursion by armed force, act of hostile army, nation or enemy, civil war or commotion, hijacking, terrorism;
 - riot, uprising against constituted authority, civil commotion, disorder, rebellion, organized armed resistance to the government, insurrection, revolt, military or usurped power;
 - natural catastrophe such as earthquakes, floods, fire, storm, lightning, tempest, explosions, accident, epidemics or other acts of God;
 - any government requisition or other occurrence which is reasonably likely to have a material adverse effect or materially affect the success of our IPO;

2. OUR IPO (Cont'd)

- trading of all securities on Bursa Securities which has been suspended or other material form of general trading restriction, for at least 3 consecutive Market Days; and/or
- the imposition of any moratorium, suspension or material restriction on trading in securities generally on ACE Market of Bursa Securities due to exceptional financial circumstances or otherwise,

which in the Underwriter's opinion, would or reasonably have a material adverse effect on and/or materially prejudice:

- the business or the operations of our Group;
 - the success of our IPO;
 - the distribution or sale of the IPO Shares; or
 - which has or is likely to effect of the performance of any material part of the Underwriting Agreement;
- (e) there is failure on the part of our Company to perform its obligations which cannot be remedied or if it can be remedied, it is not remedied to the Underwriter's satisfaction within a period as stipulated by the Underwriter; or
- (f) the approval of Bursa Securities for our IPO is revoked, withdrawn or procured but subject to the conditions not acceptable to the Underwriter.
- (iii) If the Underwriting Agreement is terminated pursuant to paragraph (ii) above and save for any antecedent breach, we and the Underwriter will be released and discharged from respective obligations and the Underwriting Agreement shall no longer be in force or effect, subject to the following:
- (a) we are liable to pay the costs and expenses incurred prior to or in relation to termination;
 - (b) we are liable to pay the Underwriting Commission, as follows:
 - (1) 25% of the Underwriting Commission, if the Underwriting Agreement is terminated before the Closing Date; or
 - (2) the entire Underwriting Commission, if the Underwriting Agreement is terminated on or after the Closing Date.
- (iv) It will be a force majeure event if any of the following occurs:
- (a) any material change in any law, regulation, directive, policy or ruling in any jurisdiction which seriously affects or will seriously affect the business of our Company and/or subsidiaries;
 - (b) any material change in:
 - national or international monetary, financial, political or economic conditions (stock market, foreign exchange market or money market or with regard to inter-bank offer or interest rates, both in Malaysia or overseas);
 - currency exchange rates;
 - an occurrence due to an act of God; or

2. OUR IPO (Cont'd)

- in the event of national disorder, armed conflict or serious threat of the same, hostilities, embargo, severe economic dislocation, natural catastrophe, earthquake, typhoon, outbreak of war, outbreak of disease or the declaration of a state of national emergency,

which adversely affects the business of our Company or the success of our IPO;

- (c) FTSE Bursa Malaysia Kuala Lumpur Composite Index has dropped 15% between its index level on the date the Underwriting Agreement and the Closing Date (both dates inclusive); or
 - (d) imposition of any moratorium, suspension or material restriction on trading in all securities generally on Bursa Securities for 3 consecutive Market Days.
- (v) In the event of a force majeure pursuant to paragraph (iv), the Underwriter may (subject to prior consultation with us) prior to or on the Closing Date:
- (i) terminate this Agreement by notice; or
 - (ii) request for a reasonable extension to the Closing Date as the Underwriter may decide (subject to being approved by the relevant governing authorities).

Upon delivery of the notice of termination, the Underwriting Agreement will terminate, each party's rights and obligations will cease and no party will have any claim against each other, save for the claims for the costs and expenses and Underwriting Commission as set out in paragraph (iii)(b) above.

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3. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL

3.1 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

3.1.1 Promoters and substantial shareholders' shareholdings

The Promoters and substantial shareholders' shareholdings in our Company before and after the IPO are as follows:

| Name | Nationality | Before the IPO | | | | After the IPO | | | |
|------------|-------------|----------------|-------|---------------------------|-------|---------------|-------|---------------------------|-------|
| | | Direct | | Indirect | | Direct | | Indirect | |
| | | No. of Shares | % | No. of Shares | % | No. of Shares | % | No. of Shares | % |
| Peter Chai | Malaysian | 277,331,672 | 77.00 | 82,839,328 ⁽¹⁾ | 23.00 | 277,331,672 | 56.98 | 82,839,328 ⁽¹⁾ | 17.02 |
| Adam Chai | Malaysian | 82,839,328 | 23.00 | - | - | 82,839,328 | 17.02 | - | - |

Note:

(1) Indirect interest pursuant to Section 59(1)(c) of the Act.

The Promoters and substantial shareholders do not hold shares that has different voting rights from our other shareholders.

Except as set out above, we are not aware of any other person(s) who directly or indirectly, jointly or severally, exercise control over us. Further, we are not aware of any arrangement of which may result in a change in control of DPI Holdings at a subsequent date.

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3. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)

3.1.2 Profiles of Promoters and substantial shareholders

The profiles of our Promoters and substantial shareholders are as follows:

(i) Peter Chai

Peter Chai, a Malaysian, aged 73, is the Executive Chairman and Managing Director of DPI Holdings. He was appointed to our Board on 1 March 2018.

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. He was subsequently transferred to Sabah in 1970 to be in-charge of Nippon Paint's sales and marketing activities in Sabah and Brunei. In 1971, he was relocated to Medan, Indonesia and assumed the position of Sales and Marketing Manager of PT Nipsea Paint and Chemicals ("**Nipsea**") where he was in charge of the company's overall sales and marketing activities in Sumatera, Indonesia. He left Nipsea in 1972 and set up a building materials and hardware trading company. In 1973, he rejoined Nipsea as its Assistant General Manager.

In 1975, he was transferred to Jakarta, Indonesia and was promoted to Assistant General Manager of Nipsea's marketing arm, PT Nus. He was responsible for overseeing the Indonesian sales and marketing operations of the paints and coatings division. In 1977, he was redesignated as the General Manager at PT Cakung Utama, Nipsea's packaging division, where he gained operational knowledge of the packaging industry.

In 1980, he joined DPI and was appointed as a Director. He was responsible for DPI's overall business and manufacturing operations and spearheaded the 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. He has also been a Director of DPIC since January 1991.

As the Managing Director of DPI Holdings, he will continue to spearhead and oversee our Group's overall operations from QC to product development, as well as to formulate and implement new business strategies.

In addition to the DPI Group, he currently has shareholdings and directorships in various private limited companies locally and in Singapore, Australia and Hong Kong. He is also a Non-Executive Director of a public listed company in Australia, namely Refresh Group Ltd, of which he was appointed on 29 November 2016. Further details are set out in Section 3.2.1(b)(i) of this Prospectus.

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3. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)

(ii) Adam Chai

Adam Chai, a Malaysian, aged 41, is the Deputy Managing Director and, Marketing and Business Development Director of DPI Holdings. He 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.

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.

In February 2002, he joined Intramart Pte Ltd ("**Intramart**"), Singapore, as a Marketing Executive where he was in charge of restructuring the sales division of road marking safety products. At the same time, he joined Blastwell Pte Ltd ("**Blastwell**") and LTH Machinery Pte Ltd ("**LTH**"), Singapore, as the Marketing and Branding Director. These three companies have a common major shareholder, namely, Peter Chai. Adam Chai was primarily involved in the day-to-day marketing operations of Intramart. Meanwhile, he was able to market the surface preparation (shot peening) products of Blastwell and LTH indirectly through his engagements as a certified trainer to demonstrate the application of these products on an ad hoc basis. He ceased to be involved in operations of Intramart, Blastwell and LTH in March 2015.

In April 2015, he was redesignated as the Marketing and Business Development Director in DPI 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.

In addition to the DPI Group, he currently has shareholdings and directorships in various private limited companies locally and, in Singapore and Hong Kong. Further details are set out in Section 3.2.1(b)(ii) of this Prospectus.

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3. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)

3.1.3 Significant changes in shareholdings of our Promoters and substantial shareholders since incorporation up to the LPD

The significant changes in the shareholdings of our Promoters and substantial shareholders since our incorporation on 5 October 2017 up to the LPD are as follows:

| Name | As at date of incorporation | | | | As at the LPD | | | |
|--|-----------------------------|------------------|---------------|------------------|----------------------------|------------------|---------------------------|------------------|
| | Direct | | Indirect | | Direct | | Indirect | |
| | No. of Shares | % ⁽¹⁾ | No. of Shares | % ⁽¹⁾ | No. of Shares | % ⁽²⁾ | No. of Shares | % ⁽²⁾ |
| Lee Mellissa ⁽³⁾ | 10 | 50.00 | - | - | - | - | - | - |
| Mohd Firdaus bin Jamari ⁽³⁾ | 10 | 50.00 | - | - | - | - | - | - |
| Peter Chai | - | - | - | - | 277,331,672 ⁽⁴⁾ | 77.00 | 82,839,328 ⁽⁵⁾ | 23.00 |
| Adam Chai | - | - | - | - | 82,839,328 ⁽⁴⁾ | 23.00 | - | - |

Notes:

- (1) Based on total number of 20 Shares.
- (2) Based on the enlarged total number of 360,171,000 Shares after the Acquisitions.
- (3) Being the subscribers.
- (4) Being the Shares held after the Acquisitions. Please refer to Section 4.3 of this Prospectus for further details of the Acquisitions.
- (5) Indirect interest pursuant to Section 59(11)(c) of the Act.

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3. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)

3.1.4 Amount or benefits paid or intended to be paid or given

The amounts or benefits paid or intended to be paid or given to our Promoters and substantial shareholders within 2 years preceding the date of this Prospectus are as follows:

| Name | FYE 2017 RM'000 | FYE 2018 RM'000 | Financial Period from 1 June 2018 to the LPD RM'000 |
|-------------------|--------------------|--------------------|---|
| Peter Chai | | | |
| - Director's fee | 42 | 35 | 25 |
| - Remuneration | 699 | 707 | 310 |
| - Dividend | - | - | - |
| - DPI | - | 4,004 | - |
| - DPIC | 140 | 454 | - |
| - DPIR | 8,591 | 154 | - |
| Adam Chai | | | |
| - Director's fee | - | - | 25 |
| - Remuneration | - | 101 | 84 |
| - Dividend | - | - | - |
| - DPI | - | 1,196 | - |
| - DPIC | - | 136 | - |
| - DPIR | 124 | 46 | - |

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3. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL *(Cont'd)*

3.2 DIRECTORS, KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL

Our Directors, key senior management and key technical personnel are as follows:

(a) Directors

| Name | Designation |
|-------------------------------------|--|
| Peter Chai | Executive Chairman / Managing Director |
| Adam Chai | 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 |

(b) Key senior management

| Name | Designation |
|-----------------------|--|
| Peter Chai | Managing Director |
| Adam Chai | Deputy Managing Director / Marketing and Business Development Director |
| Cecelia Lai Pooi Chui | Group Chief Financial Officer |
| Ng Sho Lin | Senior Manager, Finance and Administration of DPI |
| Hing Hiang Sen | Senior Manager, Operations, Purchasing and HR of DPI |
| Chen Sook Shin | Operations and Purchasing Manager of DPIC |

(c) Key technical personnel

| Name | Designation |
|----------------|---|
| Ng Wee Chen | Head of Product Development and Chemist of DPI |
| Ng Kim Hoo | Section Head, Aerosol Production of DPI |
| Goh Boon Chai | Section Head, Aerosol QC of DPI |
| Goh Chong Huat | Section Manager, Paint and Coatings Production of DPI |
| Lee Heng Seng | Section Head, QC Laboratory of DPI |

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3. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)

3.2.1 Directors

(a) Profiles of Directors

Other than the profiles of the Executive Directors which have been set out in Section 3.1.2 of this Prospectus, the profiles of our other Directors are set out below:

(i) Datuk Seri Nurmala Binti Abd. Rahim

Datuk Seri Nurmala Binti Abd. Rahim, a Malaysian, aged 64, is our Senior Independent Non-Executive Director. She was appointed to our Board on 1 March 2018 and is also the Chairman of our Nomination 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.

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 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 boards of TH Plantations Berhad and Hartalega Holdings Berhad as an Independent Non-Executive Director. She was appointed on 10 March 2014 and 23 August 2016, respectively. In addition, she is also a director of three private limited company, details as set out in Section 3.2.1(b)(iii) of this Prospectus.

3. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)

(ii) Fong Yoo Kaw @ Fong Yee Kow

Fong Yoo Kaw @ Fong Yee Kow, a Malaysian, aged 66, is an Independent Non-Executive Director of DPI Holdings. He was appointed to our Board on 1 March 2018 and is also the Chairman of our Audit and Risk Committee.

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 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. In addition, he also has shareholdings and directorships in other private limited companies, details as set out in Section 3.2.1(b)(iv) of this Prospectus.

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3. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)

(iii) Lua Kok Hiyong

Lua Kok Hiyong, a Malaysian, aged 58, is an Independent Non-Executive Director of DPI Holdings. He was appointed to our Board on 1 March 2018 and he is also the Chairman of our Remuneration Committee.

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.

He currently has shareholding and directorship in one other private limited company, details as set out in Section 3.2.1(b)(v) of this Prospectus.

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.

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3. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)

(b) Principal directorships and principal business activities outside our Group

Save as disclosed below, none of our Directors has any involvement in other business activities performed outside our Group for the past 5 years prior to the LPD:

(i) Peter Chai

| No. | Company | Principal business activities | Involvement in business activities | Equity interest held | |
|-----|---|---|--------------------------------------|----------------------|-------------------|
| | | | | Direct % | Indirect % |
| | <i>Malaysia</i> <i>Present directorships and shareholdings</i> | | | | |
| 1. | Aquabalans Sdn Bhd | Processing and marketing of bottled drinking water | Non-Executive Director / Shareholder | 65.00 | - |
| 2. | Everlast Realty Sdn Bhd | Property investment for rental income | Non-Executive Director / Shareholder | 80.00 | - |
| 3. | Everlast Resources Sdn Bhd | Property investment and letting of property | Non-Executive Director / Shareholder | 80.00 | - |
| 4. | Fortune Fusion Sdn Bhd | Investment holding and letting of properties | Non-Executive Director / Shareholder | 97.58 | 2.42 ¹ |
| 5. | Hornbill | Property investment | Non-Executive Director / Shareholder | 99.99 | 0.01 ¹ |
| 6. | Piano Deck Sdn Bhd | Letting of properties | Non-Executive Director / Shareholder | 80.00 | - |
| 7. | PCASB | Investment holding and in property | Non-Executive Director / Shareholder | 99.50 | 0.50 ¹ |
| 8. | Rotofinish (Malaysia) Sdn Bhd | Letting out of property, property management and investment holding | Non-Executive Director / Shareholder | 99.99 | 0.01 ¹ |
| 9. | Kemajuan Kimia Sdn Bhd | Investment holding | Non-Executive Director / Shareholder | 99.99 | 0.01 ¹ |
| 10. | Kumpulan PCA Sdn Bhd | Investment holding | Non-Executive Director / Shareholder | 99.99 | 0.01 ¹ |

¹ Indirect interest pursuant to Section 59(1)(c) of the Act

3. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)

| No. | Company | Principal business activities | Involvement in business activities | Equity interest held | |
|-----|---|---|--------------------------------------|----------------------|--------------------|
| | | | | Direct % | Indirect % |
| 11. | Roadmark Industries Sdn Bhd | General trading of road safety products | Non-Executive Director / Shareholder | 99.99 | 0.01 ² |
| 12. | Rotowell Enterprise Sdn Bhd | Manufacturing and trading of equipment and related engineering products | Non-Executive Director / Shareholder | 84.00 | 0.01 ² |
| 13. | Anchor Plastic Sdn Bhd | In member's voluntary winding up | Non-Executive Director / Shareholder | 0.01 | 99.99 ³ |
| 14. | DPI Roadmark Sdn Bhd | In member's voluntary winding up | Shareholder | 40.00 | - |
| 15. | Glassbeads Industries Sdn Bhd | In member's voluntary winding up | Non-Executive Director / Shareholder | 99.99 | 0.01 ² |
| 16. | Ogo Technology Sdn Bhd | In member's voluntary winding up | Non-Executive Director / Shareholder | 65.00 | 35.00 ² |
| 17. | Desa Green Sdn Bhd | Yet to commence operation since incorporation | Non-Executive Director / Shareholder | 94.00 | 6.00 ² |
| 18. | Dua Indah Sdn Bhd | Yet to commence operation since incorporation | Non-Executive Director / Shareholder | 99.99 | 0.01 ² |
| 19. | Sunrise Lifestyle Sdn Bhd | Yet to commence operation since incorporation | Non-Executive Director / Shareholder | 99.99 | 0.01 ² |
| 20. | Elegant Glass & Aluminium Works Sdn Bhd | Under liquidation | Shareholder | 13.75 | - |
| 21. | Revamp Industries (Malaysia) Sdn Bhd | Dormant | Non-Executive Director / Shareholder | 0.01 | 99.99 ⁴ |
| 22. | Australia Present directorships and shareholdings Everlast Invest Pty Ltd | Investment holding in listed securities | Non-Executive Director / Shareholder | 100.00 | - |

² Indirect interest pursuant to Section 59(11)(c) of the Act

³ Indirect interest through his shareholdings in Kemajuan Kimia Sdn Bhd pursuant to Section 8(4)(c) of the Act

⁴ Indirect interest through Rotowell Enterprise Sdn Bhd which in turn is a subsidiary of Kemajuan Kimia Sdn Bhd

3. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)

| No. | Company | Principal business activities | Involvement in business activities | Equity interest held | |
|-----|---|--|--|----------------------|--------------------|
| | | | | Direct % | Indirect % |
| 23. | Refresh Group Limited Hong Kong <i>Present directorships and shareholdings</i> | Production and distribution of bottled water and accessories | Non-Executive Director / Shareholder | - | 7.50 ⁵ |
| 24. | Blastwell (H.K.) Limited | Trading of equipment, accessories and parts for sand blasting | Non-Executive Director / Shareholder | 60.00 | - |
| 25. | PCA Pacific Pte Limited (formerly known as <i>DPI International Limited</i>) | Yet to commence operation since incorporation | Non-Executive Director / Shareholder | 50.00 | 50.00 ⁶ |
| | Singapore <i>Present directorships and shareholdings</i> | | | | |
| 26. | Blastwell Pte Ltd | General wholesale trade of surface finishing equipment and consumables | Non-Executive Director / Shareholder | 67.00 | 16.00 ⁶ |
| 27. | PCA Roadmark Pte Ltd (formerly known as <i>DPI Roadmark Group Pte Ltd</i>) | General wholesale trade of road safety products | Non-Executive Director / Shareholder | 50.00 | 50.00 ⁶ |
| 28. | Intramart Pte Ltd | General wholesale trade of surface preparation products | Non-Executive Director / Shareholder | 99.59 | - |
| 29. | LTH Machinery Pte Ltd | General wholesale trade of aerospace surface finishing equipment and consumables | Non-Executive Director / Shareholder | 100.00 | - |
| 30. | PCA Pacific Pte Ltd (formerly known as <i>DPI Pacific Pte Ltd</i>) | Investment holding | Non-Executive Director / Shareholder | 99.99 | 0.01 ⁶ |
| 31. | Past Directorships Yu-juko Sdn Bhd | Property investment | Ceased to be a Director as of 12 February 2014 | - | - |

⁵ Indirect interest through Everlast Invest Pty Ltd

⁶ Indirect interest through his child's shareholdings in the company

3. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)

| No. | Company | Principal business activities | Involvement in business activities | Equity interest held | |
|-----|---------------------------|---|---|----------------------|------------|
| | | | | Direct % | Indirect % |
| 32. | Finesse Precision Sdn Bhd | Manufacture of machine tools and parts | Ceased to be a Director as of 6 February 2015 | - | - |
| 33. | Sapaint Sdn Bhd | Dealer in paints, varnish, chemical solvents and other related products | Ceased to be a Director as of 22 August 2017 | - | - |
| 34. | Aerosol Packaging Sdn Bhd | Struck off on 2 July 2018 | Ceased to be a Director as of 2 July 2018 | - | - |
| 35. | DPI Property Sdn Bhd | Struck off on 2 July 2018 | Ceased to be a Director as of 2 July 2018 | - | - |
| 36. | Puncak Kenyalang Sdn Bhd | Struck off on 2 July 2018 | Ceased to be a Director as of 2 July 2018 | - | - |
| 37. | Vicoasia Sdn Bhd | Struck off on 2 July 2018 | Ceased to be a Director as of 2 July 2018 | - | - |

Peter Chai has confirmed to the Company that his involvement in the business activities outside our Group do not require his involvement in the day-to-day activities and operations of these companies in view of the following:

- companies stated in items 1, 11, 12, 23, 24, 26, 27, 28 and 29 above are companies being managed by their own respective management teams;
- companies stated in items 2 to 10, 22 and 30 above are companies with principal activities of investment holding, property investment and letting of property which are for the purposes of investment only;
- companies stated in items 13 to 16 and 20 above are companies in members voluntary winding-up or in liquidation;
- companies stated in items 17 to 19, 21 and 25 are companies which have yet to commence operations or are dormant;
- his directorship in the companies above are in respect of his shareholdings and he does not have directorship in companies which are not owned by him; and
- his directorship in Refresh Group Limited is of a non-executive position.

As such, his involvement in such other directorships or other businesses will not affect his contribution to our Group or negatively impact his ability to act as our Executive Chairman / Managing Director.

3. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)

(ii) Adam Chai

| No. | Company | Principal business activities | Involvement in business activities | Equity interest held | |
|-----|--|--|--------------------------------------|----------------------|------------|
| | | | | Direct % | Indirect % |
| | Malaysia <i>Present directorships and shareholdings</i> | | | | |
| 1. | Hornbill | Property investment | Non-Executive Director / Shareholder | 0.01 | - |
| 2. | PCASB | Investment holding and in property | Non-Executive Director / Shareholder | 0.50 | - |
| 3. | Kemajuan Kimia Sdn Bhd | Investment holding | Non-Executive Director | - | - |
| 4. | Roadmark Industries Sdn Bhd | General trading of road safety products | Non-Executive Director / Shareholder | 0.01 | - |
| 5. | Rotowell Enterprise Sdn Bhd | Manufacturing and trading of equipment and related engineering products | Non-Executive Director / Shareholder | 0.01 | - |
| 6. | Anchor Plastic Sdn Bhd | In member's voluntary winding up | Non-Executive Director | - | - |
| 7. | Glassbeads Industries Sdn Bhd | In member's voluntary winding up | Non-Executive Director | - | - |
| 8. | Revamp Industries (Malaysia) Sdn Bhd | Dormant | Non-Executive Director | - | - |
| | Singapore <i>Present directorships and shareholdings</i> | | | | |
| 9. | Blastwell Pte Ltd | General wholesale trade of surface finishing equipment and consumables | Non-Executive Director / Shareholder | 16.00 | - |
| 10. | Intramart Pte Ltd | General wholesale trade of surface preparation products | Non-Executive Director | - | - |
| 11. | LTH Machinery Pte Ltd | General wholesale trade of aerospace surface finishing equipment and consumables | Non-Executive Director | - | - |

3. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)

| No. | Company | Principal business activities | Involvement in business activities | Equity interest held | |
|-----|---|-------------------------------|---|----------------------|------------|
| | | | | Direct % | Indirect % |
| 12. | PCA Pacific Pte Ltd (formerly known as DPI Pacific Pte Ltd) | Investment holding | Non-Executive Director / Shareholder | 0.01 | - |
| 13. | Past Directorships Aerosol Packaging Sdn Bhd | Struck off on 2 July 2018 | Ceased to be a Director as of 2 July 2018 | - | - |
| 14. | DPI Property Sdn Bhd | Struck off on 2 July 2018 | Ceased to be a Director as of 2 July 2018 | - | - |

Adam Chai has confirmed to the Company that his involvement in the business activities outside our Group do not require his involvement in the day-to-day activities and operations of these companies in view of the following:

- companies stated in items 1 to 3 and 12 above are companies with principal activities of investment holding and property investment;
- companies stated in items 4, 5, 9 to 11 above are companies being managed by their own respective management teams;
- companies stated in items 6 and 7 above are companies in member's voluntary winding-up; and
- company stated in item 8 above is a dormant company.

As such, his involvement in such other directorships or other businesses will not affect his contribution to our Group or negatively impact his ability to act as our Deputy Managing Director / Marketing and Business Development Director.

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3. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)

(iii) Datuk Seri Nurmala Binti Abd. Rahim

| No. | Company | Principal business activities | Involvement in business activities | Equity interest held | |
|-----|--|--|--|----------------------|------------|
| | | | | Direct % | Indirect % |
| | Present directorships and shareholdings | | | | |
| 1. | Hartalega Holdings Berhad | Investment holding | Independent Executive Director | - | - |
| 2. | TH Plantations Berhad | Investment holding, cultivation of oil palm, processing of fresh fruit bunches, marketing of crude palm oil, palm kernel and fresh fruit bunches | Independent Executive Director | - | - |
| 3. | TH-Bonggaya Sdn Bhd | Forestry | Non-Executive Director | - | - |
| 4. | THP Sabaco Sdn Bhd | Investment holding, cultivation of oil palm, processing of fresh fruit bunches, marketing of crude palm oil, palm kernel and fresh fruit bunches | Non-Executive Director | - | - |
| 5. | THP Saribas Sdn Bhd | Cultivation of oil palm and selling of fresh fruit bunches and marketing of crude palm oil, palm kernel and fresh fruit bunches | Non-Executive Director | - | - |
| | Past directorships | | | | |
| 6. | Espek Plantations Sdn Bhd | Oil palm plantation development | Ceased to be Director as of 2 May 2015 | - | - |
| 7. | Forest Plantation Development Sdn Bhd | (a) To manage fund provided by federal government for development of forest plantation (b) Forest planters, forest management and deal in timber, wood and all kinds (c) Financiers or capitalist for development of forest plantation | Ceased to be a Director as of 19 August 2014 | - | - |
| 8. | Malaysian Palm Oil Council | Promote research, exploit and to market palm oil and oil palm | Ceased to be a Director as of 31 August 2014 | - | - |

3. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)

| No. | Company | Principal business activities | Involvement in business activities | Equity interest held | |
|-----|--------------------------|--|--|----------------------|------------|
| | | | | Direct % | Indirect % |
| 9. | Malaysian Timber Council | Funder for the purposes of promoting the development of the timber-based industry | Ceased to be a Director as of 21 July 2014 | - | - |
| 10. | Mardec Berhad | Investment holding and the provision of management services | Ceased to be a Director as of 8 October 2014 | - | - |
| 11. | Yayasan Mardec | For the main purpose promoting educational, human resource and social development for all Malaysians for the improvement of the education, human resource and social development of all Malaysians irrespective of race, creed or religion with the focus on the rubber smallholders' community for the purpose of aiding national development policies under the auspices of the government otherwise | Ceased to be a Director as of 8 October 2014 | - | - |

Datuk Seri Nurmala Binti Abd. Rahim has confirmed to the Company that her involvement in such other directorships or other businesses will not affect her contribution to our Group or negatively impact her ability to act as our Senior Independent Non-Executive Director. Further, she is not involved in the day-to-day activities and operations of our Group.

(iv) Fong Yoo Kaw @ Fong Yee Kow

| No. | Company | Principal business activities | Involvement in business activities | Equity interest held | |
|-----|--------------------------|--|--------------------------------------|----------------------|--------------------|
| | | | | Direct % | Indirect % |
| 1. | Eden-On-The-Park Sdn Bhd | Operating an active retirement living resort and nursing care resort | Executive Director / Shareholder | 28.95 | - |
| 2. | Focal Heritage Sdn Bhd | Property holding and letting of properties | Non-Executive Director / Shareholder | 50.00 | 50.00 ⁷ |
| 3. | Fuyeeco Sdn Bhd | Investment holding and letting of properties | Shareholder | 4.55 | 2.28 ⁷ |

⁷ Indirect interest pursuant to Section 59(1)(c) of the Act

3. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)

| No. | Company | Principal business activities | Involvement in business activities | Equity interest held | |
|-----|---------------------------------|--|--------------------------------------|----------------------|--------------------|
| | | | | Direct % | Indirect % |
| 4. | Optimum-Eden Healthcare Sdn Bhd | Providing nursing and healthcare services | Non-Executive Director / Shareholder | - | 40.00 ⁸ |
| 5. | Pansar Berhad | Investment holding company involved in business of distribution and related services of marine and industrial engineering products, building materials, wood engineering equipment and supplies, electrical and office automation products and supplies and mechanical and electrical engineering projects | Non-Executive Director | - | - |
| 6. | Sarawak Oil Palms Berhad | Oil palm plantation, milling, refining of oil palm products and trading of oil palm products | Independent Non-Executive Director | - | - |
| 7. | YKGI Holdings Berhad | Principally engaged in the manufacturing of pickled & oiled hot rolled coils, cold rolled coils, galvanised iron coils and coated steel products | Senior Non-Executive Director | - | - |
| 8. | Eden-On-The-Park (P) Sdn Bhd | Dormant (<i>Intended to operate an active retirement living resort and nursing care resort in Peninsular Malaysia</i>) | Non-Executive Director / Shareholder | - | 70.00 ⁹ |
| 9. | Eden-Optimum Management Sdn Bhd | Dormant (<i>Intended to provide age care consultancy services</i>) | Non-Executive Director / Shareholder | 33.33 | - |
| 10. | Uptrend Avenue Sdn Bhd | Dormant (<i>Intended to provide age care consultancy services</i>) | Non-Executive Director / Shareholder | 99.98 | 0.02 ¹⁰ |

Fong Yoo Kow @ Fong Yee Kow has confirmed to the Company that his involvement in such other directorships or other businesses will not affect his contribution to our Group or negatively impact his ability to act as our Independent Non-Executive Director. Further, he is not involved in the day-to-day activities and operations of our Group.

⁸ Indirect interest through his shareholdings in Eden-Optimum Management Sdn Bhd pursuant to Section 8(4) of the Act

⁹ Indirect interest through his shareholdings in Eden-On-The-Park Sdn Bhd pursuant to Section 8(4) of the Act

¹⁰ Indirect interest pursuant to Section 59(1)(c) of the Act

3. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)

(v) Lua Kok Hiyong

| No. | Company | Principal business activities | Involvement in business activities | Equity interest held | |
|-----|--|---|---|----------------------|------------|
| | | | | Direct % | Indirect % |
| 1. | <i>Present directorship and shareholding</i> Perhentian Paradise Resort Sdn Bhd | Island resorts tourism and travelling | Non-Executive Director / Shareholder | 12.50 | - |
| 2. | <i>Past directorship</i> Lucaffe (M) Sdn Bhd | Wholesaler, distributor and retailer of coffee and related activities | Ceased to be a Director as of 2 June 2014 | - | - |

Lua Kok Hiyong is also a Senior Partner of Messrs. Lua & Mansor in Petaling Jaya.

Lua Kok Hiyong has confirmed to the Company that his involvement in such other directorships or other businesses will not affect his contribution to our Group or negatively impact his ability to act as our Independent Non-Executive Director. Further, he is not involved in the day-to-day activities and operations of our Group.

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3. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL (*Cont'd*)

3.2.2 Key Senior Management

(a) Profiles of key senior management

The profiles of Peter Chai (our Executive Chairman / Managing Director) and Adam Chai (our Deputy Managing Director / Marketing and Business Development Director) have been set out in Section 3.1.2 of this Prospectus. The profiles of our other key senior management are set out below:

- (i) **Cecelia Lai Pooi Chui**, a Malaysian, aged 31, is the Chief Financial Officer of our Group. 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 Malaysia (*formerly known as Crowe Horwath*) as an Audit Semi-Senior in September 2010. She was a Manager at Crowe Malaysia (*formerly known as Crowe Horwath*) when she left to join Ranhill Water Technologies Sdn Bhd, a subsidiary of Ranhill Holdings Berhad, as the Finance Manager in October 2017. She had led the finance team and was responsible for reporting on financial matters of the company, its subsidiaries located in Thailand and an associate company from China. In addition, she had assisted the Chief Executive Officer in overseeing the operations of these subsidiaries and associate company. Further, she was in charge of obtaining financing for the company.

During her 10 years of audit experience, she audited various SME 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.

She joined our Group in May 2018 as the Chief Financial Officer where she is responsible for our Group's overall financial, tax and accounting matters as well as corporate finance related matters.

The position of Chief Financial Officer of our Group was previously held by Ng Kim Loong from 1 August 2017 to 6 April 2018.

- (ii) **Ng Sho Lin**, a Malaysian, aged 57, is DPI's Senior Manager of Finance and Administration. She obtained a Certificate (Business Studies) from Goon International College in 1982 and has since joined our Group after her graduation.

She has served our Group for 35 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 as well as administration operations. Her responsibilities include invoicing, monitoring receivables and supplier payments, debtors' and creditors' aging accounts as well as monthly bank reconciliations. 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.

3. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)

As Senior Manager of Finance and Administration of DPI, she oversees the finance, tax and accounting management of DPI such as the preparation of financial statements, ensuring compliance with the relevant tax laws and internal control matters as well as overseeing DPI's administrative matters to ensure smooth and efficient functioning of DPI's day-to-day operations.

- (iii) **Hing Hiang Sen**, a Malaysian, aged 56, is DPI's Senior Manager of Operations, Purchasing and HR. He graduated with a Bachelor of Economics from Universiti Kebangsaan Malaysia in August 1985. He subsequently obtained a Diploma in Management from Malaysian Institute of Management ("MIM") in January 1993 and has been a member of MIM since February 2006.

He began his career as a Management Trainee at Genting Bhd in September 1985. Subsequently, he joined Lenggor Manufacturing Sdn Bhd as an Assistant Manager in October 1986, where he was in charge of the company's administrative, production, packing and storage operations. In August 1987, he joined DPI as an Administration Executive and has been with us for over 30 years. He is involved in the day-to-day operations of our aerosol division in the areas of production, purchasing, inventory management and delivery of products. He was instrumental in establishing DPI's QMS and represents DPI's Quality Management division in dealings with the SGS certification body. He was in charge of successfully procuring the ISO 9002 certification for DPI in February 1996.

As DPI's Senior Manager of Operations, Purchasing and HR of DPI, he oversees the overall aerosol division production workflow which includes production allocation and in-process quality control, managing product inventory, raw materials sourcing and delivery of goods. He also ensures that DPI is in compliance with all relevant regulatory requirements and is DPI's key contact person for liaising with Government agencies. Further, he is also responsible for DPI's human resource matters and payroll functions.

- (iv) **Chen Sook Shin**, a Malaysian, aged 36, is DPIC's Operations and Purchasing Manager. 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 has 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, HR and administrative matters of DPIC.

3. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)

(b) Principal directorships and principal business activities outside our Group

Save for Peter Chai and Adam Chai, the details of which as disclosed in Section 3.2.1(b) of this Prospectus, our other key senior management have confirmed to us that they are not involved in other business activities outside our Group.

3.2.3 Key Technical Personnel

(a) Profiles of key technical personnel

The profiles of our key technical personnel are as follows:

- (i) Ng Wee Chen**, a Malaysian, aged 36, is DPI's Head of Product Development and Chemist. She graduated with a Bachelor of Science (Applied Chemistry) (Hons) from University of Malaya in August 2006. She began her career with Nikay Industries Sdn Bhd as a Chemist from May 2006 to June 2008 and was responsible for, amongst others, analysing competitors' products for future development and improvements, providing technical services to customers and arranging market trials for new products.

In July 2008, she joined DPI as a Chemist and was promoted to Head of Product Development and Chemist in March 2018. Her responsibilities as the Head of Product Development and Chemist include developing new products, improving existing products, improvising products based on customers' specific requirements and providing technical advice to the production and QC departments.

- (ii) Ng Kim Hoo**, a Malaysian, aged 54, is DPI's Section Head (Aerosol Production). In June 1984, he joined DPI as an Assistant Supervisor in the aerosol production division and was later promoted to Section Head (Aerosol Production) in February 2013. He had played a key role in the introduction and implementation of automation to DPI's aerosol filling lines which saw increased production efficiency.

As Section Head (Aerosol Production), he is responsible for the entire aerosol production process from aerosol production planning and the preparation of raw materials to the supervision of operations on the aerosol production floor to ensure timeliness of our production requirements. He also provides technical training to our aerosol production workers.

- (iii) Goh Boon Chai**, a Malaysian, aged 52, is DPI's Section Head (Aerosol QC). He first joined DPI as a QC Supervisor in March 1986 and in October 1991, he enrolled in a year-long part-time Diploma in QC at the International Correspondence Schools, Singapore. While studying, he continued on with his duties at DPI. He completed his Diploma in QC in October 1992. In February 2002, he was promoted to Section Head (Aerosol QC). He was instrumental in coordinating the setup of our aerosol QC policies and procedures which was required to meet our Japanese customer's quality specifications and requirements as well as qualify us for the ISO certifications.

As Section Head (Aerosol QC), he oversees all QC matters related to DPI's aerosol production such as monitoring the QC on the raw materials related to the aerosol paint production, updating our aerosol QC standards in accordance with industry standards and ensuring our aerosol QC activities are operating effectively. He is also responsible for establishing QC specifications and providing aerosol QC training to our aerosol production workers.

3. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)

- (iv) **Goh Chong Huat**, a Malaysian, aged 66, is DPI's Section Manager (Paints and Coatings Production). He began his career with Chin Wah (Paints) Pte Ltd ("**Chin Wah**") as a Delivery Staff in 1970 and was transferred to Chin Wah's factory in Johor Bahru in 1972 where he was in charge of the production of paints and coatings.

In March 1979, he joined DPI as a paint technician. He was promoted to Production Supervisor in January 1982 and then Section Manager (Paints and Coatings Production) in November 2017. He has over 46 years of experience in the paints and coatings industry and is well versed in the entire production process of the paints and coating. His responsibilities include paints and coatings production planning, organising and preparing raw materials for production, supervising the mixing process, maintenance of mixing machines as well as proper management and disposal of any wastes resulting from the mixing process.

- (v) **Lee Heng Seng**, a Malaysian, aged 60, is DPI's Section Head (QC Laboratory). In April 1977, he joined Nippon Paint (Malaysia) Sdn Bhd as a Colour Matcher where he was responsible for ensuring the colour paints produced were consistent and matches with its previous production. In 1986, he joined ICI Paints (M) Sdn Bhd ("**ICI**") and was trained to be a Laboratory Technician for the company's paints manufacturing division. During his tenure at ICI, he was also involved in the formulation of QC policies and procedures for the paint development division.

In 1990, he joined DPI as a Paint Technologist and in February 2016, he was promoted to Section Head (QC Laboratory). He oversees DPI's QC activities for paints production which includes testing and formulation of quality paints and coatings. He is responsible for matching current production colours to previous batches and ensuring that the properties of paints produced are consistent and meet our internal quality standards and customers' specifications.

(b) Principal directorships and principal business activities outside our Group

Our key technical personnel have confirmed to us that they are not involved in other business activities outside our Group.

3.2.4 Family relationship and association

Based on the declaration by our Promoters, substantial shareholders, Directors, key senior management and key technical personnel, there is no other family relationship or association between or amongst them save for Adam Chai who is the son of Peter Chai.

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3. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)

3.3 BOARD PRACTICES

According to our Constitution, all the Directors shall retire from office at the first annual general meeting of our Company. At the annual general meeting in every subsequent year an election of Directors shall take place and 1/3 of the Directors for the time being, or, if their number is not 3, or a multiple of 3, then the number nearest to 1/3 shall retire from office and be eligible for re-election provided always that all Directors including a Managing Director shall retire from office once at least in each 3 years but shall be eligible for re-election. A retiring Director shall retain office until the close of the general meeting at which he retires. An election of Directors shall take place every year and a retiring Director shall be eligible for re-election.

Any person appointed as Director, either to fill a casual vacancy or as an addition to the existing Directors, shall hold office only until the next annual general meeting and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at that meeting.

Our Executive Chairman and Managing Director positions are held by Peter Chai. This is not in line with paragraph 1.3 of Principle A of the MCGG whereby the Chairman and Chief Executive Officer (in the case of DPI Holdings, the Managing Director) are held by different individuals. Our Board is of the view that the above will not diminish the Board's role in providing leadership and responsibility for meeting the objectives and goals of the Company as the following measures and practices have been put in place to ensure consistency with the objectives of the MCGG:

- (i) Our Board comprises a majority of Independent Directors which fulfils the requirement embedded under Paragraph 4.1 of Principle A of the MCGG of at least half of the Board comprising Independent Directors. This will facilitate greater objectivity to the oversight function of our Board and curtail the executive power within the 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 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. Further, she is the Chairman of the Board Nomination Committee and a Member of the Board Remuneration Committee. This will ensure there are checks and balances in the areas of, amongst others, performance evaluation, executive remuneration, succession planning and appointment of new directors; and
- (iii) The terms of reference of the Executive Chairman, Managing Director and Senior Independent Non-Executive Director have been established to clearly set out the respective functions and demarcate the roles and boundaries of these positions in our board charter. The demarcation of the roles will ensure effective discharge of duties by Peter Chai in his capacity as our Executive Chairman or Managing Director of our Board.

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3. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)

3.3.1 Director's term of office

The date of appointment and the date of expiration of the current term of office of our Directors are set out below:

| Director ⁽¹⁾ | Date of appointment | No. of years in service | Date of expiration of the current term in office |
|-------------------------------------|---------------------|-------------------------|--|
| Peter Chai | 1 March 2018 | < 1 year | 28 February 2019 |
| Adam Chai | 1 March 2018 | < 1 year | 28 February 2019 |
| Datuk Seri Nurmala Binti Abd. Rahim | 1 March 2018 | < 1 year | 28 February 2019 |
| Fong Yoo Kaw @ Fong Yee Kow | 1 March 2018 | < 1 year | 28 February 2019 |
| Lua Kok Hiyong | 1 March 2018 | < 1 year | 28 February 2019 |

Note:

(1) Our Company was newly incorporated on 5 October 2017. The Directors were all appointed on 1 March 2018.

3.3.2 Board Committees

3.3.2.1 Audit and Risk Committee

The members of the Audit and Risk Committee are as follows:

| Director | Designation | Directorship |
|-------------------------------------|-------------|---|
| Fong Yoo Kaw @ Fong Yee Kow | Chairman | Independent Non-Executive Director |
| Datuk Seri Nurmala Binti Abd. Rahim | Member | Senior Independent Non-Executive Director |
| Lua Kok Hiyong | Member | Independent Non-Executive Director |

The duties and functions of our Audit and Risk Committee stated in the terms of reference, comprise, amongst others, the following:

- (a) review the Group's quarterly results and year-end financial statements before submission to the Board, focusing particularly:
 - (i) changes in or implementation of major accounting policy changes;
 - (ii) significant matters highlighted including financial reporting issues, significant judgments made by the management, significant and unusual events or transactions, and how these matters are addressed;
 - (iii) significant adjustments arising from audit;
 - (iv) compliance with accounting standards and other legal requirements; and
 - (v) going concern assumption;
- (b) recommend appointment or reappointment of external auditor and their audit fees;

3. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)

- (c) review with the external auditor on the following and report the same to the Board:
 - (i) audit plan;
 - (ii) audit report;
 - (iii) evaluations of the system of internal controls;
 - (iv) the assistance given by the employees to the external auditor;
 - (v) external auditor's report of deficiencies in internal control and management's response thereto; and
 - (vi) any significant audit findings, reservations, difficulties encountered or material weaknesses reported by the external auditor;
- (d) review with the internal auditor on the following and report the same to the Board:
 - (i) annual audit plan which is risk-based and focused on significant risk areas to ensure adequate scope and comprehensive coverage over the activities of the Group;
 - (ii) effectiveness of the internal audit processes as well as the adequacy of resources, competency and the necessary authority for the internal audit function;
 - (iii) internal audit report containing the internal audit findings, commentaries and recommendations and to follow-up on remedial actions;
 - (iv) effectiveness of internal control systems and risk management systems and have them considered if necessary; and
 - (v) external auditor's report of deficiencies in internal control and management's response thereto;
- (e) take cognisance of resignations of internal auditor and provide the resigning internal auditor with an opportunity to submit his reasons for resigning upon receipt of such notice of resignation;
- (f) review the appraisal or assessment of performance of the internal auditor;
- (g) review the following and report the same to the Board:
 - (i) Annual Statement of Risk Management and Internal Control to be published in the Annual Report;
 - (ii) any related party transactions and conflict of interest situations that may arise including any transaction, procedure or course of conduct that raises question of management integrity;
 - (iii) any letter of resignation from the external auditor or suggestions for their dismissal; and
 - (iv) whether there is reason (supported by grounds) to believe that the external auditor is not suitable for reappointment;
- (h) review the adequacy and effectiveness of risk management and internal control system within our Group;

3. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)

- (i) assess processes and procedures to ensure compliance with all laws, rules and regulations, directives and guidelines established by the relevant regulatory bodies; and
- (j) carry out any other function that may be mutually agreed upon by the Audit and Risk Committee and the Board.

3.3.2.2 Remuneration Committee

The members of the Remuneration Committee are as follows:

| Director | Designation | Directorship |
|-------------------------------------|-------------|---|
| Lua Kok Hiyong | Chairman | Independent Non-Executive Director |
| Datuk Seri Nurmala Binti Abd. Rahim | Member | Senior Independent Non-Executive Director |
| Peter Chai | Member | Executive Chairman / Managing Director |

The duties and functions of our Remuneration Committee stated in the terms of reference, comprise, amongst others, the following:

- (a) recommend to the Board the framework of remuneration of Executive Directors and the remuneration package for each Executive Director, drawing from outside advice as necessary;
- (b) recommend to the Board guidelines for determining remuneration of Non-Executive Directors;
- (c) recommend to the Board any performance related pay schemes for Executive Directors;
- (d) review the scope of service contract of Executive Directors (if any);
- (e) consider the appointment of the service of such advisers or consultants as it deems necessary to fulfil its functions; and
- (f) review any major changes in remuneration policy and employee benefit structures throughout the Company or Group, and if thought fit, recommend them to the Board for adoption.

3.3.2.3 Nomination Committee

The composition of the Nomination Committee are as follows:

| Director | Designation | Directorship |
|-------------------------------------|-------------|---|
| Datuk Seri Nurmala Binti Abd. Rahim | Chairman | Senior Independent Non-Executive Director |
| Fong Yoo Kaw @ Fong Yee Kow | Member | Independent Non-Executive Director |
| Lua Kok Hiyong | Member | Independent Non-Executive Director |

3. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)

The duties and functions of our Nomination Committee stated in the terms of reference, comprise, amongst others, the following:

- (a) recommend to the Board, candidates for all directorships to be filled by the shareholders or the Board. In making its recommendations, the Nomination Committee should consider the candidates' skills, knowledge, expertise and experience, professionalism, integrity and in the case of candidates for the position of Independent Non-Executive Directors, the Nomination Committee should also evaluate the candidates' ability to discharge such responsibilities / functions as expected from Independent Non-Executive Directors;
- (b) 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;
- (c) recommend to the Board, Directors to fill seats on Board Committees;
- (d) assess the effectiveness of the Board as a whole;
- (e) assess the effectiveness of the committees of the Board;
- (f) assess the contribution of each individual Director;
- (g) review and recommend to the Board the required mix of skills and experience and other qualities the Board requires in order to function completely and efficiently;
- (h) assess the performance and contribution of Directors who stand for re-election whether they meet established performance evaluation criteria;
- (i) develop criteria to assess independence of Directors;
- (j) review Board's succession plan;
- (k) facilitate Board induction and training for newly appointed Directors;
- (l) review training programs for the Board; and
- (m) facilitate achievement of Board gender diversity policies and targets.

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

3.3.3 Service Contracts

There are no existing and proposed service contract between our Group and our Directors, key senior management and key technical personnel, which provide for benefits upon termination of employment.

3. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)

3.3.4 Shareholdings in our Company

(a) Directors

The Directors' shareholdings in our Company before and after the IPO are as follows:

| Name | Designation | Before the IPO | | | After the IPO | | | | |
|---|---|----------------|-------|---------------------------|---------------|-------------|----------|---------------------------|-------|
| | | Direct | | Indirect | Direct | | Indirect | | |
| | | No. of Shares | % | | No. of Shares | % | | | |
| Peter Chai | Executive Chairman / Managing Director | 277,331,672 | 77.00 | 82,839,328 ⁽¹⁾ | 23.00 | 277,331,672 | 56.98 | 82,839,328 ⁽¹⁾ | 17.02 |
| Adam Chai | Deputy Managing Director / Marketing and Business Development Director | 82,839,328 | 23.00 | - | - | 82,839,328 | 17.02 | - | - |
| Datuk Seri Nurmala Binti Abd. Rahim | Senior Independent Non-Executive Director | - | - | - | - | 200,000 | 0.04 | - | - |
| Fong Yoo Kaw @ Fong Yee Kow | Independent Non- Executive Director | - | - | - | - | 200,000 | 0.04 | - | - |
| Lua Hiyong | Independent Non- Executive Director | - | - | - | - | 200,000 | 0.04 | - | - |

Note:

(1) Indirect interest pursuant to Section 59(11)(c) of the Act.

3. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)

(b) Key senior management

The shareholdings of Peter Chai (our Executive Chairman / Managing Director) and Adam Chai (our Deputy Managing Director / Marketing and Business Development Director) are set out in Section 3.3.4(a) of this Prospectus.

The other key senior management's shareholdings in our Company before and after the IPO are as follows:

| Name | Designation | Before the IPO | | After the IPO | |
|-----------------------|--|----------------|---|---------------|------|
| | | No. of Shares | % | No. of Shares | % |
| Cecelia Lai Pooi Chui | Group Chief Financial Officer | - | - | 200,000 | 0.04 |
| Ng Sho Lin | Senior Manager, Finance and Administration of DPI | - | - | 400,000 | 0.08 |
| Hing Hiang Sen | Senior Manager, Operations, Purchasing and HR of DPI | - | - | 400,000 | 0.08 |
| Chen Sook Shin | Operations and Purchasing Manager of DPIC | - | - | 400,000 | 0.08 |

(c) Key technical personnel

The key technical personnel's shareholdings in our Company before and after the IPO are as follows:

| Name | Designation | Before the IPO | | After the IPO | |
|----------------|---|----------------|---|---------------|------|
| | | No. of Shares | % | No. of Shares | % |
| Ng Wee Chen | Head of Product Development and Chemist of DPI | - | - | 400,000 | 0.08 |
| Ng Kim Hoo | Section Head, Aerosol Production of DPI | - | - | 400,000 | 0.08 |
| Goh Boon Chai | Section Head, Aerosol QC of DPI | - | - | 400,000 | 0.08 |
| Goh Chong Huat | Section Manager, Paint and Coatings Production of DPI | - | - | 400,000 | 0.08 |
| Lee Heng Seng | Section Head, QC Laboratory of DPI | - | - | 400,000 | 0.08 |

3. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)

3.4 REMUNERATION OF DIRECTORS AND KEY SENIOR MANAGEMENT

(a) Directors

(i) FYE 2018

The aggregate remuneration and material benefits-in-kind (which includes contingent or deferred remuneration) paid to the Directors for services rendered in all capacities to our Group for FYE 2018 are as follows:

| Name | Fixed and non-deferred remuneration | | | Variable and non-deferred remuneration | | Total RM'000 |
|---|-------------------------------------|------------------|---|--|--------------------------------|-----------------|
| | Directors' Fee RM'000 | Salary RM'000 | Other emolument ⁽¹⁾ RM'000 | Bonus RM'000 | Benefits-in- kind RM'000 | |
| Peter Chai | 35 | 631 | 76 | - | - | 742 |
| Adam Chai ⁽²⁾ | - | 90 | 11 | - | - | 101 |
| Datuk Seri Nurmalia Binti Abd. Rahim ⁽³⁾ | - | - | - | - | - | - |
| Fong Yoo Kaw @ Fong Yee Kow ⁽³⁾ | - | - | - | - | - | - |
| Lua Kok Hiyong ⁽³⁾ | - | - | - | - | - | - |

Notes:

- (1) Being EPF and SOCSO.
- (2) His remuneration only commenced from 1 December 2017 onwards
- (3) Only appointed as our Directors on 1 March 2018.

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3. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)

(ii) FYE 2019

The aggregate remuneration and material benefits-in-kind (which includes contingent or deferred remuneration) paid or expected to be paid to the Directors for services rendered in all capacities to our Group for FYE 2019 are as follows:

| Name | Fixed and non-deferred remuneration | | | Variable and non-deferred remuneration | | Total RM'000 |
|---|-------------------------------------|------------------|---|--|--------------------------------|-----------------|
| | Directors' Fee RM'000 | Salary RM'000 | Other emolument ⁽¹⁾ RM'000 | Bonus RM'000 | Benefits-in- kind RM'000 | |
| Peter Chai | 60 | 666 | 80 | - | - | 806 |
| Adam Chai | 60 | 180 | 22 | - | - | 262 |
| Datuk Seri Nurmalia Binti Abd. Rahim | 60 | - | - | - | - | 60 |
| Fong Yoo Kaw @ Fong Yee Kow | 60 | - | - | - | - | 60 |
| Lua Kok Hiyong | 60 | - | - | - | - | 60 |

Note:

(1) Being EPF and SOCSO.

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3. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)

(b) Key senior management

The aggregate remuneration and material benefits-in-kind (which includes contingent or deferred remuneration) paid to Peter Chai (our Executive Chairman / Managing Director) and Adam Chai (our Deputy Managing Director / Marketing & Business Development Director) are set out in Section 3.4(a) of this Prospectus.

The aggregate remuneration and material benefits-in-kind (which includes contingent or deferred remuneration) paid or expected to be paid to the other key senior management for services rendered in all capacities to our Group are as follows:

(i) FYE 2018

| Name | Fixed and non-deferred remuneration | | | | Variable and non-deferred remuneration | | Total RM'000 |
|--------------------------------------|-------------------------------------|---|------------------------------------|--------------------------------|--|------------------------------------|-----------------|
| | Salary RM'000 | Other emolument ⁽¹⁾ RM'000 | Allowance ⁽²⁾ RM'000 | Benefits-in- kind RM'000 | Bonus RM'000 | Incentive ⁽³⁾ RM'000 | |
| Cecelia Lai Pooi Chui ⁽⁴⁾ | 0-50 | 0-50 | - | - | - | - | 0-50 |
| Ng Sho Lin | 151-200 | 0-50 | - | - | 0-50 | 0-50 | 201-250 |
| Hing Hiang Sen | 101-150 | 0-50 | - | - | 0-50 | 0-50 | 151-200 |
| Chen Sook Shin ⁽⁵⁾ | 0-50 | 0-50 | 0-50 | - | 0-50 | - | 51-100 |

Notes:

- (1) Being EPF and SOCSO.
- (2) Being car allowance.
- (3) Being incentives paid based on internal criteria.
- (4) Cecelia Lai Pooi Chui, our Group Chief Financial Officer, only joined our Group on 21 May 2018.
- (5) Chen Sook Shin, DPIC's Operations and Purchasing Manager, was transferred to our Group on 1 September 2017.

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3. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)

(ii) FYE 2019

| Name | Fixed and non-deferred remuneration | | | | Variable and non-deferred remuneration | | Total RM'000 |
|-----------------------|-------------------------------------|---|------------------------------------|--------------------------------|--|------------------------------------|-----------------|
| | Salary RM'000 | Other emolument ⁽¹⁾ RM'000 | Allowance ⁽²⁾ RM'000 | Benefits-in- kind RM'000 | Bonus RM'000 | Incentive ⁽³⁾ RM'000 | |
| Cecelia Lai Pooi Chui | 151-200 | 0-50 | - | - | 0-50 | - | 201-250 |
| Ng Sho Lin | 151-200 | 0-50 | - | - | 0-50 | 0-50 | 201-250 |
| Hing Hiang Sen | 101-150 | 0-50 | - | - | 0-50 | 0-50 | 151-200 |
| Chen Sook Shin | 51-100 | 0-50 | 0-50 | - | 0-50 | - | 101-150 |

Notes:

(1) Being EPF and SOCSO.

(2) Being car allowance.

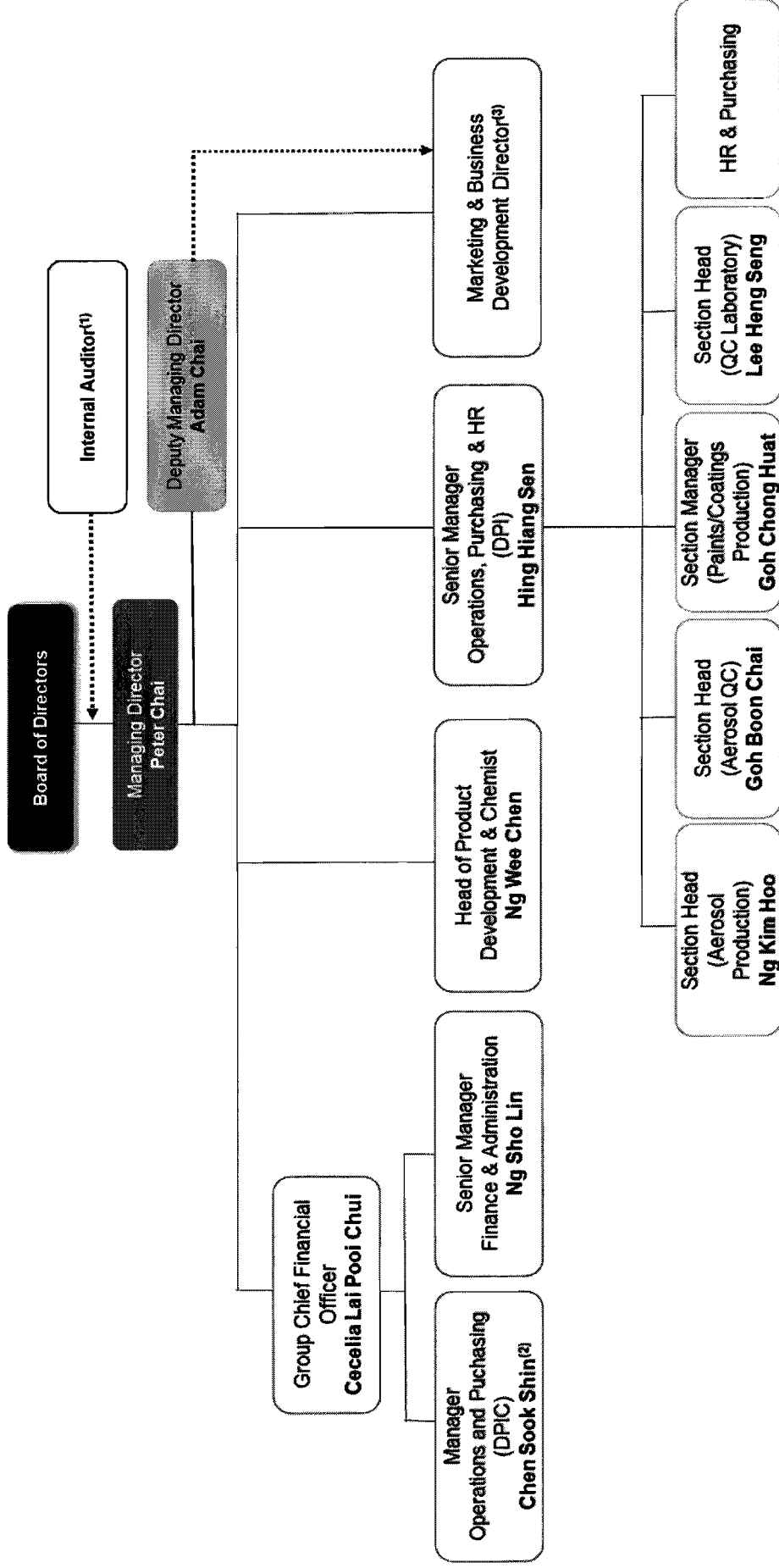
(3) Being incentives paid based on internal criteria.

We do not have any profit-sharing plan for our Directors and key senior management as at the LPD.

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3. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)

3.5 MANAGEMENT REPORTING STRUCTURE



Notes:

- (1) Comprise an Internal Control firm to be appointed prior to our Listing.
- (2) The Operations and Purchasing Manager at DPIC also reports directly to the Managing Director for non-finance related matters.
- (3) Adam Chai is the Marketing and Business Development Director and Deputy Managing Director.

3. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)

3.6 DECLARATION BY EACH PROMOTER, DIRECTOR, MEMBER OF KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL

None of our Promoters, Directors, key senior management or key technical personnel is or has been involved in any of the following events (whether in or outside Malaysia):

- (i) in the last 10 years, a petition under any bankruptcy or insolvency laws was filed (and not struck out) against such person or any partnership of which he was a partner or any corporation of which he was a director or member of key senior management;
- (ii) disqualified from acting as a director of any corporation, or from taking part directly or indirectly in the management of any corporation;
- (iii) in the last 10 years, was charged and/or convicted in a criminal proceeding or being named as subject of a pending criminal proceeding;
- (iv) in the last 10 years, any judgment was entered against such person, or finding of fault, misrepresentation, dishonesty, incompetence or malpractice on his part, involving a breach of any law or regulatory requirement that relates to the capital market;
- (v) in the last 10 years, was the subject of any civil proceeding, involving an allegation of fraud, misrepresentation, dishonesty, incompetence or malpractice on his part that relates to the capital market;
- (vi) was the subject of any order, judgement or ruling of any court, government, or regulatory authority or body temporarily enjoining him from engaging in any type of business practice or activity;
- (vii) was the subject of any current investigation or disciplinary proceeding, or in the last 10 years has been reprimanded or issued any warning by any regulatory authority, securities or derivatives exchange, professional body or government agency; or
- (viii) whether there is any unsatisfied judgment against him.

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4. INFORMATION ON OUR GROUP

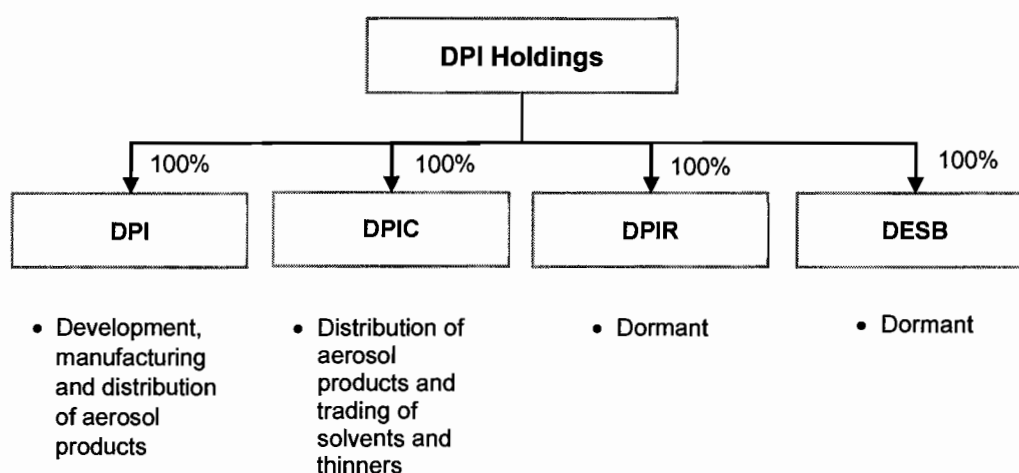
4.1 OUR COMPANY

DPI Holdings was incorporated in Malaysia on 5 October 2017 under the Act as a private limited company under the name DPI Holdings Sdn Bhd. On 5 February 2018, our Company was converted to a public limited company under the name of DPI Holdings Berhad to embark on our Listing.

Our principal activity is investment holding whereas our subsidiaries are principally involved in the development, manufacturing and distribution of aerosol products for the automotive, industrial and household markets. Our Group is also involved in trading of solvents and thinners.

4.2 OUR GROUP

The structure of our Group is diagrammatically illustrated below:



4.3 ACQUISITIONS

In conjunction with, and as an integral part of the Listing, we have undertaken the Acquisitions. DPI Holdings had on 15 November 2017 entered into 4 conditional share sale and purchase agreements and supplemented by supplemental conditional share sale and purchase agreements dated 14 February 2018 in relation to the Acquisitions.

The total consideration of RM36,017,058 for the Acquisitions was satisfied in full by the allotment and issuance of 360,170,980 Shares at an issue price of approximately RM0.10 per Share to the Vendors, the details of which are as follows:

| Subsidiary | Consideration | |
|--------------|--------------------|-------------------|
| | Number of Shares | RM |
| DPI | 303,811,810 | 30,381,147 |
| DPIC | 49,098,622 | 4,909,857 |
| DPIR | 7,260,538 | 726,053 |
| DESB | 10 | 1 |
| Total | 360,170,980 | 36,017,058 |

The Acquisitions were completed on 1 March 2018 where DPI, DPIC, DPIR and DESB became our wholly-owned subsidiaries.

4. INFORMATION ON OUR GROUP (Cont'd)

Details of the Acquisitions are as follows:

(i) DPI Acquisition

The purchase consideration of RM30,381,147 for DPI Acquisition was arrived at after taking into consideration the audited NA of DPI as at 30 November 2017 of RM26,293,342 and after adjusting for the net revaluation surplus of the properties of DPI (namely K26, K68, K68-A, K69, K69-1 and Lot 11078) amounting to RM4,094,073 and elimination of unrealised profits in inventories sold to DPIC of RM6,268, as computed below:

| | RM |
|--|------------|
| Audited NA of DPI as at 30 November 2017 | 26,293,342 |
| <i>Add:</i> Net revaluation surplus | 4,094,073 |
| | 30,387,415 |
| <i>Less:</i> Elimination of unrealised profits in inventories sold to DPIC | (6,268) |
| Adjusted audited NA of DPI as at 30 November 2017 | 30,381,147 |

Please refer to Section 10 of this Prospectus for further details of the valuation of DPI's properties (namely K26, K68, K68-A, K69, K69-1 and Lot 11078).

The purchase consideration was satisfied via the issuance and allotment of 303,811,810 new Shares at an issue price of approximately RM0.10 per Share to the Vendors as follows:

| Vendors | Shareholding in DPI | | Purchase consideration RM'000 | No. of new Shares issued |
|----------------|----------------------------|---------------|--|---------------------------------|
| | No. of shares | % held | | |
| Peter Chai | 4,004,000 | 77.00 | 23,393 | 233,935,094 |
| Adam Chai | 1,196,000 | 23.00 | 6,988 | 69,876,716 |
| Total | 5,200,000 | 100.00 | 30,381 | 303,811,810 |

(ii) DPIC Acquisition

The purchase consideration of RM4,909,857 for DPIC Acquisition was arrived at based on the audited NA of DPIC as at 30 November 2017 of RM4,189,929 and after adjusting for the net gain from disposal of a piece of leasehold land in Kapar, Klang of RM831,617 and elimination of unrealised profits in inventories sold to DPI of RM111,689, as computed below:

| | RM |
|---|-----------|
| Audited NA of DPIC as at 30 November 2017 | 4,189,929 |
| <i>Add:</i> Net gain from disposal of Klang land | 831,617 |
| | 5,021,546 |
| <i>Less:</i> Elimination of unrealised profits in inventories sold to DPI | (111,689) |
| Adjusted audited NA of DPIC as at 30 November 2017 | 4,909,857 |

DPIC had on 15 December 2017 entered into a sale and purchase agreement to dispose a piece of leasehold land in Kapar, Klang which the disposal was subsequently completed on 15 March 2018. Please refer to Section 4.23(ix) for further details of the aforesaid disposal.

4. INFORMATION ON OUR GROUP (Cont'd)

The purchase consideration was satisfied via the issuance and allotment of 49,098,622 new Shares at an issue price of approximately RM0.10 per Share to the Vendors as follows:

| Vendors | Shareholding in DPIC | | Purchase consideration RM'000 | No. of new Shares issued |
|--------------|----------------------|---------------|----------------------------------|--------------------------|
| | No. of shares | % held | | |
| Peter Chai | 1,243,563 | 77.00 | 3,781 | 37,805,939 |
| Adam Chai | 371,453 | 23.00 | 1,129 | 11,292,683 |
| Total | 1,615,016 | 100.00 | 4,910 | 49,098,622 |

(iii) DPIR Acquisition

The purchase consideration of RM726,053 for DPIR Acquisition was arrived at based on the audited NA of DPIR as at 30 November 2017 and was satisfied via the issuance and allotment of 7,260,538 new Shares at an issue price of approximately RM0.10 per Share to the Vendors as follows:

| Vendors | Shareholding in DPIR | | Purchase consideration RM'000 | No. of new Shares issued |
|--------------|----------------------|---------------|----------------------------------|--------------------------|
| | No. of shares | % held | | |
| Peter Chai | 388,465 | 77.00 | 559 | 5,590,614 |
| Adam Chai | 116,035 | 23.00 | 167 | 1,669,924 |
| Total | 504,500 | 100.00 | 726 | 7,260,538 |

(iv) DESB Acquisition

The nominal purchase consideration of RM1 for the DESB Acquisition was arrived at after taking into consideration the audited net liabilities of DESB as at 30 November 2017 of RM43,801 and was satisfied via the issuance and allotment of 10 new Shares at an issue price of RM0.10 per Share to the Vendors as follows:

| Vendors | Shareholding in DESB | | Purchase consideration RM | No. of new Shares issued |
|--------------|----------------------|---------------|------------------------------|--------------------------|
| | No. of shares | % held | | |
| Peter Chai | 1 | 50.00 | 0.50 | 5 |
| Adam Chai | 1 | 50.00 | 0.50 | 5 |
| Total | 2 | 100.00 | 1.00 | 10 |

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4. INFORMATION ON OUR GROUP (Cont'd)**4.4 SHARE CAPITAL**

Our present issued share capital is RM36,017,078 comprising 360,171,000 Shares.

The changes in our issued share capital since the date of our incorporation up to the LPD are as follows:

| Date of allotment | No. of Shares allotted | Type of issue/Consideration | Cumulative issued share capital (RM) |
|-------------------|------------------------|--|--------------------------------------|
| 5 October 2017 | 20 | Cash paid for subscribers' Shares | 20 |
| 1 March 2018 | 360,170,980 | Shares issued pursuant to the Acquisitions | 36,017,078 |

There were no discounts, special terms or instalment payment terms applicable to the payment of consideration for the above allotments. The allotment of the Shares issued pursuant to the Acquisitions was based on the respective share sale and purchase agreements, the basis of which is as set out in Section 4.3 of this Prospectus.

4.5 INFORMATION ON OUR SUBSIDIARIES

The details of our subsidiaries are as below:

| Name | Date and country of incorporation | Issued share capital (RM) | Our Company's effective equity interest (%) | Principal activities |
|------|-----------------------------------|---------------------------|---|---|
| DPI | 16 October 1975 / Malaysia | 5,200,000 | 100.00 | Development, manufacturing, and distribution of aerosol products |
| DPIC | 9 January 1991 / Malaysia | 1,615,016 | 100.00 | Distribution of aerosol products and trading of solvents and thinners |
| DPIR | 31 May 2004 / Malaysia | 504,500 | 100.00 | Dormant |
| DESB | 27 July 1996 / Malaysia | 2 | 100.00 | Dormant |

Further details of our subsidiaries are enclosed below.

4.5.1 DPI**(a) History and Business**

DPI was incorporated in Malaysia as a private limited company under the Act on 16 October 1975 under the name of Syarikat Fuszi Kilang Cat (M) Sdn Bhd. Subsequently, on 1 November 1980, it changed its name to Kilang Cat Fuszi (M) Sdn Bhd and on 21 March 1984, it changed its name to Dovechem Paint Industries Sdn Bhd. It assumed its present name on 30 January 1986.

DPI's principal place of business is at Kawasan Perindustrian Tanjung Agas, Kesang, Tangkak, Johor. DPI's principal activities are carrying out development, manufacturing and distribution of aerosol products. DPI commenced its aerosol paints business in 1982.

4. INFORMATION ON OUR GROUP (Cont'd)

(b) Share Capital

The issued share capital of DPI is RM5,200,000. There were no changes in the issued share capital of DPI during the FY Under Review.

(c) Shareholder

DPI is a wholly-owned subsidiary of our Company.

(d) Directors

The Directors of DPI are Peter Chai and Adam Chai.

(e) Subsidiary and associate company

DPI does not have any subsidiary or associate company.

4.5.2 DPIC

(a) History and Business

DPIC was incorporated in Malaysia as a private limited company under the Act on 9 January 1991 under the name of DPI Marketing Sdn Bhd and it assumed its present name on 5 April 1994.

DPIC's principal place of business is at Elite Industrial Park, Off Jalan Bukit Kemuning, Shah Alam, Selangor. DPIC's principal activities are distribution of aerosol products and trading of solvents and thinners. DPIC commenced its operations in 1991.

(b) Share Capital

The issued share capital of DPIC is RM1,615,016. There were no changes in the issued share capital of DPIC during the FY Under Review.

(c) Shareholder

DPIC is a wholly-owned subsidiary of our Company.

(d) Directors

The Directors of DPIC are Peter Chai and Adam Chai.

(e) Subsidiary and associate company

DPIC does not have any subsidiary or associate company.

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4. INFORMATION ON OUR GROUP (Cont'd)

4.5.3 DPIR

(a) **History and Business**

DPIR was incorporated in Malaysia as a private limited company under the Act on 31 May 2004 under the name of Byfield Resources Sdn Bhd. Subsequently, on 6 July 2004, it assumed its present name.

DPIR has ceased operation and has been dormant since FYE 2016.

(b) **Share Capital**

The issued share capital of DPIR is RM504,500. There were no changes in the issued share capital of DPIR during the FY Under Review.

(c) **Shareholder**

DPIR is a wholly-owned subsidiary of our Company.

(d) **Directors**

The Directors of DPIR are Peter Chai and Adam Chai.

(e) **Subsidiary and associate company**

DPIR does not have any subsidiary or associate company.

4.5.4 DESB

(a) **History and Business**

DESB was incorporated in Malaysia as a private limited company under the Act on 27 July 1996.

DESB has been dormant since incorporation.

(b) **Share Capital**

The issued share capital of DPIR is RM2. There were no changes in the issued share capital of DESB during the FY Under Review.

(c) **Shareholder**

DESB is a wholly-owned subsidiary of our Company.

(d) **Directors**

The Directors of DESB are Peter Chai and Adam Chai.

(e) **Subsidiary and associate company**

DESB does not have any subsidiary or associate company.

4. INFORMATION ON OUR GROUP (Cont'd)

4.6 TAKE-OVER OFFER

During the FY Under Review and up to the LPD, there were no:

- public take-over offers by third parties in respect of our Shares; and
- public take-over offers by our Company in respect of other corporation's shares.

4.7 LISTING SCHEME

In conjunction with, and as an integral part of our Listing, the details of our listing scheme are set out below.

4.7.1 IPO

We will undertake an IPO of 126,560,000 IPO Shares, representing approximately 26.00% of our enlarged issued share capital which will be allocated in the following manner:

(i) Malaysian Public

24,340,000 IPO Shares (which represents 5.00% of our enlarged share capital) will be made available for application by the Malaysian Public through a balloting process as follows:

- (a) 12,170,000 IPO Shares (which represents 2.50% of our enlarged share capital) will be strictly made available to the Bumiputera Malaysian Public; and
- (b) 12,170,000 IPO Shares (which represents 2.50% of our enlarged share capital) will be made available to the Malaysian Public.

(ii) Placement – Bumiputera Investors

48,674,000 IPO Shares (which represents 10.00% of our enlarged share capital) will be made available for application through placement to selected Bumiputera Investors approved and recognised by MITI.

(iii) Placement – Selected Investors

39,426,000 IPO Shares (which represents 8.10% of our enlarged share capital) will be made available for application through placement to Selected Investors.

(iv) Eligible Parties – Pink Form Shares

14,120,000 IPO Shares (which represents 2.90% of our enlarged share capital) will be reserved for application by the Eligible Parties.

4.7.2 Listing

We shall seek the admission to the Official List and the listing of and quotation for our entire enlarged share capital of RM67,657,078 comprising 486,731,000 Shares on the ACE Market of Bursa Securities.

4. INFORMATION ON OUR GROUP (Cont'd)

4.8 HISTORY AND BACKGROUND

The history of our Group began in 1980 when Peter Chai, our Promoter, was appointed as a Director of DPI and was in charge of DPI's overall business and manufacturing operations. DPI's principal activities then was the manufacturing of paints for decorative and household applications.

In 1982, due to rising competition in the paints and coatings industry, DPI decided to venture into the manufacturing of aerosol paints, a niche segment within the paints and coatings industry, as a means to differentiate ourselves from our competitors. We invested and installed a single manual aerosol filling line to produce aerosol paints. In 1983, we successfully developed and launched 10 aerosol paint colours under our 1st in-house brand, "DPI", in Malaysia and Singapore.

In 1986, we accelerated the development and expansion of our aerosol paints business by adding 2 manual aerosol filling lines to increase our production capacity, increasing our aerosol paint colour range to 30 colours, and launched our 2nd in-house brand, "Anchor".

At the same time, we began offering private label manufacturing services. We secured 2 private label customers, namely, Ban Hing Paints Sdn Bhd and Hock Eng Kimia Sdn Bhd. For our private label customers, we manufacture the paints as well as provide aerosol filling and packaging under their respective brands.

In 1988, we increased our range of aerosol paints to over 50 colours, launched our 3rd in-house brand, "Kromoto", and began manufacturing new premium colours specifically targeted at the automotive industry. We also introduced our first industrial aerosol product, "DPI RS-4", an aerosol lubricant for the local market. Our DPI RS-4 product was rebranded as "Anchor RS-4" in 2017 to reposition it as a premium product after having improved its product design by introducing a '360 Degree Spray' and a '2-way valve' system for our industrial aerosol products.

In 1991, we moved our operations to a bigger factory located at K69 to support the growing demand for our aerosol paints. After moving into K69, we replaced our 3 old manual aerosol filling lines with 3 new semi-automated aerosol filling lines and 1 new fully-automated aerosol filling line.

In 1991, DPIC was incorporated for the purposes of trading in solvents and thinners. Our solvent trading business enables our Group to better manage our overall manufacturing costs through bulk purchases of solvents as this allows us to obtain bulk discounts. These solvents are sold to DPI for the production of paints, or repackaged and sold to other local customers, or used in our thinner blending activities. Through the sale of solvents to local customers, we received many inquiries for thinners, which had led to DPIC starting the blending and trading of thinners.

In 1992, we were approached by Ichinen Chemicals Co., Ltd (then known as Kohzai Co. Ltd) from Japan to assess and audit our manufacturing capabilities as a private label manufacturer for aerosol products. We saw this as an excellent opportunity to improve DPI's manufacturing and QC processes to meet the Japanese company's stringent quality requirements. It took more than 5 years of continuous improvements to our production processes before being appointed as Ichinen Chemicals Co., Ltd's private label manufacturer in 1998. Over the years, they remain as our private label customer.

With Ichinen Chemicals Co., Ltd as our first overseas private label customer, we saw this as an ideal platform to market DPI's private label manufacturing services in other developed countries. We acknowledged that it would be costly to commercialise our in-house brand aerosol products to compete with other established brands in developed countries. As such, we made the strategic decision to focus on growing our sales and brand presence in Malaysia whilst marketing our private label manufacturing services to potential customers in developed countries. Our other overseas private label customers are from Australia, New Zealand, Singapore and Indonesia.

4. INFORMATION ON OUR GROUP (Cont'd)

In 1994, DPIC took an additional role to become a distributor for DPI's aerosol products. By having DPIC as a distributor, we can leverage on DPIC to sell and distribute our in-house brand aerosol products. As at the LPD, DPIC sells to approximately 630 customers including sub-distributors and retailers throughout Malaysia from its sales offices located in Penang, Ipoh and the Klang Valley.

In 1996, DPI obtained the ISO 9002:1994 to validate that our QMS complies with international standards and requirements for the development and manufacturing of aerosol products. In 2004, DPI applied and successfully obtained the ISO 9001:2008 certification which recognises our QMS in the development, manufacturing and packaging of aerosol paints and other surface coating products, mould release agents, sliding agents, anti-corrosive and penetrating agents and metal treatment products as well as the development and manufacturing of hot-applied thermoplastic marking materials. In 2018, DPI applied and successfully updated its certification to ISO 9001:2015.

DESB was incorporated in 1996 with the intention to produce dimethyl ether gas as a propellant for our aerosol products. To date, DESB is still dormant as it has yet to commence any business operations.

Since 1998, our brands, products and services have been recognised on various occasions through multiple awards received. During the FY Under Review, our Group has received the Golden Eagle Award, the Platinum Business Award and the Sin Chew Business Excellence Award.

In 2004, DPIR was incorporated to market and distribute DPI's aerosol products in Malaysia. During FYE 2016, in order to reduce costs and maintain price competitiveness, our Group's aerosol business was streamlined where, DPIR's distribution operations were consolidated into DPI. Subsequently, DPIR became a dormant company. Further, in 2004, DPI started a plastic injection moulding division to produce plastic caps for our aerosol products.

In 2017, our Group was formed when DPI Holdings entered into conditional share sale and purchase agreements in relation to the Acquisitions. The Acquisitions were completed in 2018 where DPI, DPIC, DPIR and DESB became our wholly-owned subsidiaries.

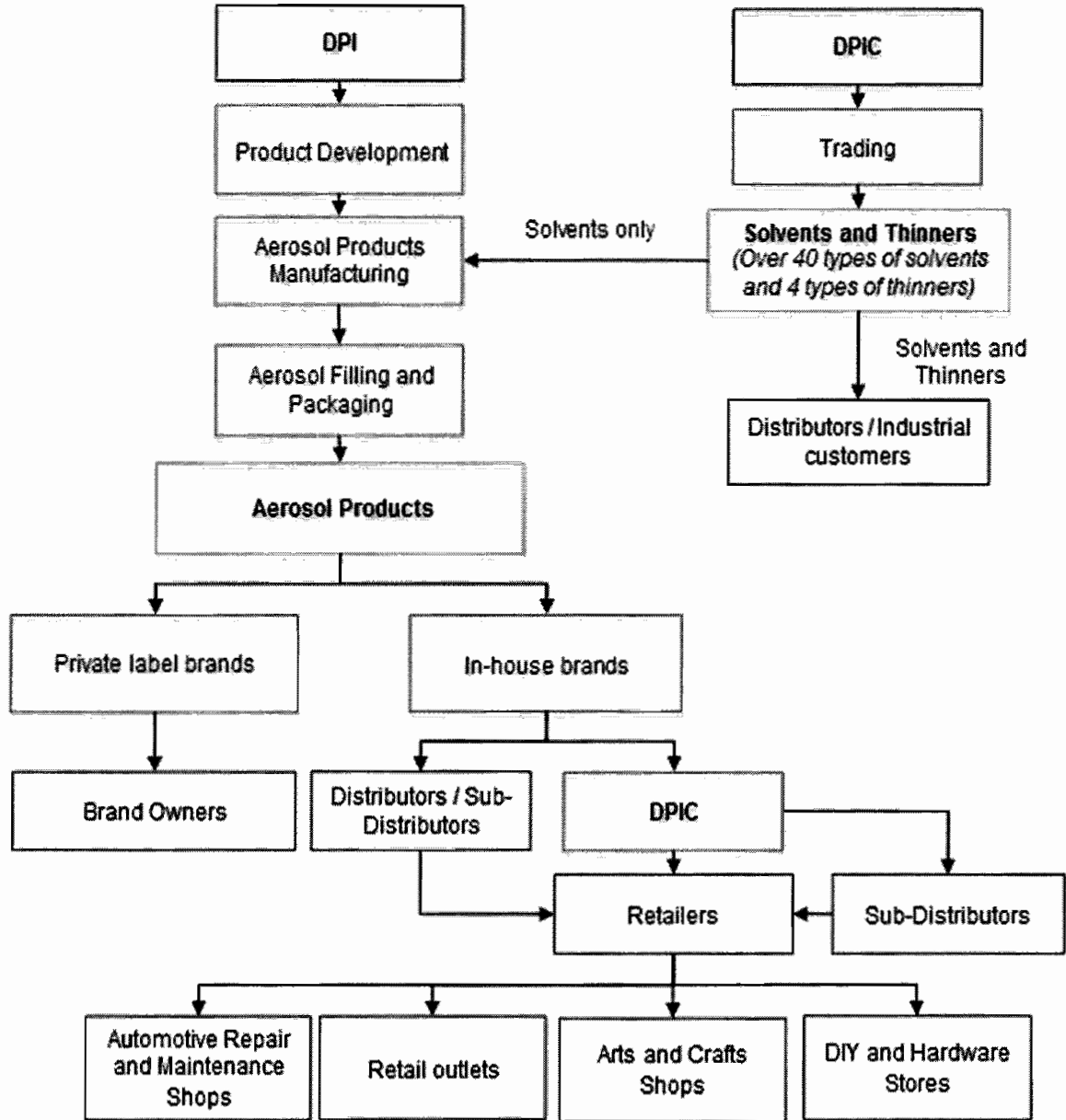
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4. INFORMATION ON OUR GROUP (Cont'd)

4.9 OUR BUSINESS

4.9.1 Business Model

Our Group's business model is illustrated below:

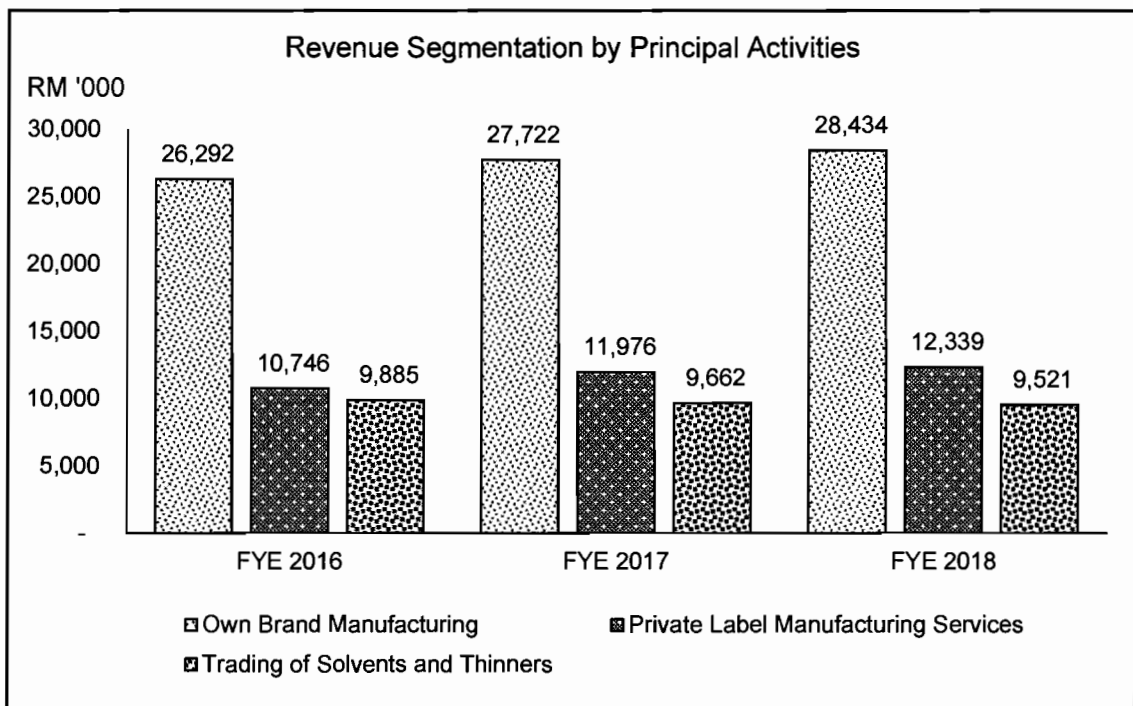
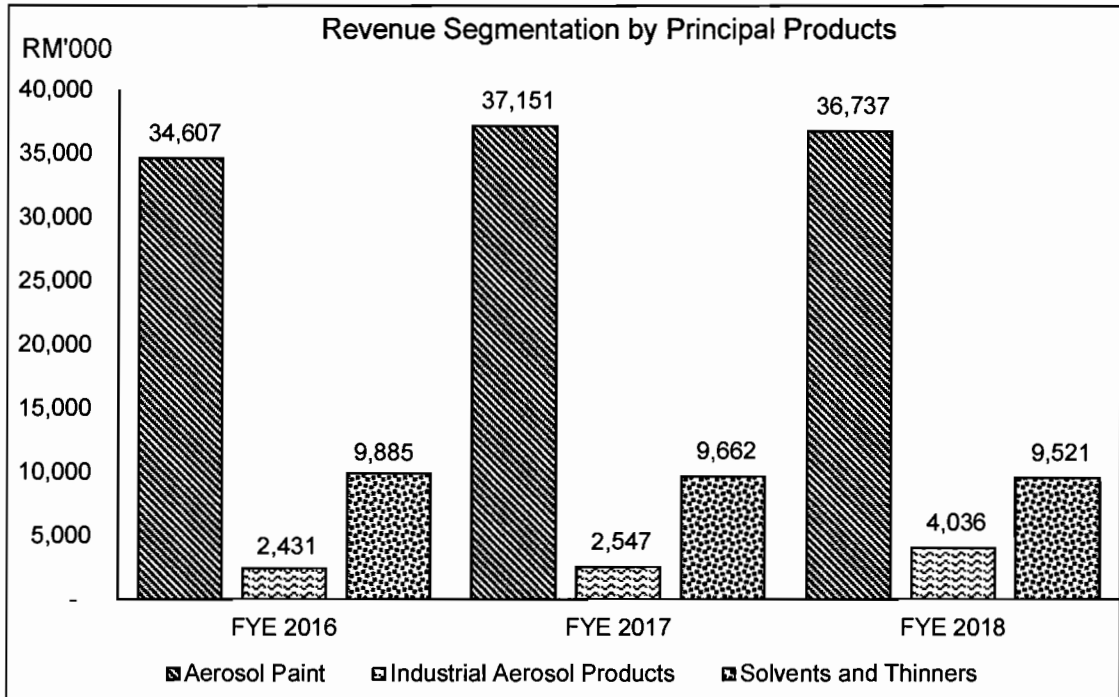


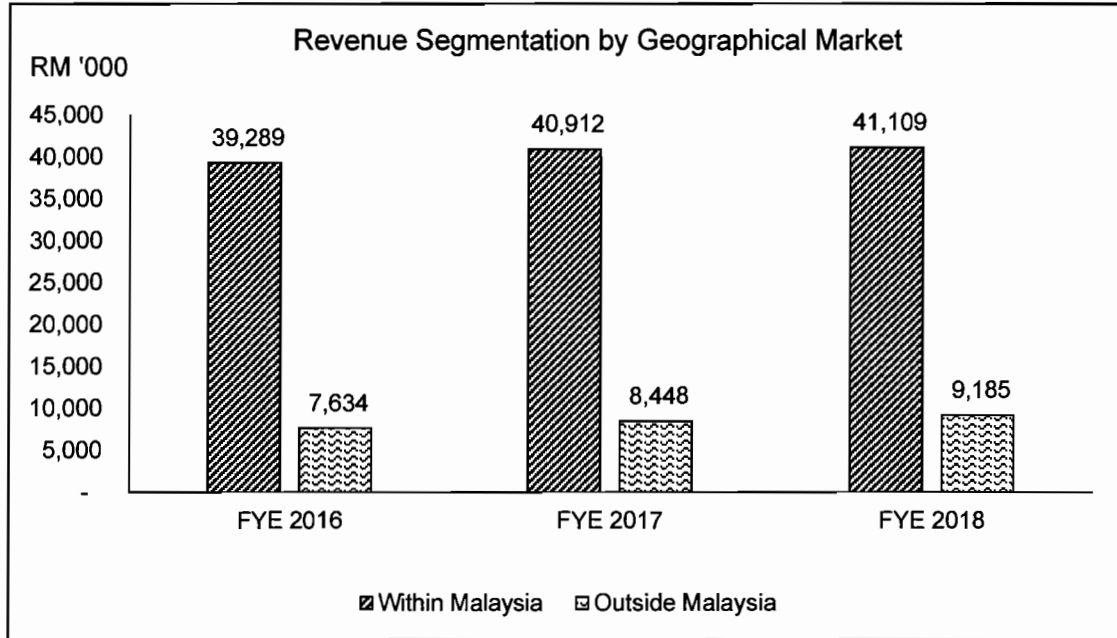
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4. INFORMATION ON OUR GROUP (Cont'd)

4.9.2 Revenue Contribution by Principal Products, Principal Activities and Geographical Market

Our Group's revenue contributions by principal products, principal activities and geographical market for the FY Under Review are depicted by the charts below:



4. INFORMATION ON OUR GROUP (Cont'd)

Please refer to Section 8.3.2 of this Prospectus for commentary of our revenue.

4.9.3 Principal Business Activities

Our Group operates in the aerosol industry and our principal activities are categorised into 3 core activities, namely:

- OBM;
- Private label manufacturing services; and
- Trading of solvents and thinners.

(i) OBM

We develop, manufacture, fill, package and distribute 2 types of aerosol products - aerosol paints and industrial aerosol products - under our own brand names, "DPI", "Anchor" and "Kromoto". Majority of our OBM customers are in Malaysia. As at the LPD, DPI sells directly to approximately 70 local distributors and indirectly through DPIC, to approximately 630 customers throughout Malaysia from its sales offices located in Penang, Ipoh and the Klang Valley.

We have a product development department to formulate and develop our own aerosol products in-house and also to provide customised formulations and colours based on our customers' paint specifications and requirements.

4. INFORMATION ON OUR GROUP (Cont'd)**(ii) Private label manufacturing services**

We also offer private label manufacturing services to our private label customers, locally and internationally. Our aerosol manufacturing solution comprises the following services:

- product formulation/formulation development (currently limited to paints and lubricants);
- raw material and packaging material sourcing;
- aerosol paint or industrial aerosol manufacturing; and/or
- aerosol filling and packaging.

Our aerosol manufacturing solution for our private label customers enables us to produce finished aerosol products for our customers under their own brand names in accordance with their specifications.

As at the LPD, we have a total of 9 private label customers from the following countries:

| Country | Number of customers |
|-------------|---------------------|
| Malaysia | 2 |
| Indonesia | 1 |
| Japan | 1 |
| Australia | 1 |
| Singapore | 1 |
| New Zealand | 3 |

We had not entered into any contracts with them and their respective revenue contributions during the FY Under Review is as follows:

| Revenue Contribution | FYE 2016 | FYE 2017 | FYE 2018 |
|----------------------|----------|----------|----------|
| Total (RM'000) | 10,119 | 10,625 | 10,939 |
| % | 21.57% | 21.53% | 21.75% |

(iii) Trading of solvents and thinners

We also carry out trading of solvents and thinners as these are deemed complementary to our Group's core business activities. Solvents are used in our paint production while thinners are derived from solvents.

(a) Solvent Trading Activities

DPIC bulk purchases over 40 chemical solvents from suppliers locally and internationally. DPIC then repackages the solvents according to purchase orders given by DPI, distributors and industrial customers.

(b) Thinner Blending Activities

DPIC sells thinners for paints and coatings manufacturing as well as for industrial applications. Most of the thinners sold by DPIC are blended in-house by mixing several solvents, based on certain formulation, pre-determined time and temperature.

4. INFORMATION ON OUR GROUP (Cont'd)

4.10 OUR PRODUCTS

4.10.1 Aerosol Products

The details of our aerosol products are as follows:

(a) Aerosol Paint Products


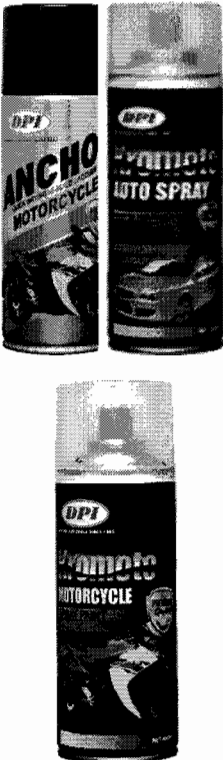
Our aerosol paints can be applied onto any surface, leaving a smooth and evenly coated finishing. Our aerosol paints also have diverse end-user applications, such as:

- **Decorative:** Used to decorate a surface. We produce and distribute a wide variety of colours, textures, finishes and gloss levels;
- **Protective:** Used to protect the surface against ultraviolet rays, humidity, chemicals, corrosion, algae and abrasion, amongst others; and
- **Special purpose:** Our paints can be formulated for specific uses such as luminous paint that glows in the dark for emergency signage or weather resistance attributes to enhance paint durability and maintain its performance under various weather conditions.



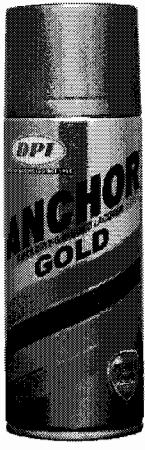
As at the LPD, we produce over 300 aerosol paint variants. The following table details the categories of our aerosol paint products:

| Product Category | Brands | Product Description | Application Usage |
|------------------------|--|--|---|
| Standard Colour Paints | <p><u>Standard Colours</u></p> <ul style="list-style-type: none"> • DPI 614 • Anchor Spray Paint  | <p>This is an easy-to-use colour paint range.</p> <p>Our standard colour spray paints have the following characteristics:</p> <ul style="list-style-type: none"> • Quick drying; • High performance and durability; • Water resistance; • Various finishings such as flat, eggshell, semi-gloss/satin and high gloss; and • Perfect for indoor and outdoor applications such as recolouring and restoration of surfaces including wood, metal and most plastics. <p>We have 48 colours under our Standard Colours category.</p> | <ul style="list-style-type: none"> • Automotive; • Decorative; • Household; and • General purposes. |


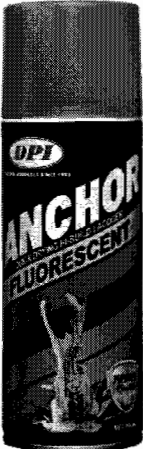
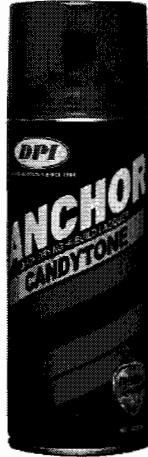
4. INFORMATION ON OUR GROUP (Cont'd)

| Product Category | Brands | Product Description | Application Usage |
|-------------------------------------|---|---|---|
| | <p><u>Undercoat</u></p>  | <p>It is a coating which is applied before the final coating.</p> <p>We have 3 colours under our Undercoat category.</p> | <p>Undercoating purposes.</p> |
| <p>Premium Colour Paints</p> | <p><u>Special Colours</u></p> <ul style="list-style-type: none"> • DPI Auto Spray Paint • Anchor Motorcycle Spray Paint • Kromoto Auto Spray Paint • Kromoto Motorcycle Spray Paint  | <p>Our special colour paints are easy-to-use colour paints which have better quality and stronger performance characteristics as compared to our standard colour paints. Our special colour paints are also produced with higher end raw materials.</p> <p>These are the unique characteristics of our special colour aerosol paints:</p> <ul style="list-style-type: none"> • Thicker coating; • Ultra-smooth coverage; • Glossier finishing; • Better and more vibrant colouring; • Higher durability and longer lasting; • Resistance to colour fading, stains and corrosion; • Various finishings such as flat, eggshell, semi-gloss/satin and high gloss; and • Multi-surface paints that are suitable for indoor and outdoor applications. <p>We have 206 colours under our Special Colours category.</p> | <ul style="list-style-type: none"> • Automotive; • Decorative; • Household; and • General purposes. |

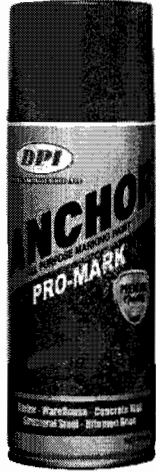
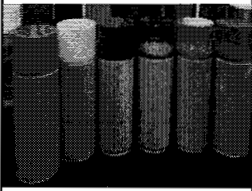
4. INFORMATION ON OUR GROUP (Cont'd)

| Product Category | Brands | Product Description | Application Usage |
|------------------|--|---|---|
| | <p><u>Anchor High Heat</u></p>  | <p>Anchor High Heat is a protective paint which has heat resistance characteristics capable of withstanding temperatures up to 600°C. It can be used as a single coat or as multiple coats on bare ferrous metal surfaces such as motorcycle exhausts, domestic stoves, furnace chimneys and industrial ovens.</p> <p>We have 2 colours under Anchor High Heat.</p> | <ul style="list-style-type: none"> • Automotive; • Industrial; and • Household purposes. |
| | <p><u>Anchor Sparkling</u></p>  | <p>Anchor Sparkling is a metallic sparkling aerosol paint. Our Anchor Sparkling provides a sparkling finish under sunlight as well as a tough, durable protective finish due to its advanced modified nitrocellulose acrylic formulation.</p> <p>It is designed for diverse applications and is suitable for both interior and exterior environments. It also works on most surfaces such as metal, concrete, glass, wicker and wood.</p> <p>We have 10 colours under Anchor Sparkling.</p> | <ul style="list-style-type: none"> • Automotive; and • Decorative purposes. |
| | <p><u>Anchor Gold</u></p>  | <p>Anchor Gold is a premium shade of gold paint that gives a rich, brilliant finish, suitable for both interior and exterior decorative projects. Our Anchor Gold works well on wood, metal, plaster and various other surfaces.</p> <p>We have 8 shades of gold colour under Anchor Gold.</p> | <ul style="list-style-type: none"> • Automotive; • Household; and • Decorative purposes. |

4. INFORMATION ON OUR GROUP (Cont'd)

| Product Category | Brands | Product Description | Application Usage |
|------------------|--|--|---|
| | <p><u>Anchor Glow Max</u></p>  | <p>Anchor Glow Max is a specially formulated paint mixed with phosphorescent pigments, giving it a glow-in-the-dark finishing that recharges when exposed to light. The fluorescence is highly visible at night.</p> <p>We have 2 colours under Anchor Glow Max.</p> | <ul style="list-style-type: none"> • Decorative; and • Special purposes such as safety marking on bikes and sporting equipment. |
| | <p><u>Anchor Fluorescent</u></p>  | <p>Our Anchor Fluorescent provides brilliant neon fluorescent colours that radiates by day and glows at night under ultraviolet light. It is designed to create high visibility when stencilled or sprayed directly onto an object.</p> <p>We have 6 colours under Anchor Fluorescent.</p> | <ul style="list-style-type: none"> • Decorative; and • Special purposes such as safety marking. |
| | <p><u>Anchor Candytone</u></p>  | <p>Anchor Candytone is a high gloss transparent colour paint that requires a metallic silver base to create a candy tone metallic effect. It provides better visual depth and tonal variation under sunlight.</p> <p>We have 7 colours under Anchor Candytone.</p> | <ul style="list-style-type: none"> • Automotive; and • Decorative purposes. |

4. INFORMATION ON OUR GROUP (Cont'd)

| Product Category | Brands | Product Description | Application Usage |
|--|--|---|--|
| | <p><u>Anchor Promark</u></p>  | <p>Anchor Promark is a premium highly visible marking paint that has better adhesion on a variety of surfaces.</p> <p>We have 12 colours under Anchor Promark.</p> | <p>For special purpose use such as:</p> <ul style="list-style-type: none"> • Timber marking; • Marking in construction sites; • Marking of pallets, drums and packaging; and • Marking on bitumen and concrete surfaces. |
| <p>Customised Colour Paints</p> | <p><u>Customised Colours</u></p>  | <p>We formulate and develop customised colours and coatings for our customers according to their application needs and requirements.</p> <p>We have formulated and developed 103 customised colours (combining both standard and premium colours) under our Customised Colours category over the years.</p> | <p>For diverse applications as specified by our customers' requirements.</p> |


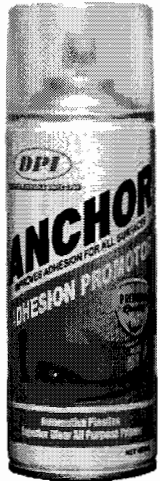
Our premium colour aerosol paints are priced higher than our standard colour aerosol paints while the price of our customised colour paints vary and are dependent on the customers' product requirements and specifications.

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4. INFORMATION ON OUR GROUP (Cont'd)

(b) Industrial Aerosol Products

We currently have 2 brand names of industrial aerosol products, as detailed in the table below.

| Industrial Aerosol Products | Product Description |
|---|--|
| <p style="text-align: center;"><u>Anchor RS-4</u></p>  | <p>Anchor RS-4 is an industrial lubricant that lubricates and provides rust protection for all kinds of metals. It is also effective in stopping squeaky hinges, driving out moisture, loosening rusted parts and freeing sticky components. Our lubricant spray discharges quickly and easily for lubrication in difficult-to-access areas and for spot applications as we utilise a "360 Degree Spray" system which is designed for spraying in any position, including upside down.</p> <p>Our Anchor RS-4 is mainly used in:</p> <ul style="list-style-type: none"> • Automotive; • Industrial; and • Household applications. <p>It is able to prolong the operating lifespan, enhance reliability (lessens wear and tear of materials) and prevent corrosion on both the inner and outer surfaces of materials to which it is applied to. Our Anchor RS-4 can be applied onto various surfaces including, but not limited to, rubber, plastic and vinyl.</p> |
| <p style="text-align: center;"><u>Anchor Adhesion Promoter</u></p>  | <p>Anchor Adhesion Promoter is a fast drying, clear primer that helps paint adhere to polyolefin surfaces such as automotive plastics, vinyl, trim, bumpers and fiberglass.</p> |

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4. INFORMATION ON OUR GROUP (Cont'd)**4.10.2 Solvents and Thinners**

We sell over 40 types of solvents and 4 types of thinners.

Solvents

The list below represents the range of major solvents sold by DPIC to its customers in Malaysia.

- Acetone
- Butyl Acetate
- Butyl Cellosolve
- Cellosolve Acetate
- Cyclohexanone
- Ethyl Acetate
- Isopropyl Alcohol
- Toluene
- Xylene

Thinners

The range of thinners sold by us are set out in the table below.

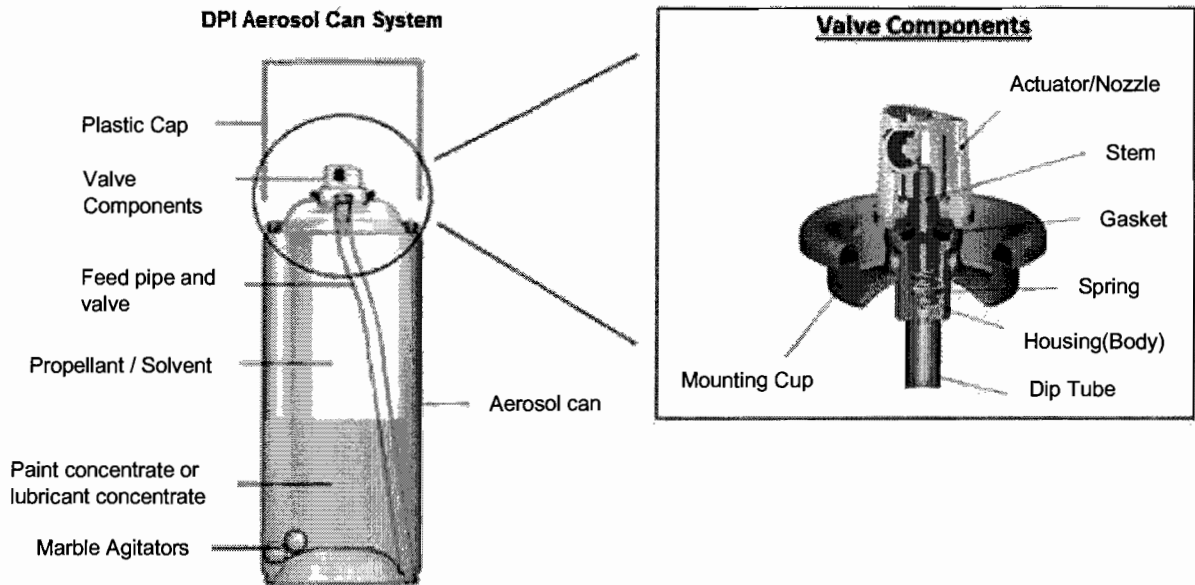
| Thinners | Product Description | Application Usage |
|------------------------------|--|---|
| Washing Thinner | <ul style="list-style-type: none"> • Economical substitute for cleaning; and • Moderate evaporation rate | <ul style="list-style-type: none"> • Cleaning up after painting; • Degreasing tools, floors and walls; and • An all-purpose solvent for thinning oil-based paints |
| Paint Thinner | <ul style="list-style-type: none"> • Fast drying time and high solvency; • Creates smooth, high gloss finishing; and • Fast evaporation rate | <ul style="list-style-type: none"> • Cleaning and flushing spray painting equipment; and • Suitable to use on automobiles |
| Premium Paint Thinner | <ul style="list-style-type: none"> • Premium quality pure paint thinner and cleaner; • Medium to fast evaporation rate; • Moderate odour with low flammability; and • Ideal for indoor use | <ul style="list-style-type: none"> • Cleaning paint brushes and rollers; • Degreasing automotive and workshop tools; • Spot-cleaning floors with ceramic tiles or concrete surfaces; and • Thinning oil-based paints, varnishes and polyurethanes |
| Lacquer Thinner | <ul style="list-style-type: none"> • Slow drying time and high solvency; • Creates smooth, high gloss finishing; and • Fast evaporation rate | <ul style="list-style-type: none"> • Thinning lacquer-based paints to achieve spray consistency; • Cleaning and flushing spray equipment; and • Suitable to use on automobiles |

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4. INFORMATION ON OUR GROUP (Cont'd)

4.11 AEROSOL CAN SYSTEM

Below is an illustration of the structure of our aerosol system.



An aerosol can system is generally made up of several key components such as an empty aerosol can, aerosol spray system and aerosol concentrates such as paints and lubricants.

To produce a finished aerosol product, paint or lubricant concentrates and other solvents are filled into the aerosol cans, followed by the crimping of the valve to the rim of the aerosol can and lastly a propellant will be pumped into the aerosol can. We do not use chlorofluorocarbons (CFC) in our aerosol products as it depletes the ozone layer and causes damage to the environment.

We are not involved in the production of aerosol cans and the aerosol spray system. We source these components from external suppliers.

The empty aerosol cans that we use are made of tin plate. The valve is crimped to the rim of the aerosol can and the design of the valve component is important in determining the spray rate. The nozzle is depressed by the user to open the valve; a spring closes the valve again when it is released. The shape and size of the valve in the nozzle controls the spread of the aerosol spray.

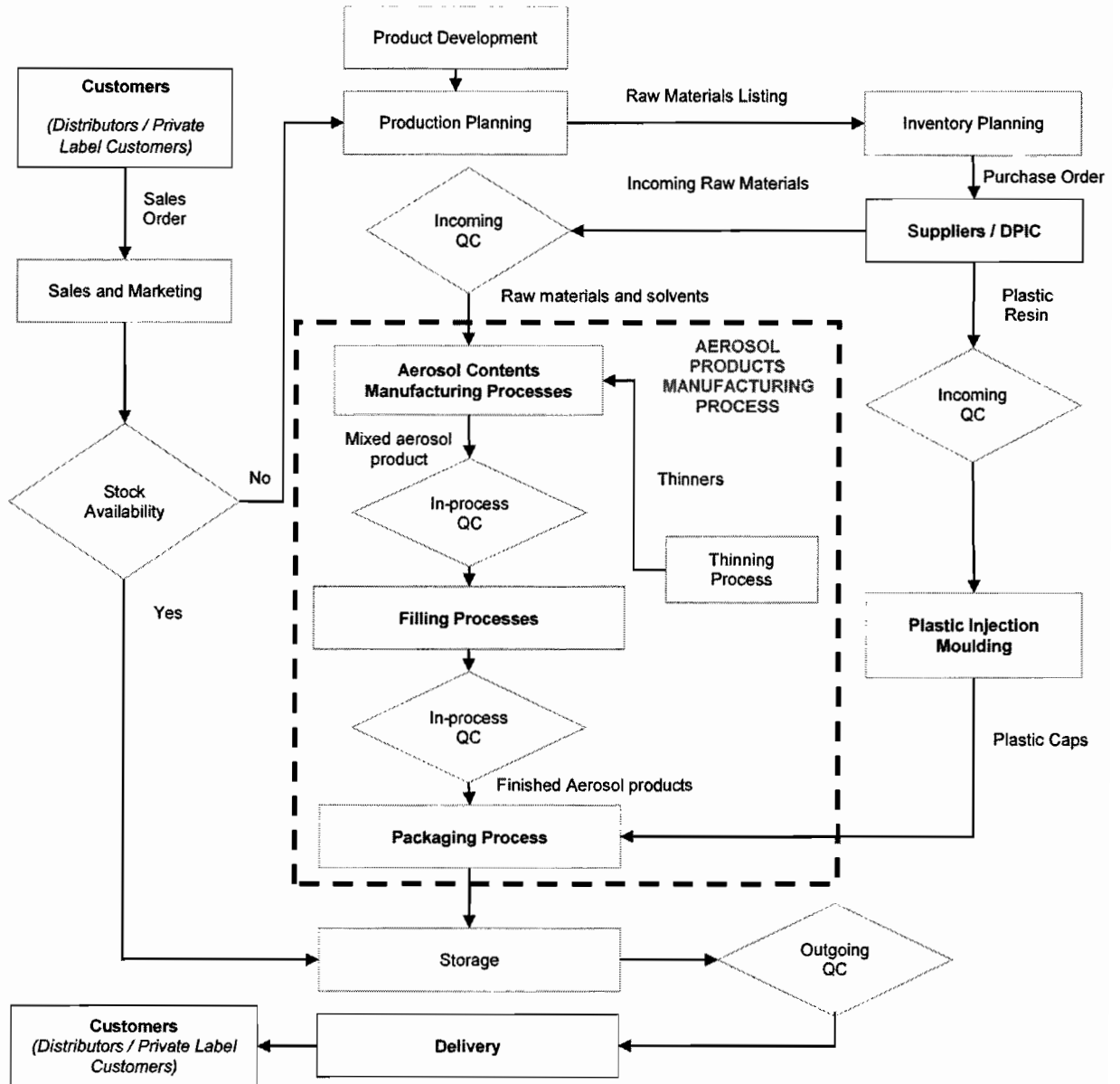
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4. INFORMATION ON OUR GROUP (Cont'd)

4.12 OPERATIONAL PROCESSES AND FACILITIES

4.12.1 Aerosol Production Workflow

Our Group's aerosol production workflow is outlined in the diagram below.



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4. INFORMATION ON OUR GROUP (Cont'd)

Inventory Planning

- (i) ***In-house brands*** - We conduct sales forecast analysis periodically to ensure we have sufficient inventory for our popular aerosol paint colours to fulfil customers' orders promptly. Our sales and marketing department works closely with our production department to plan and produce popular aerosol paint colours based on sales forecast.
- (ii) ***Private label brands*** - The sales and marketing department will only place a production order with the production department once they have secured a PO from a customer. Prior to the issuance of the PO, the delivery timeline will be confirmed with the production department and the customer to ensure the production department is able to allocate sufficient resources for timely delivery of each production order.

Each incoming order is processed by checking the sales price, order quantity, stock availability in storage and estimated delivery time. If we have ready stock in hand, we will confirm the order with the customer, prepare an invoice and arrange for delivery. If there is insufficient stock or if we receive a customised order, we will prepare and place a production order with the production department. At the production planning stage, we will notify our customers of any discrepancy or lead time issue and make the necessary adjustments.

Production Processes

Our aerosol production process flow comprises the following:

- Production planning;
- Procurement of raw materials;
- Incoming QC;
- Aerosol content manufacturing processes;
- Thinning process;
- Aerosol filling and assembly processes;
- Plastic injection moulding processes;
- In-Process QC; and
- Packaging, storage and delivery.

Production Planning

The production planning process begins when a production order is issued. This process encompasses the identification and allocation of production resources such as key sections of the production line and the required raw materials to ensure we are able to meet customers' order requirements and deadlines.

Procurement of Raw Materials

Upon acceptance of a production order, the production department will prepare a listing of raw materials to be procured by our in-house purchasing department. The purchasing department is responsible for monitoring resource movement and managing cost efficiency through bulk purchases. It is our Group's policy to maintain an average of 2 months' supply of raw materials from local suppliers and up to 6 months' supply of raw materials from overseas suppliers to ensure timely delivery of all orders.

4. INFORMATION ON OUR GROUP (Cont'd)

Incoming QC

Our Group consistently maintains high quality standards through our extensive QC checks. We conduct QC checks on all incoming packaging and raw materials. For packaging materials, we check for defects that may cause production delays or production of faulty products. For the raw materials used in paint production, we require a specific chemical composition for each differing component. We compare our requirements against the incoming COA (which is a document issued by our suppliers' QC department, detailing the laboratory test results of a raw material). We only accept raw materials which the inspection results are within our accepted range. Any packaging and raw material that does not meet our standards or requirements are returned to the respective supplier.

Aerosol Content Manufacturing Processes

We have 7 mixing lines for the manufacturing of aerosol content concentrates such as paint concentrates and lubricant concentrates. The aerosol content concentrates used in the production of our in-house aerosol products are formulated by our laboratory. For example, the main raw materials used to produce the paint concentrates are colour pigments, binders, additives and solvents; whereas the main raw materials used to produce the lubricant concentrates are lube oil and additives.

- (i) **Paints Manufacturing** - The paint manufacturing process begins when binders, colour pigments and additives are added into the mixing tank for blending. These components are combined to form paint and may also serve to enhance its adhesion, durability, viscosity, structure and volume.

Before the mass production of each batch of paint, we conduct a pre-production run where we produce a small sample of the paint concentrate for QC checks (visual inspection and laboratory testing) to ensure it meets our product specifications (such as colour matching and consistency, durability and viscosity). For example, we spray the paint onto a test plate which is checked for drying rate, adhesive level and appearance. Our QC personnel will also check the colour against previous records and make any necessary adjustments for the production of a repeated colour. We have records of all colours produced by us, with some dating back as far as 30 years. We will begin mass production of the paint concentrate once the approval for pre-production batch has been received.

The paint concentrates are sent for another QC check before being packed for storage or sent to the paint mixing section for thinning before being sent for aerosol filling.

- (ii) **Lubricants Manufacturing** - Our lubricant manufacturing process involves lube oil being mixed with additives to achieve the desired physical properties such as the ability to withstand low temperatures. After mixing, the lubricant mixture is sent for QC checks to assess its viscosity, specific gravity, colour, flash and fire points. The lubricant mixtures that pass the QC checks are then packed and sent for aerosol filling.

Thinning Process

Prior to the filling process, our paints are required to undergo thinning process where the paint concentrates are diluted with our in-house paint thinners.

We have 5 skid tanks to produce our own paint thinners and 10 mixing machines to blend the paint concentrates into colour paints that are ready for filling. The purpose of thinners is to soften the paint so that it can be used effectively in spraying applications and to improve its lifespan. Our aerosol paints generally have a minimum shelf-life of 5 years.

After mixing the thinners into the paint concentrate, the processed paint is checked for viscosity, colour appearance and other physical paint testing by our QC department before it is delivered to the aerosol filling section.

4. INFORMATION ON OUR GROUP (Cont'd)**Aerosol Filling and Assembly Processes**

The aerosol filling and assembly processes comprise the following phases:

- (i) Insertion of marble agitators;
- (ii) Aerosol products filling;
- (iii) Valve insertion and crimping;
- (iv) Insertion of LPG or DME gas (propellant);
- (v) Placement of nozzle; and
- (vi) Placement of plastic cap.

The primary raw materials for the aforementioned processes are paint or lubricant concentrates, empty aerosol cans, valves and nozzles, plastic caps, marble agitators, and propellant. We do not manufacture the empty aerosol cans, valves and nozzles, marble agitators and propellant.

Before the production run, our QC personnel will check that the labels printed on the empty aerosol cans are in accordance with the production order. All printed designs and product information are provided by our design team. The labels are printed by our empty aerosol can suppliers.

The processed paint is first loaded into the aerosol filling line. The empty aerosol cans are then loaded onto the conveyor system for onward movement to the cleaning zone where a pressurised air jet cleaning machine blows compressed air into the aerosol cans to form a vacuum which acts as a suction to remove unwanted dirt and dust from the aerosol cans. After cleaning, 2 marble agitators are dropped into the aerosol cans. The marble agitators help mix the paint when the aerosol can is shaken.

Next, the aerosol cans are filled with paint as they pass through the filling station. The filled aerosol cans are weighed by our machine operators before being moved on to the crimping station where a valve is placed on top of each aerosol can mouth opening and crimped to seal the aerosol cans. A QC inspection is performed to ensure the accuracy of the crimp depth and crimp diameter.

Lastly, the aerosol cans are filled with a propellant. The aerosol cans are subsequently weighed again and a nozzle is inserted onto the valve stem.

Plastic Injection Moulding Process

We have a plastic injection moulding department to produce plastic caps for our aerosol products. We produce plastic caps in a variety of colours to match and distinguish our aerosol paint colours. All the plastic caps produced are for our own internal use. All the plastic caps produced are visually inspected before being sent to our aerosol packaging section.

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4. INFORMATION ON OUR GROUP (Cont'd)

In-Process Quality Control

We conduct robust quality inspections at multiple stages of our production process to ensure our aerosol products are safe to use and meet our internal QMS requirements. The primary QC stages are as follow:

- Stage 1 – QC on the processed raw materials such as diluted colour paints or lubricants
- Stage 2 – aerosol filling check
- Stage 3 – packaging check

Any product defects detected during the QC checks will be recycled and reprocessed back into reusable raw materials, if applicable, to minimise production wastage. Through our many QC processes, we are able to pinpoint a production problem over our entire production chain. Please refer to Section 4.13 for more information on our QC activities.

Packaging, Storage and Delivery

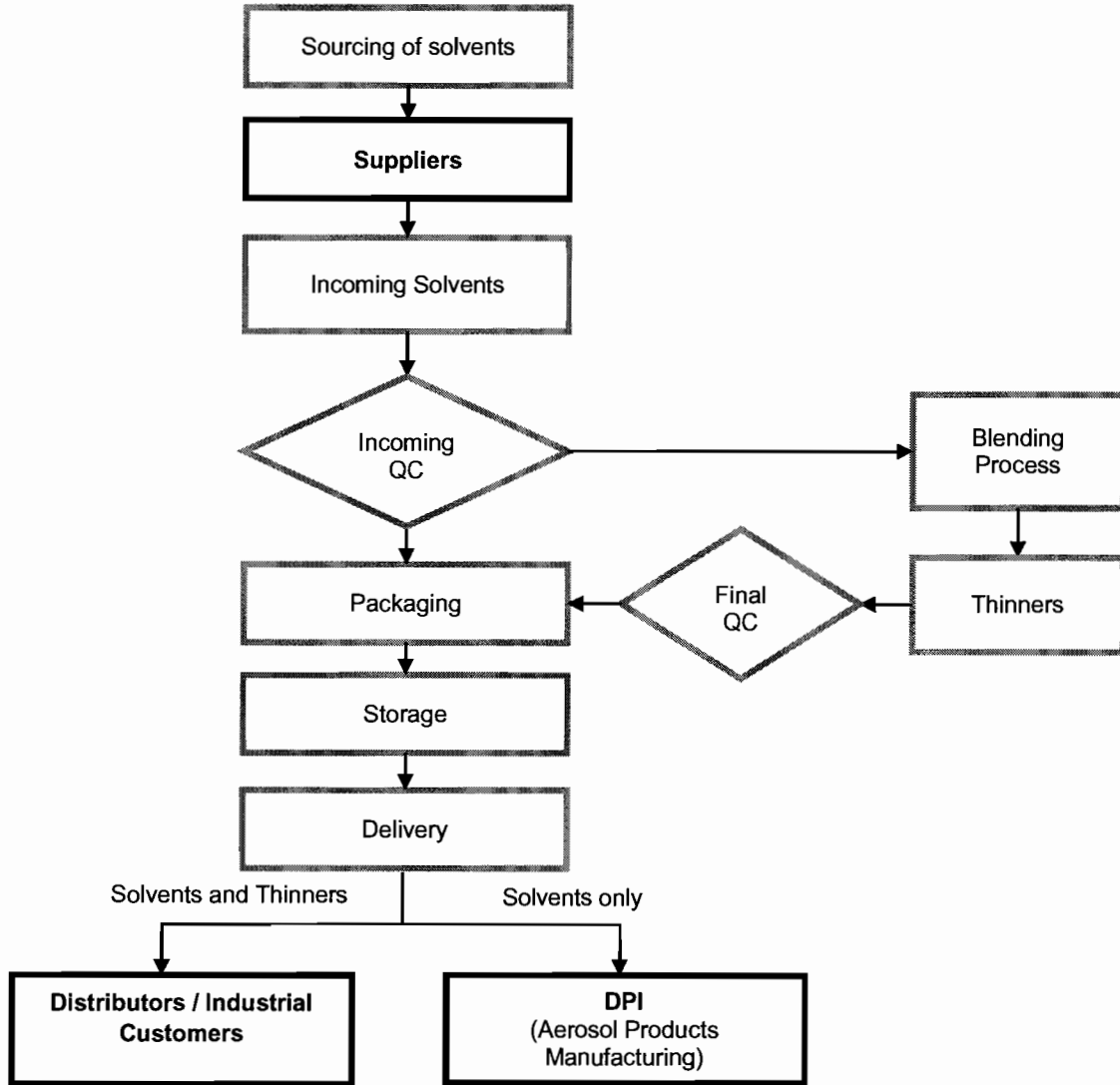
The finished aerosol products are wrapped, labelled and packed into carton boxes before being sent to storage. Once we receive a delivery order from the sales and marketing department, we will prepare a delivery list and schedule to inform our storage handlers to prepare for product delivery. We will also perform a sample outgoing QC before delivering the finished aerosol products to our customers. Our local and international delivery logistics are managed by external transporters.

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4. INFORMATION ON OUR GROUP (Cont'd)

4.12.2 Trading Business Workflow

Our Group's trading business workflow is outlined in the diagram below:



The trading business is carried out by DPIC. We trade over 40 types of solvents and 4 types of thinners in the local market.

Sourcing of solvents

We purchase most of our solvents from local suppliers while solvents that are not available locally are purchased from overseas suppliers.

Incoming QC

We conduct QC checks on all incoming solvents. All incoming solvents are attached with a COA, detailing the solvents' laboratory test results. When the solvents arrive at our storage area, our QC personnel will compare the COA against our standards and requirements. If the test results are within acceptable levels, the incoming solvents are accepted and put in storage.

4. INFORMATION ON OUR GROUP (Cont'd)**Thinner Blending**

The thinner blending activities are carried out by DPIC at our Shah Alam factory. We have 4 skid tanks to produce several types of thinners for customers in the paints and coatings manufacturing and industrial application markets.

When a production order is received from the sales department, we initiate the pre-blending processes, as follows:

- Cleaning the skid tanks to remove unwanted materials and avoid contamination; and
- Raw materials planning to source or collect the relevant solvents from the storage area and prepare them for blending.

The relevant solvents are placed into the skid tanks to initiate the blending of thinners. This involves the mixing and blending of several solvents according to our pre-determined formulation and time. Air bubbles are continuously injected into the skid tank to create bubble-masses for an effective blending of the solvent mixture at its own momentum.

Final QC

We work closely with our customers to ensure that the final product is blended to their specifications. When the thinner blending is completed, we collect a sample for a QC check. Our QC check includes:

- Compatibility test to ensure the thinner is compatible with the lacquers, varnishes, oils, grease and paints in which it is applied to;
- Solvent balance test to ensure there is a balance of solvency and evaporation rate;
- Clarity test; and
- Viscosity test.

Packaging, Storage and Delivery

Our solvents are purchased in bulk and repackaged into smaller packages to be sold to our customers such as distributors and industrial customers. We also retain some of our solvents for DPIC's production of thinners as well as to sell to DPI for its paint production.

After the final QC, the thinners are put into storage. We take the necessary precautions when it comes to the storing of our thinners as they are highly flammable products.

The last process is delivery. A list of delivery schedules is prepared and we conduct a sample outgoing QC check on all finished products. We check the packaging to ensure there is no damage and that the outgoing products inside the boxes are ready for delivery.

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4. INFORMATION ON OUR GROUP (Cont'd)

4.13 QUALITY MANAGEMENT SYSTEM

We place great emphasis on our QMS to ensure our aerosol products are of high quality and safe to use. One of our core values and competitive strengths is our capability to customise our aerosol products and to produce a variety of quality aerosol products to meet our customers' requirements and end-user's applications without compromising on quality.

We aim to become a leading aerosol specialist in the development, manufacturing and distribution of aerosol products. We are committed to produce quality aerosol products through our stringent QMS so as to enhance customers' satisfaction.

Our quality policies are:

- We will not compromise on quality;
- We are committed to comply with customer's requirements, statutory and regulatory requirements and relevant standards; and
- We will instil an integrated teamwork approach towards quality commitment and continuously improve the effectiveness of our QMS as well as continuously upgrading the competency of our workforce.

We conduct many stages of QC checks throughout our production process. Any problem detected is immediately rectified.

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4. INFORMATION ON OUR GROUP (Cont'd)

The table below summarises the QC activities carried out by our Group:

| Type of QC | Test Objectives |
|------------------------------------|--|
| COA | The COA comparison is to ensure that the incoming packaging and raw materials conform with our Group's specifications. |
| Viscosity Test | To measure our paints' and lubricants' resistance to flow. Our paints and lubricants must be of a certain level of viscosity to be used in aerosol spray applications. |
| Specific Gravity Test | To check the density of our solvents, paints and lubricants. |
| Pigment colour test and analysis | An analysis to test and grade manufactured paints for pigment quality and colour consistency. |
| Aerosol can properties measurement | To check on the internal diameter of the aerosol can opening, construction defects, lithography defects, clarity of printing, scratch marks and dents, spot grease and dirt and contact height of the aerosol can. |
| Colour and appearance check | A visual inspection to check the smoothness and colour consistency of colour paints. |
| Wet Film Thickness Test | To test the thickness of the colour paint when sprayed under wet conditions. |
| Dry Film Thickness Test | To test the thickness of the colour paint when it has dried. |
| Weight Test | To ensure consistent filling of paints/lubricants and insertion of propellant into the aerosol cans. |
| Leakages Test | To detect any manufacturing defects and/or gas leaks from the aerosol can as a result of ineffective crimping of the valves to the aerosol can rim. |
| Tightness Test | A visual inspection of the valve area to check for any dents and/or deformation on the enclosure between the valve and the aerosol can. |
| Discharge Rate Check | To examine the flow of a colour paint or lubricant when sprayed onto the surface of an object. |
| Pressure Check | To test the integrity of the aerosol can after it has been pressurised using a pressure gauge. |

Our QMS assures us that our products are designed and manufactured in accordance to our customers' and industry requirements as well as our own strict QC requirements. In addition, our QMS was recognised and certified by SGS (Malaysia) Sdn Bhd in 2004, through an ISO 9001:2008 certification. In 2018, we had applied and were successfully upgraded to an ISO 9001:2015 certification, further underpinning our commitment to meeting industry level quality controls and processes.

4. INFORMATION ON OUR GROUP (Cont'd)

4.14 OUR COMPETITIVE POSITION

4.14.1 We are an established aerosols manufacturer

We have over 30 years of operating history in the aerosol industry where we have accumulated extensive experience and competency to deliver a wide range of quality aerosol products under our in-house brands as well as provide manufacturing solutions for aerosol products to our private label customers. During this time, we have developed more than 300 aerosol paint variants for diverse end-user applications.

As at the LPD, we have 3 brands for our aerosol products, namely "DPI", "Anchor" and "Kromoto". We have registered some of our most popular brands and logos with intellectual property authorities locally and overseas as set out in Section 4.19 of this Prospectus.

4.14.2 We produce quality aerosol products consistently

We place utmost importance into ensuring our aerosol products are of consistent quality and performance, is safe to use and have a long shelf life. We adhere to stringent quality policies and procedures in our QMS whereby we conduct QC checks at various stages of our manufacturing process as set out in Section 4.13 of this Prospectus. In addition, our QMS is ISO 9001:2015 certified, further underpinning our commitment to quality.

To ensure our consistent quality, we only source and procure raw materials from reputable suppliers. We conduct regular tests to ensure our aerosol products perform in terms of amongst others, the required colour, appearance and content discharge. We regularly seek customers' feedback and we endeavour to always meet their expectations and standards.

Further, our success in the provision of our filling and packaging services lies in our ability to provide quality service, meet customers' product requirements and provide manufacturing options to improve cost efficiency of our private label customers. To this end, our quality aerosol products have assisted us in securing repeated sales from our existing customers and generating new business from new customers.

4.14.3 We have the competency to formulate, develop, customise and produce a wide range of aerosol paints

We are able to produce colour paints with one or more of the following properties, namely:

- weather resistance;
- strong adhesive and bonding characteristics;
- gloss retention;
- anti-corrosion; and
- fast drying and hardening speed.

Our in-house product development team has the technical knowledge to formulate and create new colours, re-engineer colours from existing products and enhance the properties of the paints to provide better performance. As such, we are able to fulfil our customers' requests for, amongst others, different colours, textures, finishes, gloss levels and various other resistance properties (as detailed in Section 4.10.1 of this Prospectus).

4. INFORMATION ON OUR GROUP (Cont'd)

4.14.4 We have experienced key senior management and key technical personnel teams

Our Group is led by our Executive Chairman / Managing Director, Peter Chai, who has more than 30 years of experience in the aerosol industry. He has been instrumental in the growth of our Group and he is supported by Adam Chai, our Deputy Managing Director who is also the Marketing and Business Development Director of our Group, together with a dedicated team of key senior management and key technical personnel.

Please refer to Sections 3.2.2 and 3.2.3 of this Prospectus for details of our key senior management and key technical personnel. Their in-depth understanding of our Group's operations and our customers' specific requirements enable us to optimise our manufacturing processes and ensure maximum efficiency is maintained.

4.14.5 We have good long-term working relationships with our customers and suppliers

We value our relationships with our customers and suppliers. Our top 5 customers and suppliers for the FY Under Review have been in business with us for between 11 to more than 30 years and 5 to more than 30 years, respectively. Please refer to Sections 4.26 and 4.27 of this Prospectus for further details on our top 5 customers and top 5 suppliers, respectively.

By fostering and maintaining strong ties with our customers and suppliers, we enjoy smooth dealings with each other. We have established and are focused to continue our track record of timely deliveries to our customers and being a good paymaster in respect of our suppliers. Further, with a diverse customer and supplier base, we are not dependent upon any single customer for our distribution channels, nor are we dependent on any single supplier for the supply of our packaging and raw materials.

4.14.6 We have a wide distribution channel for our aerosol products locally

We supply our in-house brands of aerosol products to approximately 700 customers in Malaysia which comprises distributors, sub-distributors and retailers. Through our business with these customers, we are able to leverage on their networks to reach end-consumers throughout the country. Further, we are not dependent on any single customer for the distribution of our aerosol products in the local market. Our marketing activities for the local market are set out in Section 4.17 of this Prospectus.

4.15 SEASONALITY

We generally do not experience any seasonality in our business. For the FY Under Review and up to the LPD, we had recorded consistent trend in our revenue during the months of November to March. We believe that this is possibly due to end-consumers carrying out minor renovations during the year-end and before Chinese New Year.

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4. INFORMATION ON OUR GROUP (Cont'd)

4.16 TYPES, SOURCES AND AVAILABILITY OF RAW MATERIALS

The table below details a breakdown of raw materials used by our Group, together with their respective sources of supply:

| Type of Raw Materials | Country of Origin | % of Group Total Purchases (Average) | | | | | | Local | Import |
|------------------------|--------------------|--------------------------------------|---------------|---------------|---------------|---------------|---------------|-------|--------|
| | | FYE 2016 | | FYE 2017 | | FYE 2018 | | | |
| | | (RM'000) | % | (RM'000) | % | (RM'000) | % | | |
| Solvents | Malaysia | 10,539 | 39.52% | 11,963 | 39.19% | 12,758 | 40.49% | 100% | - |
| Empty aerosol cans | Malaysia | 5,572 | 20.89% | 6,211 | 20.35% | 6,419 | 20.37% | 100% | - |
| Binders | Malaysia | 2,362 | 8.86% | 2,786 | 9.13% | 2,871 | 9.11% | 100% | - |
| Valves | Thailand and Japan | 1,859 | 6.97% | 2,379 | 7.79% | 2,034 | 6.46% | - | 100% |
| LPG | Malaysia | 1,184 | 4.44% | 1,370 | 4.49% | 1,614 | 5.12% | 100% | - |
| Pigments | Malaysia | 1,151 | 4.31% | 1,653 | 5.41% | 1,677 | 5.32% | 100% | - |
| Other Purchases | | 4,002 | 15.07% | 4,163 | 13.64% | 4,137 | 13.13% | | |
| Total Purchases | | 26,669 | | 30,525 | | 31,510 | | | |

Our total purchases for the FY Under Review were approximately RM26.67 million, RM30.53 million and RM31.51 million, respectively. The main raw materials purchased by our Group are empty aerosol cans, solvents, binders, valves, pigments and LPG, which accounted for approximately 84.99%, 86.36% and 86.87%, respectively of our Group's total purchases for the FY Under Review.

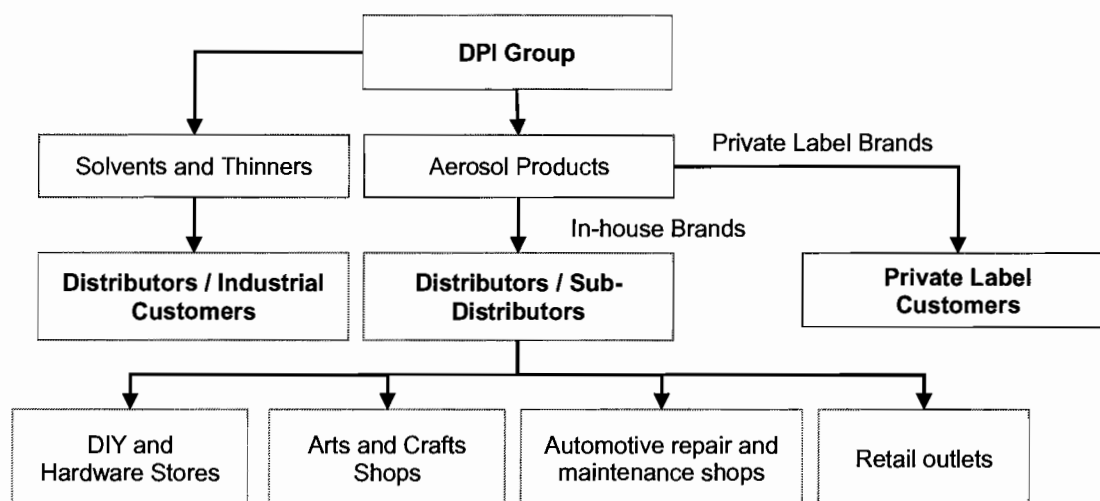
We have multiple suppliers for our raw materials so as to minimise our dependency on any single supplier. In addition, as these raw materials are easily available both locally and globally, we do not foresee any major supply problems that would adversely affect our manufacturing operations. During the FY Under Review, we have not experienced any major shortages in the supply of raw materials that has adversely affected our processing schedule and delivery timeline. The raw materials which accounted for more than 10% of our Group's total purchases are empty aerosol cans and solvents. We source empty aerosol cans from 2 main suppliers, namely Canpac Sdn Bhd and KJ Can (Johore) Sdn Bhd, whom we have over 30 and 15 years of business relationship with, respectively. As an alternative, we can also source empty aerosol cans from overseas, if necessary. As for solvents, we are able to source from many suppliers in the local market.

4. INFORMATION ON OUR GROUP (Cont'd)

4.17 MARKETING ACTIVITIES

Our sales and marketing department comprises 10 personnel and is headed by our Deputy Managing Director / Marketing and Business Development Director, Adam Chai. The department's primary functions are the marketing, promotion and distribution of our products, building business relationships with existing customers and securing new business.

Our primary distribution channels are diagrammatically illustrated below.



We adopt the following sales and marketing strategies for the distribution of our Group's aerosol products to new and existing customers in the local and overseas markets:

- Distribution channel for our in-house brands; and
- Personalised marketing strategy for our private label products.

We have a corporate website, <http://www.dpiaerosol.com/>, which enables our potential customers to gain information on our Group's profile, products and services. The information on the corporate website is constantly being updated to ensure that our potential customers are updated on our latest aerosol products and service offerings.

(i) In-house brands – distribution channel activities

Our distribution channel approach involves the distribution of our in-house aerosol brands to a large network of local customers, including DPIC. Through our marketing and business development efforts over the last 30 years, we have established a distribution channel of approximately 700 customers across Malaysia. Moving forward, we will continue to leverage on our large customer base to expand our market coverage to the mass market. We also intend to increase our marketing efforts in countries such as Vietnam and Myanmar.

(ii) Private label brands – personalised marketing activities

Our private label manufacturing services division currently manufactures aerosol cans for private label customers locally and for several private label customers from developed countries. Moving forward, we intend to continue to service our local private label customers as well as increase our sales and marketing efforts across Asia Pacific. Our private label manufacturing services division adopts a different sales and marketing approach whereby it does not compete directly with established brand owners. We adopt a personalised marketing strategy whereby we present an attractive value proposition through offering a wide range of manufacturing solutions for aerosol products. In addition, due to economies of scale, we are able to offer a low production cost to our private label customers.

4. INFORMATION ON OUR GROUP (Cont'd)

Our customers are able to select the type of manufacturing services required. For example, a customer may provide the formulations of the paint and/or lubricant concentrates and engage us to manufacture the concentrates and provide filling and packaging services. Another customer may provide the concentrates and only engage us for filling and packaging services. Moving forward, we will continue to focus on building relationships with our existing private label customers and to secure new ones in developed countries.

4.18 DEPENDENCY ON CONTRACTS, INTELLECTUAL PROPERTY RIGHTS, MAJOR APPROVALS, LICENCES AND PERMITS, AND PRODUCTION OR BUSINESS PROCESS


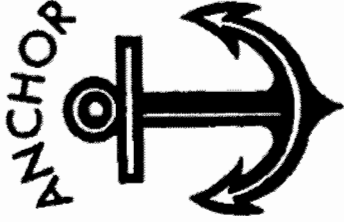

Save for the trade marks, major approvals, licences and permits, and production or business processes as set out in Sections 4.19, 4.20, 4.12 and 4.13 of this Prospectus respectively, we are not dependent on any other contracts, intellectual property rights, major approvals, licences and permits, and production or business process.

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4. INFORMATION ON OUR GROUP (Cont'd)

4.19 INTELLECTUAL PROPERTY RIGHTS

As at the LPD, we have obtained the following trademarks:

| Trade mark and logo | Registered owner / Registrant | Issuance authority | Class | Trade mark number / Application number | Validity period | Remarks |
|---|-------------------------------|------------------------------------|-------|--|--------------------------------------|--|
|  | DPI | WIPO | 2 | 882152 | 15 February 2016 to 15 February 2026 | Class 02: Paints, coatings for road marking purposes included in Class 2 |
|  | DPI | IPOS | 2 | T8804610C | 26 August 2015 to 26 August 2025 | Class 02: Paints, varnishes, lacquers, preservatives against rust and against deterioration of wood; colouring matters, dyestuffs; mordants; natural resins; metal in foil and powder form for painters and decorators |
|  | DPI | Registrar of Trade Marks Singapore | 2 | T9003290D | 8 May 2017 to 8 May 2027 | Class 02: Paints, coatings for road marketing purposes in Class 2 |

4. INFORMATION ON OUR GROUP (Cont'd)

| Trade mark and logo | Registered owner / Registrant | Issuance authority | Class | Trade mark number / Application number | Validity period | Remarks |
|---|-------------------------------|--------------------|-------|--|--------------------------------|---|
|  | DPI | MyIPO | 2 | 90004704 | 20 July 2017 to 20 July 2027 | Class 02: Spray Paint |
|  | DPI | MyIPO | 2 | 90004706 | 20 July 2017 to 20 July 2027 | Class 02: Spray Paints |
|  | DPI | MyIPO | 2 | 90004705 | 20 July 2011 to 20 July 2021 | Class 02: Paints |
|  | DPI | NOIP Vietnam | 2 | 47943 | 17 April 2012 to 17 April 2022 | Class 02: Paints, coatings for road marking purposes included in this class |

Save for the above, our Group does not have any other patents, trademarks, brand names and intellectual property rights.

4. INFORMATION ON OUR GROUP (Cont'd)

4.20 MAJOR APPROVALS, LICENCES AND PERMITS

As at the LPD and save as disclosed below, there are no other major approvals, licences and permits obtained by our Group. Details of the major approvals, licences and permits obtained by our Group for the operation of our business and the status of compliance are as set out below:

| No. | Nature of major approvals, licences and permits | Issuer / Authority | Licensee / Permit holder | Effective date / Date of expiry | Major conditions | Status of compliance |
|-----|---|---|--|----------------------------------|---|----------------------|
| 1. | Fire Certificate Serial No. 303556 | Fire and Rescue Department, Malaysia | DPI Business Address: K69 | 5 June 2018 to 4 June 2019 | Facilities to remain in good order at all times. | Complied |
| 2. | Manufacturing Licence Licence No. A020484 | MITI | DPI Place of manufacturing: K69 | Effective Date: 31 March 2016 | (i) The licensee is licensed to manufacture varnishes, lacquers, paints (emulsion paint, undercoat paint, primer paint, aluminium paint, lacquer paint and gloss paint), car putty and hot melt thermoplastic road marking materials. (ii) MITI and Malaysian Investment Development Authority must be notified in the event of the sale of any shares of the company. (iii) The company shall be required to provide training to Malaysian citizens to enable the transmission of technology and expertise to all layers/levels of the company. (iv) The company shall implement its projects as approved and in accordance with other laws and regulations stipulated in Malaysia. | Complied |

4. INFORMATION ON OUR GROUP (Cont'd)

| No. | Nature of major approvals, licences and permits | Issuer / Authority | Licensee / Permit holder | Effective date / Date of expiry | Major conditions | Status of compliance |
|-----|---|-----------------------------|--|------------------------------------|--|----------------------|
| 3. | Wholesaler's Poisons Licence (Type B Licence) Licence No. 001706 | Ministry of Health Malaysia | Hing Hiang Sen ¹ Business address: K69 | 1 January 2018 to 31 December 2018 | <p>1. The licensee allows the licensee to import, store and sell by wholesale Barium; salts of (Group D only).</p> <p>2. The licensee is prohibited from storing other substances save and except for those stipulated in the licence or the additional conditions.</p> <p>3. Practice to be adhered to in the event of change of place of employment or resignation of the licensee that is:</p> <p>(a) resignation of the licensee in a firm/company and working in a different firm/company in the same State;</p> <p>(b) resignation of the licensee in a firm/company and working in a different State;</p> <p>(c) change in address of employment/business but with no change to the employing firm;</p> | Complied |

¹ Section 26(2)(b) of the Poisons Act 1952 states that:

"A Type B licence issued to any person whom the Licensing Officer may consider to be a fit and proper person to hold such licence, or issued to a responsible officer of a company incorporated under the Companies Act 1965 [Act 125] to import, store and sell by wholesale such poisons (not being a Group A Poison) as may be specified in such licence:

Provided that no such licence shall be issued to any person or officer who is engaged or concerned in any business of selling goods by retail or shall continue valid at any time after such person or officer becomes so engaged or concerned."

Based on the above provision, the practice is that such licence is issued to an individual employed by the company and not to the company itself. Hing Hiang Sen is DPI's Senior Manager of Operations, Purchasing and HR.

4. INFORMATION ON OUR GROUP (Cont'd)

| No. | Nature of major approvals, licences and permits | Issuer / Authority | Licensee / Permit holder | Effective date / Date of expiry | Major conditions | Status of compliance |
|-----|---|--------------------|--------------------------|---------------------------------|--|----------------------|
| | | | | | <p>the licensee must take the following actions:</p> <p>(i) The relevant authority which issues the licence which is the State Licensing Officer must be notified of the change in name or address of employment / business before any changes are made. The licensee shall be required to explain the proposed measures to be taken in relation to poisons stored in the firm in which the licensee will resign.</p> <p>(ii) The licensee is required to surrender the Licence to the State Licensing Officer for revocation. The revocation of the licence will be executed in the event of an exchange as stipulated in paragraphs (a), (b) and (c) above.</p> <p>(iii) Together with the submission of the licence to be revoked, the licensee may make a new application to the same State Licensing Officer if the licensee intends to work at a firm within the State. However, if the firm in which the licensee is desirous to work at is in a different State, then the licensee will be required to apply for a new licence from the respective State Licensing Officer of that particular State.</p> | |

4. INFORMATION ON OUR GROUP (Cont'd)

| No. | Nature of major approvals, licences and permits | Issuer / Authority | Licensee / Permit holder | Effective date / Date of expiry | Major conditions | Status of compliance |
|-----|---|--------------------|--------------------------|---------------------------------|--|----------------------|
| | | | | | <p>(iv) It is the responsibility of the licensee to ensure that the current workplace does not continue to utilise the licence unless the licensee is still working at that workplace. If the licensee does not take any action against any inappropriate or illegal practices of poison conducted at the firm / company or the licensee's last workplace, legal action will be instituted against the licensee and the firm / company by confiscating the poisons stored at the firm / company and workplace. The licensee will also face difficulties in applying for a new licence at a new practice.</p> <p>4. Additional Storage Address: K69</p> <p>5. The licensee is only allowed to sell/supply the poison as specified in the licence upon receipt of a written signed order from purchaser which detailed the purpose of purchase.</p> <p>6. The licensee is not allowed to import or conduct business as a broker/distributor save and except for distributors that are authorised by the supplier to act as an agent.</p> | |

4. INFORMATION ON OUR GROUP (Cont'd)

| No. | Nature of major approvals, licences and permits | Issuer / Authority | Licensee / Permit holder | Effective date / Date of expiry | Major conditions | Status of compliance | | | | |
|----------------------------|--|---|------------------------------|--------------------------------------|--|----------------------------|----------|-----|-----------|----------|
| 4. | Controlled Articles Permit Serial No. J035497 | Ministry of Domestic Trade, Co-operatives and Consumerism | DPI Business address: K69 | 13 February 2018 to 12 February 2019 | <p>7. Other than records in the Wholesale Book as provided under Section 15(3) of the Poisons Act 1952, every transaction of Precursor Chemicals (if the Licence permits) that is Lysergic Acid, 1-Phenyl-2-Propanone, Potassium Permanganate, N-acetylanthranilic Acid, 3-4 Methylendioxyphenyl-2-Propanone, Safrole, Isosafrole, Piperonal, Anthranilic Acid, Ethyl Ether, Phenylacetic Acid, Piperidine, Sulphuric Acid and Hydrochloric Acid must be recorded in the books or where a computer software is utilised, copies of the records are to be printed and compiled as a book bound in accordance with the format as stipulated in the licence.</p> | | | | | |
| | | | | | <p>1. The permit allows the permit holder to purchase at any one time the controlled articles in accordance to the table as follows:</p> <table border="1" data-bbox="884 506 1002 927"> <thead> <tr> <th>Type of controlled article</th> <th>Quantity</th> </tr> </thead> <tbody> <tr> <td>LPG</td> <td>15,000 KG</td> </tr> </tbody> </table> <p>2. The permit holder shall store the controlled articles at the business address as stipulated in the permit.</p> <p>3. The permit holder shall not be allowed to store controlled articles in any other place save and except for the business address unless prior written consent has been obtained from the Controller.</p> | Type of controlled article | Quantity | LPG | 15,000 KG | Complied |
| Type of controlled article | Quantity | | | | | | | | | |
| LPG | 15,000 KG | | | | | | | | | |

4. INFORMATION ON OUR GROUP (Cont'd)

| No. | Nature of major approvals, licences and permits | Issuer / Authority | Licensee / Permit holder | Effective date / Date of expiry | Major conditions | Status of compliance |
|-----|---|--------------------|--------------------------|---------------------------------|--|----------------------|
| | | | | | <p>4. The permit holder must not have in its possession or control any controlled articles that exceeds the quantity as stipulated in paragraph 1 above.</p> <p>5. The permit is not transferable.</p> <p>6. The controlled articles shall only be utilised for own utilisation and not for sale.</p> <p>7. The permit holder shall keep a record of evidence of purchases of controlled articles for inspection purposes.</p> <p>8. The skid tank used to store the controlled articles must be labelled.</p> <p>9. The permit is valid based on the approval permit and the renewal shall be submitted to the Controller one month before the expiration.</p> <p>10. The permit holder is subject to the Control of Supplies Act 1961 and subsidiary legislation under it.</p> <p>11. In the event the permit holder no longer utilises the controlled articles as stipulated in the permit, the permit holder shall return the same to the Controller.</p> <p>12. Where the permit holder of the permit provides false information, or violates any of the above conditions, the permit may be revoked with immediate effect.</p> | |

4. INFORMATION ON OUR GROUP (Cont'd)

| No. | Nature of major approvals, licences and permits | Issuer / Authority | Licensee / Permit holder | Effective date / Date of expiry | Major conditions | Status of compliance |
|-----|---|--|------------------------------|---------------------------------|--|----------------------|
| 5. | System Certification ISO 9001:2015 Certificate No. MY04/00033 | United Kingdom Accreditation Service Management System | DPI Business address: K69 | 1 August 2018 to 31 March 2019 | Certification granted for the following activities: 1. Development, manufacture and aerosol packing of paint and other surface coating products, mould release agent, sliding agent, anti-corrosive and penetrating agent and metal treatment products. | Complied |
| 6. | System Certification ISO 9001:2015 Certificate No. MY04/01155 | Standards Malaysia Accredited Certification Body | DPI Business address: K69 | 26 June 2018 to 31 March 2019 | Certification granted for the following activities: 1. Development, manufacture and aerosol packing of paint and other surface coating products, mould release agent, sliding agent, anti-corrosive and penetrating agent and metal treatment products. | Complied |
| 7. | Certificate of Fitness (Unfired Pressure Vessel – 150 Litre Deodoriser Column) Certificate No. PMT-JH/18 57604 | DOSH | DPI | Date of Expiry: 1 December 2019 | Registration no. of deodoriser: PMT107383 | Not applicable |

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4. INFORMATION ON OUR GROUP (Cont'd)

| No. | Nature of major approvals, licences and permits | Issuer / Authority | Licensee / Permit holder | Effective date / Date of expiry | Major conditions | Status of compliance |
|-----|---|--------------------|--------------------------|------------------------------------|---|----------------------|
| 8. | Certificate of Fitness (Unfired Pressure Vessel – 150 Litre Deodoriser Column) Certificate No. PMT-JH/18 57602 | DOSH | DPI ² | Date of Expiry: 1 December 2019 | Registration no. of deodoriser: PMT107384 | Not applicable |
| 9. | Certificate of Fitness (Unfired Pressure Vessel – 150 Litre Deodoriser Column) Certificate No. PMT-JH/18 57605 | DOSH | DPI | Date of Expiry: 1 December 2019 | Registration no. of deodoriser: PMT107385 | Not applicable |
| 10. | Certificate of Fitness (Unfired Pressure Vessel – 150 Litre Deodoriser Column) Certificate No. PMT-JH/18 57603 | DOSH | DPI | Date of Expiry: 1 December 2019 | Registration no. of deodoriser: PMT107386 | Not applicable |

² The CF was previously issued in the name of DPI Aerosol Sdn Bhd (“DPI Aerosol”) (now known as Sunrise Plastics Industries Sdn Bhd), which was previously owned by Peter Chai. On 30 December 2005, DPI had informed DOSH that DPI has taken over the business operations (including the unfired pressure vessel machinery (“UPV Machine”)) of DPI Aerosol pursuant to its internal restructuring exercise of the companies within DPI group. Despite this notification, subsequent CFs issued for the UPV Machine were still issued under DPI Aerosol. Subsequently, DPI Aerosol was disposed to third parties in 2013. Hence, we had informed DOSH again to change the issuance of CF of the said UPV Machine from DPI Aerosol to DPI since DPI Aerosol was no longer part of DPI group. It was previously pending the renewal and correct issuance of the CF by DOSH. DPI had submitted an application for the CF for this UPV Machine to DOSH, Johor on 29 April 2016 and had also sent reminder letters to DOSH on 4 October 2017 and 9 March 2018 respectively. In this respect, we have been continuously following-up with DOSH for the renewal and correct issuance of the CF. We continued to use the UPV Machine after the expiry date of 10 May 2016 before we ceased operating the machine. Hence, we were not in compliance with Section 19(1) of the Factories and Machinery Act 1967 during this period. Subsequently on 25 May 2018, DOSH issued the CF for the UPV Machine. Please refer to Section 5.1.7 of this Prospectus for further details.

4. INFORMATION ON OUR GROUP (Cont'd)

4.21 PRODUCT DEVELOPMENT

We place a strong emphasis on product development to maintain our competitiveness in the aerosol industry.

We have a product development team which comprises 3 personnel and it is headed by our chemist, Ng Wee Chen. Presently, our product development initiatives are primarily focused on the following activities:

- Research, formulation and development of new and improved aerosol products; and
- Keeping abreast with the latest developments and trends in the international and domestic aerosol markets.

Improve existing aerosol products and develop new aerosol products

As at the LPD, we have formulated and developed over 300 aerosol paint variants. Please refer to Section 4.10.1 of this Prospectus for more information on our Group's products.

As our aerosol segment accounts for the majority of our sales and earnings, our product development and enhancement activities are mainly focused on the following areas:

- Formulating new colour variants based on the current industry trends and technologies; and
- Improving existing colour variants through changes in formulations to enhance paint attributes and/or reduce cost of production.

(a) Formulating new colour variants based on current industry trends and technologies

Our product development department works closely with our sales and marketing department in analysing current industry trends and customer feedbacks. Every couple of years, new colour variants will emerge in the automotive, decorative, household and/or general purpose markets. These departments work together to identify the latest in-demand colour variants and determine which colours to develop for commercialisation.

Our product development team will procure the colour samples and conduct vigorous tests when they develop new colour variants to establish the right formulations, including but not limited to, raw materials selection, method and order of mixing as well as conduct various QC tests.

Please refer to the table below for our new colour aerosol paint products commercialised from 2016 to 2018.

(b) Improving existing colour variants through changes in formulations to enhance paint attributes and/or reduce cost of production

Our product development activities also extend to improving our current colour variants and formulations. We conduct research and experiment by substituting key raw materials with other variations to achieve the same level of colour consistency, product quality and finishing or by utilising different ingredients to improve the aerosol paints' features. Examples of the above include, but are not limited to:

- Successfully replacing an essential raw material with a variation to reduce our cost of production; and
- Improving the heat resistance performance so that there is reduced decolouration and cracks at higher temperatures.

4. INFORMATION ON OUR GROUP (Cont'd)

Our product development achievements on existing colour aerosol paint products from 2016 to 2018 are set out in the table below.

| Product Development Initiatives | Year | Achievements |
|--|-------------|--|
| Increase product range | 2016 | <p>Developed customised colours for our customers:</p> <ul style="list-style-type: none"> • KW Metallic Grey • KW Beige • IM Metallic Black • Konica Black • Spraymark Purple • Konica Beige • BH Grey • Dune • Prestar Blue • Repsol Orange • Satin Black <p>Developed and formulated new products with specific properties:</p> <ul style="list-style-type: none"> • Clear metallic coating which provides a sparkling effect • Clear finishing coating with a matte effect |
| | 2017 | <p>Developed customised colours for our customers:</p> <ul style="list-style-type: none"> • MH Paip White • PTC Black • PTC Blue Satin • PTC Beige • AA Beige • AA Coffee Black • SC Silver Gold • SC Flat Black • Movistar Blue • Y152Z Yellow • CK Orange • EX5 Metallic Blue • Pure Star Brown |
| | 2018 | <p>Developed customised colours for our customers:</p> <ul style="list-style-type: none"> • UA Blue <p>Developed and formulated new colour variants:</p> <ul style="list-style-type: none"> • Flat Clear • Blue Max • Titanium Gold • Rose Gold • Royal Gold • Champagne Gold • Copper Gold • Black Gold • Matte Pink for marking purposes |

4. INFORMATION ON OUR GROUP (Cont'd)

| Product Development Initiatives | Year | Achievements |
|---|-------------|--|
| Improve formulation and performance of our existing products to reduce production costs | 2016 | <ul style="list-style-type: none"> ❖ Replaced aluminium paste, a pigment used in the production of our paints, with another variation to achieve better quality and performance as well as reduce material costs. ❖ Changed some of our raw materials in the formulation to enhance the performance of our heat resistant paints. <p>Achievement:</p> <ul style="list-style-type: none"> • Improved the performance of our heat resistant paints to prolong the integrity of the colours from fading and cracking when exposed to high temperatures (up to 600 °C). |
| | 2017 | <ul style="list-style-type: none"> ❖ Modified the formulation for our 'glow in the dark' paints to achieve longer lasting and brighter luminance effect. <p>Achievements:</p> <ul style="list-style-type: none"> • Developed a white paint that glows in the dark (in hues of white/green) which is ideal for safety marking purposes; and • Improved the paint's thickness to absorb more light. <ul style="list-style-type: none"> ❖ Modified the formulation for our Anchor Promark paints to improve the paint's performance. <p>Achievement:</p> <ul style="list-style-type: none"> • The paint displays an improved visible marking attribute and coverage from a single spray. |
| | 2018 | <ul style="list-style-type: none"> ❖ Substitution of polyamide wax in existing formulation to achieve better quality and performance as well as reduce material costs. ❖ Use of better grade fluorescent pigment in the formulation of fluorescent paint to provide better quality and colour strength. <p>Achievements:</p> <ul style="list-style-type: none"> • Improved lightfastness which enables paint to be more resistant against its colour pigment fading when exposed to light. • The paint also has improved colour strength as its pigments have a better ability to impart colour onto other materials. |

Keeping abreast with new developments and trends in the aerosol industry

We keep abreast with the latest developments and trends in the aerosol industry to ensure we remain competitive in the markets that we operate in. Our Promoters, Peter Chai and Adam Chai, travel overseas to meet aerosol manufacturers and distributors/retailers as well as attend local and international trade fairs to understand the latest aerosol market trends and technologies. Through these visits, we are able to gain new ideas, knowledge and technical know-how from different countries for further research and possible implementation into our formulations and manufacturing processes of aerosol products.

4. INFORMATION ON OUR GROUP (Cont'd)

4.22 BUSINESS STRATEGIES AND FUTURE PLANS

Our business strategies are as follows:

- To maintain our market position in the domestic market for our aerosol products;
- 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; and
- To consistently improve the quality standard of our products and manufacturing practices.

Our business plans as set out below are current measures and action plans that we will implement to achieve our business strategies. The focus of our business plans will involve the following:

- Expansion of our production capacity and improving our existing aerosol filling lines;
- Improvement in our product range and offerings to give our customers more choices;
- Increase in sales, marketing and advertising initiatives to expand our markets and increase our products visibility; and
- Continual investment in product development to ensure our manufacturing process and products meet our local and global customers' standards and expectations.

4.22.1 Expansion of Production Capacity and Improvement in Aerosol Filling Lines

Our current aerosol products manufacturing capacity is 9.66 million aerosol cans per annum. During the FYE 2018, we were operating close to full capacity as our utilisation rate was 77.84%. We anticipate that the demand for our aerosol products will continue to grow in the future arising from, amongst others, the outlook and prospects of the industry and our plan to increase sales, marketing and advertising initiatives.

In order to maintain and enhance our market position in aerosol paint products, we plan to increase our production capacity. The expansion of our production will involve:

(i) Construction of a new factory and office building at Lot 11078

We own a piece of vacant land at Lot 11078. This land is adjacent to our existing factories and storage areas. Please refer to Section 2.5 of this Prospectus for the illustration of our properties cluster. We intend to construct a new factory with a storage area on this land. The new factory will have a built-up area of approximately 77,200 sq. ft. comprising:

- single storey production floor complete with the necessary production facilities for manufacturing our aerosol products;
- offices for finance and administration, purchasing, marketing and business development departments;
- storage area for our inventories;
- gas tank area for us to store propellants; and
- related infrastructure such as utilities, road, drainage and others to support the factory.

The building plan for Lot 11078 has been submitted to Majlis Daerah Tangkak for approval.

4. INFORMATION ON OUR GROUP (Cont'd)

We will commence construction of the factory building upon receipt of approval on the finalised building plan from Majlis Daerah Tangkak. The scheduled completion of the new building at Lot 11078 is by the second half of 2019 and we expect to receive the CCC within 3 months of completion. We plan to commence production in the first half of 2020.

The new factory will primarily cater for manufacturing of our aerosol products. We will invest in new machinery and equipment to form new assembly production lines for this factory. It will have 4 new fully-automated aerosol filling lines for the production of our aerosol products. The increase in automation will enhance our production rate as well as reduce our reliance on labour compared to the existing aerosol filling lines. The increase of production capacity is to cater for our plans to expand into new markets and commercialisation of new products as discussed in Sections 4.22.2 and 4.22.3 of this Prospectus respectively.

(ii) Upgrade of our existing aerosol filling lines

As we are already experiencing capacity constraints, we intend to upgrade the 4 existing aerosol filling lines at our K69 factory.

One of the new fully-automated aerosol filling lines (discussed in point (i) above) is currently being set up and will temporarily be housed at our manufacturing facility at K68 while Lot 11078 undergoes construction. Please refer to Section 2.5 of this Prospectus for the illustration of our properties cluster. This new production line will increase our aerosol filling capacity by approximately 2.50 million aerosol cans per year.

As the abovementioned new aerosol filling line becomes operational at K68, we will progressively refurbish and upgrade our existing 4 production lines located at K69. We will incorporate new technology to make them more efficient and adopt more automation in our aerosol production chain such as automated placement of valve, nozzle and plastic caps as well as automated safety wrapping, which are currently being done manually.

The upgrade of the 4 existing production lines at our K69 factory will be implemented in phases to minimise disruptions in our production processes.

By the first half of 2020, we will have 8 production lines to cater for our aerosol products with combined production capacity of up to 20.00 million aerosol cans per year.

(iii) Acquisition of vacant buildings situated at K861 and K862

In order to support our production capacity expansion plan, we have acquired 2 vacant buildings identified as K861 and K862 which are located nearby to our existing factories and storage areas. The acquisition of K861 and K862 were completed on 14 September 2018. Please refer to Section 2.5 of this Prospectus for the illustration of our properties cluster.

K861 and K862 will be refurbished and renovated to accommodate our plastic injection moulding lines and serve as our storage areas. The refurbishment is expected to be completed by first half of 2019 and upon completion, the combined floor space of these 2 buildings will be approximately 20,000 sq. ft.

Currently, our plastic injection moulding factory is situated at K6, which is located further away than K861 and K862.

4. INFORMATION ON OUR GROUP (Cont'd)

4.22.2 Increase in Sales, Marketing and Advertising Initiatives

Our market expansion plans include:

(i) Market expansion for our in-house brand aerosol products

We intend to distribute our in-house brand aerosol products in countries such as Myanmar and Vietnam. We believe these countries offer good market opportunities to grow our in-house brands. Currently, we are negotiating with several distributors in the aforesaid countries, to assist us in the marketing and distribution of our in-house brand aerosol products.

With our proven capabilities in the domestic market and other overseas markets, we believe we will be able to position ourselves and supply these new markets with our in-house brands. We will also hire a local marketing representative to coordinate and handle sales orders from the distributors in the respective countries and to promote our existing and new products and services.

(ii) Market expansion for our private label manufacturing services

We intend to increase our marketing activities for our private label manufacturing services in various countries, including but not limited to, Australia, New Zealand and Japan. We believe that we have a distinct competitive advantage over other aerosol manufacturers in developed countries as we are able to offer quality products as well as good customer and manufacturing services at competitive prices.

Our proven track record, industry certified QMS and long-term business relationships with our existing private label customers, some of which were as far back as 32 years, further substantiates our private label manufacturing capabilities. We are open to working with our private label customers' research and development team to assist them in their product development activities.

We intend to participate in international trade fairs and exhibitions particularly in countries in Southeast Asia, Europe and China to meet global brand owners and to promote our products and private label manufacturing services to them. These include:

- METALEX (which is an Association of Southeast Asian Nations' (ASEAN) machine tool and metalworking technology trade exhibition and conference) in Vietnam and Thailand;
- CHINACOAT (which is an international exhibition for coating materials, corrosion prevention, environment protection, paints and QC) in Guangzhou, China;
- European Aerosol Federation's Global Aerosol Event (which is a conference and exhibition by international service providers of the aerosol industry) in Germany; and
- Asian Aerosol Federation's Annual Meeting (which is an exhibition and conference for technical and legislative developments of the aerosol industry in Asia-Oceania) in Thailand.

Through these participations, we will obtain invaluable knowledge on technology innovations, developments and trends of the industry, as well as gain access to potential customers from all over the world to demonstrate our products and services.

We will also adopt a personalised marketing approach by contacting new customers directly and organising a private visit to them. From the visit, we will then be able to demonstrate and present our full range of products and services to potential private label customers effectively via direct face-to-face communication.

4. INFORMATION ON OUR GROUP (Cont'd)

(iii) Expand our marketing activities via internet platforms

We also intend to enhance our delivery of sales, marketing and advertising initiatives over internet platforms. These include:

(a) Social media and online advertising platforms

We will use established social media and online advertising platforms such as Google, YouTube and Facebook to promote our products and services. We will purchase advertisements on these selected websites to project our brand to the targeted audience. We may need to engage media agencies to assist us in achieving the above purpose.

We will regularly update through social media and online advertising platforms with the intention to:

- expose users with the knowledge on aerosol paints in general;
- inform users about aerosol paints' wide applications and demonstrate how they can be used in certain specific applications on a case-to-case basis;
- showcase the benefits and advantages of aerosol paints; and
- provide information on the availability of our aerosol paints in the market and contact information.

(b) Enhanced website

We will also redesign our website with more demonstrative and informative contents about our Group's information and detailed product information. The new website will be updated with our latest product range. We will also link videos on our webpage to provide product demonstrations for our customers, to educate the public on aerosol products, its functionality and applications. This will also help increase product awareness.

4.22.3 Product Development

We constantly seek ways to expand and enhance our product range to meet the changing demands of end-consumers.

- **Aerosol Paint Products**

Currently, we have more than 300 colours under our 3 brand names. We intend to focus our development efforts on improving the quality of our paints in providing long term durability and performance under outdoor weather conditions by acquiring several testing machineries as set out in Section 2.5.5 of this Prospectus. This will enable us to develop and commercialise new colours and improve the performance and finishing of aerosol paints and other industrial aerosol products.

Currently, we have 2 new range of premium aerosol paints in the final stage of development.

- **Industrial Aerosol Products**

We are also working to broaden our range of industrial aerosol products. Presently, we are developing an adhesive spray (which is a spray on glue, specially formulated for mounting items onto a variety of surfaces). This product is also in the final stage of development.

4. INFORMATION ON OUR GROUP (Cont'd)

Save for the acquisition of vacant buildings located at K861 and K862 above which is funded from our internally generated funds, the rest of our future plans will be funded through our IPO proceeds as detailed in Section 2.5 of this Prospectus. The estimated timeframe for realisation of these plans is within 18 to 24 months after our Listing.

4.23 MATERIAL CONTRACTS

Save as disclosed below, there are no other contracts which are or may be material, not being contracts entered into in the ordinary course of business, that have been entered into by our Group within the FY Under Review up to the date of this Prospectus:

- (i) the share sale and purchase agreement dated 15 November 2017 and supplemental share sale and purchase agreement dated 14 February 2018 between our Company and the Vendors in relation to the DPI Acquisition which was satisfied by the issuance of 303,811,810 new Shares and has been completed on 1 March 2018;
- (ii) the share sale and purchase agreement dated 15 November 2017 and supplemental share sale and purchase agreement dated 14 February 2018 between our Company and the Vendors in relation to the DPIC Acquisition which was satisfied by the issuance of 49,098,622 new Shares and has been completed on 1 March 2018;
- (iii) the share sale and purchase agreement dated 15 November 2017 and supplemental share sale and purchase agreement dated 14 February 2018 between our Company and the Vendors in relation to the DPIR Acquisition which was satisfied by the issuance of 7,260,538 new Shares and has been completed on 1 March 2018;
- (iv) the share sale and purchase agreement dated 15 November 2017 and supplemental share sale and purchase agreement dated 14 February 2018 between our Company and the Vendors in relation to the DESB Acquisition which was satisfied by the issuance of 10 new Shares and has been completed on 1 March 2018;
- (v) the sale and purchase agreement dated 6 November 2017 between DPI and PCASB in relation to the disposal of K6 for a cash consideration of RM1,300,000 which has been completed on 6 November 2017;
- (vi) the sale and purchase agreement dated 17 November 2017 between DPI and PCASB in relation to the disposal of a piece of land held under GRN 215031, No. Lot 988, Mukim Tangkak, Daerah Tangkak, Negeri Johor for a cash consideration of RM6,200,000 which has been completed on 17 November 2017;
- (vii) the sale and purchase agreement dated 6 November 2017 between DPI and PCASB in relation to the disposal of a 4 storey terrace shop office located at No. 34, Jalan SS19/1D, 47500 Subang Jaya, Selangor Darul Ehsan for a cash consideration of RM4,700,000 which has been completed on 6 November 2017;
- (viii) the sale and purchase agreement dated 6 November 2017 between DPI and PCASB in relation to the disposal of a 4 storey terrace shop office located at No. 36, Jalan SS19/1D, 47500 Subang Jaya, Selangor Darul Ehsan for a cash consideration of RM2,800,000 which has been completed on 6 November 2017;
- (ix) the sale and purchase agreement dated 15 December 2017 between DPIC and Ang Siew Yan in relation to the disposal of a piece of land held under Title No. H.S. (M) 21289, PT 28182, Mukim Kapar, Daerah Klang, Negeri Selangor for a cash consideration of RM975,000 which has been completed on 15 March 2018;
- (x) the sale and purchase agreement dated 25 October 2017 between Hatari Besi Sdn Bhd and DPI in relation to the acquisition of K861 for a cash consideration of RM1,100,000 which has been completed on 14 September 2018;

4. INFORMATION ON OUR GROUP (Cont'd)

- (xi) the sale and purchase agreement dated 25 October 2017 between Lo Sua Sim and DPI in relation to the acquisition of K862 for a cash consideration of RM1,050,000 which has been completed on 14 September 2018; and
- (xii) the Underwriting Agreement dated 7 November 2018, further details of which are set out in Section 2.7 of this Prospectus.

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4. INFORMATION ON OUR GROUP (Cont'd)

4.24 PROPERTY, PLANT AND EQUIPMENT

4.24.1 Material Properties Owned by Our Group

The material properties owned by our Group are as follows:

| Location / Postal address | Registered owner / Beneficial owner | Description / Existing use | Express conditions / Category of land use | Restrictions in interests | Encumbrances / Endorsement | Land Area / Built-up area (Approximate) | Unexpired tenure / Date of expiry of lease | Date of issuance of CF / CCC |
|--|-------------------------------------|---|--|--|---|---|--|------------------------------|
| K69, Jalan Perindustrian 6, Kawasan Perindustrian Tanjung Agas, 84000 Kesang, Tangkak, Johor | DPI | Description: Single storey detached factory with a double storey office annexed Existing use: Factory and office | Express conditions: (i) For detail of the approved land use, please refer to Note (a) below. (ii) All impurities and pollution caused by these activities must be channelled / disposed of at places designated by the relevant authority. (iii) All policies and conditions set and enforced from time to time by the relevant authority must be complied with. Category of land use: Industrial | This land shall not be sold, charged, mortgaged, leased or transferred in any way, including by way of agreement / letter with the intention of releasing / selling this land, without the consent of the state authority. | Encumbrances: Nil Endorsement: Registration for application of surrender of entire land on 11 October 2016 via presentation number 6413/2016 ^(a) | Land Area: 0.397 hectare (0.981 acre or 42,733 sq. ft.) Built-up Area: 2,447 sq. m. (26,340 sq. ft.) | Unexpired tenure: 32 years Date of expiry of lease: 30 January 2050 | 10 January 1993 |

4. INFORMATION ON OUR GROUP (Cont'd)

| Location / Postal address | Registered owner / Beneficial owner | Description / Existing use | Express conditions / Category of land use | Restrictions in interests | Encumbrances / Endorsement | Land Area / Built-up area (Approximate) | Unexpired tenure / Date of expiry of lease | Date of issuance of CF / CCC |
|---|-------------------------------------|---|---|---|---|--|--|------------------------------|
| K69-1, Jalan Perindustrian 6, Kawasan Perindustrian Tanjung Agas, 84000, Kesang, Tangkak, Johor | DPI | Description: Single storey detached factory building Existing use: Storage | Express conditions: (i) This land shall be used for a medium industry factory and other related purposes, built according to the approved plan by the relevant local authority. (ii) All impurities and pollution caused by these activities must be channelled / disposed of at places designated by the relevant authority. (iii) All policies and conditions set and enforced from time to time by the relevant authority must be complied with. Category of land use: Industrial | (i) This land shall not be sold, mortgaged, leased, charged or transferred in any way, including by way of using all agreement letters with the intention of releasing / selling this land, without the consent of the state authority. (ii) Land proprietor is allowed to only mortgage / charge once to the Government or a statutory body or any registered banks in Malaysia. The land proprietor who wishes to charge the land for a second or any subsequent time shall obtain the consent of the state authority. | Encumbrances: Nil Endorsement: Nil | Land Area: 0.1618 hectare (0.3998 acre or 17,416 sq. ft.) Built-up Area: 1,205.70 sq. m. (12,978 sq. ft.) | Unexpired tenure: 28 years Date of expiry of lease: 25 April 2046 | 25 March 1994 |

4. INFORMATION ON OUR GROUP (Cont'd)

| Location/ Postal Address | Registered Owner/ Beneficial Owner | Description/ Existing use | Express Conditions / Category of land use | Restrictions in Interests | Encumbrances/ Endorsement | Land Area/ Built-up Area (Approximate) | Unexpired tenure/ Date of expiry of lease | Date of issuance of CF / CCC |
|---|---|--|--|---|--|--|---|---------------------------------------|
| K26, Jalan Perindustrian 6, Kawasan Perindustrian Tanjung Agas, 84000 Kesang, Tangkak, Johor | DPI | Description: Industrial land Existing use: Nil | Express conditions: (i) For detail of the approved land use, please refer to Note (a) below. (ii) All impurities and pollution caused by these activities must be channelled / disposed of at places designated by the relevant authority. (iii) All policies and conditions set and enforced from time to time by the relevant authority must be complied with. Category of land use: Industrial | (i) This land shall not be sold, mortgaged, charged or transferred in any way, including by way of using all agreement letters with the intention of releasing / selling this land, without the consent of the state authority. (ii) Land proprietor is allowed to mortgage / charge only once to the Government or a statutory body or any registered banks in Malaysia or financial sources in collaboration with such banks. The land proprietor who wishes to charge the land for a second or any subsequent time shall obtain the consent of the state authority. | Encumbrances: Nil Endorsement: Registration for application of surrender of entire land on 11 October 2016 via presentation number 6413/2016(a) | Land Area: 0.2023 hectare (0.4999 acre or 21,776 sq. ft.) | Unexpired tenure: 26 years Date of expiry of lease: 28 February 2044 | Nil |

Company No.: 1249778-M

4. INFORMATION ON OUR GROUP (Cont'd)

| Location/ Postal Address | Registered Owner/ Beneficial Owner | Description/ Existing use | Express Conditions / Category of land use | Restrictions in Interests | Encumbrances/ Endorsement | Land Area/ Built-up Area (Approximate) | Unexpired tenure/ Date of expiry of lease | Date of issuance of CF / CCC |
|---|---|--|--|---|--|---|---|---------------------------------------|
| K68 & K68-A, Jalan Perindustrian 5, Kawasan Perindustrian Tanjung Agas, 84000 Kesang, Tangkak, Johor | DPI | Description: Double storey detached factory Existing use: Storage ¹ | Express conditions: (i) For detail of the approved land use, please refer to Note (a) below. (ii) All impurities and pollution caused by these activities must be channelled / disposed of at places designated by the relevant authority. (iii) All policies and conditions set and enforced from time to time by the relevant authority must be complied with. Category of land use: Industrial | This land shall not be sold, leased or transferred in any way, including by way of using all agreement letters with the intention of releasing / selling this land, without the consent of the state authority. | Encumbrances: Nil Endorsement: Registration for application of surrender of entire land on 11 October 2016 via presentation number 6413/2016 ^(a) | Land Area: (i) K68 0.1012 hectare (0.2500 acre or 10,893 sq. ft.) (ii) K68-A 0.1011 hectare (0.2498 acre or 10,882 sq. ft.) Built-up Area: 2,023.37 sq. m. (21,779 sq. ft.) ² | Unexpired tenure: 28 years Date of expiry of lease: (i) K68 25 April 2046 (ii) K68-A 2 July 2046 | 31 January 1994 |

¹ DPI has submitted an application for a business licence for aerosol factory, packing and storage to Majlis Daerah Tangkak and in the interim, has been issued with a temporary business licence for the period from 31 October 2017 to 12 December 2017. DPI has obtained the renewal of the temporary business licence for the year 2018.

² The built-up area recorded is the collective built-up area for K68 and K68-A.

4. INFORMATION ON OUR GROUP (Cont'd)

| Location/ Postal Address | Registered Owner/ Beneficial Owner | Description/ Existing use | Express Conditions / Category of land use | Restrictions in Interests | Encumbrances/ Endorsement | Land Area/ Built-up Area (Approximate) | Unexpired tenure/ Date of expiry of lease | Date of issuance of CF / CCC |
|--|---|---|---|---|---|--|---|---------------------------------------|
| Lot 11078, Jalan Perindustrian, Kawasan Perindustrian Tanjung Agas, 84000 Kesang, Tangkak, Johor. | DPI | Description: Vacant land Existing use: Nil | Express conditions: (i) This land shall only be used for medium industry for the purpose of chemical and coating business and for other related purposes, built according to the approved plan by the relevant local authority. (ii) All impurities and pollution caused by these activities must be channeled /disposed of at places designated by the relevant authority. (iii) All policies and conditions set and enforced from time to time by the relevant authority must be complied with. Category of land use: Industrial | This land shall not be sold, mortgaged, charged, leased or transferred in any way, including by way of agreement or letter with the intention of releasing / selling this land, without the consent of the state authority. | Encumbrances: Nil Endorsement: Nil | Land Area: 12,251 sq. m. (131,869 sq. ft.) | Unexpired tenure: 17 years Date of expiry of lease: 31 May 2035 | Nil |

4. INFORMATION ON OUR GROUP (Cont'd)

Note:

(a) *A proposal for amalgamation and amendment of express condition by way of surrender and return of land pursuant to Section 124A of the National Land Code (Act 56) for the purposes of medium industry company (chemical & coating) on K69, K26, K68 and K68-A was submitted to the Pejabat Tanah Daerah Tangkak on 12 January 2015. The Pejabat Tanah dan Galian Johor had in its letter dated 7 February 2018 agreed to allow the said proposal upon receipt of the necessary information required by them and we had submitted the same to them on the same date. Subsequently, Pejabat Tanah dan Galian Johor have approved the amalgamation in its letter dated 15 March 2018. The Company had made payment amounted to RM490.00 for the amalgamation to Pejabat Tanah Daerah Tangkak and the receipts have been issued on 17 April 2018. RM7,706.20 was also made to Lembaga Jurukur Tanah Malaysia being payment for the title survey fee and the official receipt has been issued on 7 May 2018. The amalgamated land has been allocated its new lot number by Pejabat Tanah Daerah Tangkak on 7 June 2018 and the qualified title plan has been submitted to Pejabat Tanah Daerah Tangkak to facilitate the issuance of the new amalgamated title deed. Issuance of the new amalgamated title is still pending as at the LPD. The express condition for land use in the new amalgamated title is for medium industry (production of chemical and coatings).*

There were unapproved structures built on K69, K68 and K68-A. These structures are built along the boundaries of our land and their sole purpose is to provide protection against sunlight at these boundaries. The said structures have no material impact on our operations, business and financial condition. However, we have submitted a revised building plan incorporating the unapproved structures to the Majlis Daerah Tangkak for approval, in view of the approval obtained from Pejabat Tanah dan Galian Johor for the amalgamation of K69, K26, K68 and K68-A. We have subsequently obtained the conditional approval of Majlis Daerah Tangkak for the revised building plan in its letter dated 23 October 2018 and such conditions are to be complied within 28 days from the date of the letter, otherwise the approval will be automatically cancelled.

All the conditions stated in the letter dated 23 October 2018 have been complied within the 28 days save for compliance with the requirements and conditions of Jabatan Bomba dan Penyelamat. In this respect, we have engaged with Jabatan Bomba dan Penyelamat to obtain their requirements and conditions. We have also engaged with Majlis Daerah Tangkak and have sought for an extension of time of 1 month from them to comply with this condition and submit the support letter from Jabatan Bomba dan Penyelamat. Presently, we are awaiting for Majlis Daerah Tangkak's approval on our request for the said extension of time.

Save for K69, K68 and K68-A which previously were not in compliance with the applicable laws, rules and building regulations as disclosed in the above paragraph, the other properties owned by our Group as stated in this Section 4.24.1 have not breached any of the land use conditions / permissible land use; and where buildings are involved, we are in compliance with applicable laws, rules and building regulations.

4. INFORMATION ON OUR GROUP (Cont'd)**4.24.2 Material Properties Rented by Our Group**

The material properties rented by our Group are as follows:

| Company (Tenant) | Landlord | Description / Existing usage | Location | Period of tenancy/ Date of expiry of tenure | Land area / Built-up area (Approximate) | Date of issuance of CF/CCC | Rental payable per year (RM) |
|------------------|---------------------|---|--|---|---|----------------------------|------------------------------|
| DPIC | Conchem (M) Sdn Bhd | Description: 1-and-a-half storey detached factory Existing usage: Sales office used for its thinner blending activities and solvents storage | Lot 2, Jalan Kecapi 33/2, Elite Industrial Park, Off Jalan Bukit Kemuning, 40400 Shah Alam, Selangor Darul Ehsan | 6 years from 1 November 2017 to 31 October 2023 | 16,000 sq. ft. / 11,000 sq. ft. | 14 November 1997 | 192,000 |
| DPIC | Lee Lai Yoke | Description: 1-and-a-half storey semi-detached factory Existing usage: Office and storage | No. 2, Hala Rapat Baru 20, Kawasan Perindustrian Ringan, Kinta Jaya, 31350 Ipoh, Perak | 2 years from 1 February 2017 to 31 January 2019 | Not applicable / 6,580 sq. ft. | 9 December 1997 | 30,600 |
| DPIC | Pewter Land Sdn Bhd | Description: Double storey terrace shop lot Existing usage: Office and storage | 11A, Lorong Saga Jaya 2, Taman Perindustrian Saga Jaya, 13600 Perai, Penang | 3 years from 1 July 2018 to 30 June 2021 | Not applicable / 3,300 sq. ft. | 31 July 1998 | 33,600 |

4. INFORMATION ON OUR GROUP (Cont'd)

| Company (Tenant) | Landlord | Description / Existing usage | Location | Period of tenancy/ Date of expiry of tenure | Land area / Built-up area (Approximate) | Date of issuance of CF/CCC | Rental payable per year (RM) |
|------------------|----------|--|----------|---|---|--|------------------------------|
| DPI | PCASB | Description: Single storey detached factory Existing usage: Plastic injection moulding facility and storage | K6 | 1 year from 6 November 2018 to 5 November 2019 ¹ | 21,780 sq. ft. / 13,596 sq. ft. | The owner is unable to locate the CF. Hence, we intend to move to K861 and K862 by first half of 2019. | 46,800 |

Save for K6, there is no other breach of any land use conditions / permissible land use and / or non-compliance with any applicable laws, rules and building regulations which may materially affect our Group's operations and utilisation of our assets in respect of the properties rented by our Group above.

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¹ The tenancy at K6 will be terminated when K861 and K862 is ready for occupation. The tenancy agreement has no termination or withdrawal rights and penalty clauses.

4. INFORMATION ON OUR GROUP (Cont'd)

4.24.3 Operation Capacity

The estimated manufacturing production capacity in respect to the manufacturing of our aerosol products and their estimated utilisation rate is outlined in the table below:

| Production Process | FYE 2017 | | | FYE 2018 | | |
|--|--------------------------------------|--|----------------------------|--------------------------------------|--|----------------------------|
| | Estimated Annual Production Capacity | Actual No. of Working Days Production Output | Estimated Utilisation Rate | Estimated Annual Production Capacity | Actual No. of Working Days Production Output | Estimated Utilisation Rate |
| Aerosol Filling and Assembly (No. of cans) | 9,655,200 ⁽¹⁾ | 6,983,035 | 72.32% | 9,655,200 ⁽¹⁾ | 7,515,966 | 77.84% |

Note:

⁽¹⁾ Computed based on the maximum production capacity output of our aerosol filling lines which is based on 6 working days per week and excludes production downtime to cater for change of paint colour, which cannot be estimated reliably as it is due to the type of customer order.

Our utilisation rate has increased from 72.32% in FYE 2017 to 77.84% in FYE 2018. This is in line with the increased production output to meet the demand for our products.

4.25 EMPLOYEES

4.25.1 Employees by Category

We have 150 employees - 129 are permanent; and 21 are contractual.

The detailed breakdown of our employee structure by category is as follows:

| Category of Employees | No. of Employees | | |
|------------------------------------|------------------|------------|------------|
| | FYE 2017 | FYE 2018 | LPD |
| Executive Directors | 3 | 2 | 2 |
| Managerial | 10 | 10 | 10 |
| Executive non-technical | 13 | 2 | 4 |
| Technical personnel | | | |
| • Permanent | 92 | 95 | 92 |
| • Contractual | 22 | 26 | 21 |
| Clerical, administrative and sales | 9 | 21 | 21 |
| Total | 149 | 156 | 150 |

Our contractual employees are employed on a contract basis.

4.25.2 Employees by Geographical Location

As at the LPD, our business operates in 4 locations.

The detailed breakdown of our employee structure by geographical location is as follows:

| Geographical Location of Employees | No. of Employees | | |
|------------------------------------|------------------|------------|------------|
| | FYE 2017 | FYE 2018 | LPD |
| Johor | 119 | 125 | 117 |
| Selangor | 22 | 22 | 24 |
| Perak | 5 | 6 | 6 |
| Penang | 3 | 3 | 3 |
| Total | 149 | 156 | 150 |

Our manufacturing activities located in Johor focuses only on manufacturing of aerosol products. The other 3 locations, namely Selangor, Perak and Penang are involved in the distribution of aerosol products and trading of solvents and thinners.

4. INFORMATION ON OUR GROUP (Cont'd)

All our employees are Malaysian citizens. None of our Group's employees are represented by any labour unions. We have good working relationships with our employees and we expect to continue maintaining this position. We have not been engaged in any industrial disputes with our employees since our inception.

4.26 MAJOR CUSTOMERS

Set out below is our Group's top 5 customers for the FY Under Review:

| No. | Customers | Country | Types of products and services sold | Approximate length of relationship (years) | RM'000 | % |
|-----------------|--|-----------|-------------------------------------|--|---------------|---------------|
| FYE 2016 | | | | | | |
| 1 | UA Paints & Hardware Sdn Bhd | Malaysia | Aerosol Products | 9 | 3,678 | 7.84% |
| 2 | Ichinen Chemicals Co., Ltd (<i>formerly known as Taihokohzai Co., Ltd</i>) | Japan | Aerosol Products | 10 | 3,307 | 7.05% |
| 3 | Major Harvest Sdn Bhd | Malaysia | Aerosol Products | >20 | 2,266 | 4.83% |
| 4 | Campbells Wholesale Pty Ltd | Australia | Aerosol Products | 15 | 2,112 | 4.50% |
| 5 | Ban Hing Paints Sdn Bhd | Malaysia | Aerosol Products | >30 | 2,107 | 4.49% |
| Total | | | | | 13,470 | 28.71% |
| FYE 2017 | | | | | | |
| 1 | UA Paints & Hardware Sdn Bhd | Malaysia | Aerosol Products | 10 | 3,850 | 7.80% |
| 2 | Ichinen Chemicals Co., Ltd (<i>formerly known as Taihokohzai Co., Ltd</i>) | Japan | Aerosol Products | 11 | 3,032 | 6.14% |
| 3 | Campbells Wholesale Pty Ltd | Australia | Aerosol Products | 16 | 2,645 | 5.36% |
| 4 | Major Harvest Sdn Bhd | Malaysia | Aerosol Products | >20 | 2,210 | 4.48% |
| 5 | Ban Hing Paints Sdn Bhd | Malaysia | Aerosol Products | >30 | 2,104 | 4.26% |
| Total | | | | | 13,841 | 28.04% |

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4. INFORMATION ON OUR GROUP (Cont'd)

| No. | Customers | Country | Types of products and services sold | Approximate length of relationship (years) | RM'000 | % |
|-----------------|------------------------------|-----------|-------------------------------------|--|---------------|---------------|
| FYE 2018 | | | | | | |
| 1 | UA Paints & Hardware Sdn Bhd | Malaysia | Aerosol Products | 11 | 4,143 | 8.24% |
| 2 | Ichinen Chemicals Co., Ltd | Japan | Aerosol Products | 12 | 3,222 | 6.41% |
| 3 | Major Harvest Sdn Bhd | Malaysia | Aerosol Products | >20 | 2,290 | 4.55% |
| 4 | Campbells Wholesale Pty Ltd | Australia | Aerosol Products | 17 | 2,038 | 4.05% |
| 5 | Ban Hing Paints Sdn Bhd | Malaysia | Aerosol Products | >30 | 1,858 | 3.69% |
| Total | | | | | 13,551 | 26.94% |

Our Group is not dependent on any of our major customers as none of them contributed more than 10% of our total revenue for the FY Under Review. Nonetheless, we are dependent on our customers to distribute our aerosol products to end-consumers. Please refer to Section 5.1.5 of this Prospectus for further details.

4.27 MAJOR SUPPLIERS

Set out below is our Group's top 5 suppliers for the FY Under Review:

| No. | Suppliers | Country | Types of materials purchased | Approximate length of relationship (years) | RM'000 | % |
|-----------------|---|----------|------------------------------|--|---------------|---------------|
| FYE 2016 | | | | | | |
| 1 | Canpac Sdn Bhd | Malaysia | Empty aerosol cans | >30 | 2,931 | 10.99% |
| 2 | Chemstation Distribution Sdn Bhd | Malaysia | Solvents | 3 | 2,908 | 10.90% |
| 3 | Samchem Sdn Bhd | Malaysia | Solvents | 9 | 1,779 | 6.67% |
| 4 | Mitani Trading (Thailand) Co., Ltd (formerly known as Dongguan Mitani Valve Co., Ltd) | Thailand | Valves | >30 | 1,494 | 5.60% |
| 5 | Perusahaan Kimia Gemilang Sdn Bhd | Malaysia | Solvents | 9 | 1,445 | 5.42% |
| Total | | | | | 10,557 | 39.58% |

4. INFORMATION ON OUR GROUP (Cont'd)

| No. | Suppliers | Country | Types of materials purchased | Approximate length of relationship (years) | RM'000 | % |
|-----------------|---|----------|------------------------------|--|---------------|---------------|
| FYE 2017 | | | | | | |
| 1 | Canpac Sdn Bhd | Malaysia | Empty aerosol cans | >30 | 3,781 | 12.39% |
| 2 | Samchem Sdn Bhd | Malaysia | Solvents | 10 | 2,354 | 7.71% |
| 3 | Mitani Trading (Thailand) Co., Ltd (formerly known as Dongguan Mitani Valve Co., Ltd) | Thailand | Valves | >30 | 1,927 | 6.31% |
| 4 | Chemstation Distribution Sdn Bhd | Malaysia | Solvents | 4 | 1,803 | 5.91% |
| 5 | KJ Can (Johore) Sdn Bhd | Malaysia | Empty aerosol cans | 15 | 1,729 | 5.66% |
| Total | | | | | 11,594 | 37.98% |
| FYE 2018 | | | | | | |
| 1 | Canpac Sdn Bhd | Malaysia | Empty aerosol cans | >30 | 5,138 | 16.30% |
| 2 | Samchem Sdn Bhd | Malaysia | Solvents | 11 | 2,926 | 9.28% |
| 3 | Transmare-Chemie (M) Sdn Bhd | Malaysia | Solvents | 10 | 1,988 | 6.31% |
| 4 | Chemstation Distribution Sdn Bhd | Malaysia | Solvents | 5 | 1,896 | 6.02% |
| 5 | Mitani Trading (Thailand) Co., Ltd (formerly known as Dongguan Mitani Valve Co., Ltd) | Thailand | Valves | >30 | 1,710 | 5.43% |
| Total | | | | | 13,658 | 43.34% |

Our Group is dependent on our major suppliers as our top 5 suppliers constitute between 37.98% to 43.34% of our total purchases for the FY Under Review. Our top supplier, Canpac Sdn Bhd has contributed more than 10% to our Group's total purchases for the FY Under Review. Despite this, our main raw materials can be easily sourced so we do not foresee any major supply problems that may adversely affect our production processes. Nevertheless, we maintain good working relationship with at least 2 suppliers for each of our main raw materials. Please refer to Section 5.1.6 of this Prospectus for further discussion on our reliance on major suppliers.

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4. INFORMATION ON OUR GROUP (Cont'd)

4.28 EXCHANGE CONTROL

The Financial Services Act 2013 and Islamic Financial Services Act 2013 are the principal legislations which govern, amongst others, exchange control in Malaysia. The governing authority for Foreign Exchange Administration in Malaysia is Bank Negara Malaysia.

In accordance with Notice 4 of the current foreign exchange administration rules issued by Bank Negara Malaysia, a resident is allowed to make or receive payment in RM in Malaysia to or from a non-resident for, amongst others, settlement of trade in goods and settlement of services.

With respect to foreign currencies, payment may be made and received between a resident and a non-resident for any purpose in foreign currencies.

As at the LPD, we comply with the exchange control requirement in relation to our settlement of payments with foreign customers and suppliers.

In view of the above, foreign exchange control does not have an impact on the availability of cash and cash equivalents for us by our Group and the remittance of dividends, interest or other payments to our shareholders.

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4. INFORMATION ON OUR GROUP (Cont'd)

4.29 SUMMARY OF IMR REPORT

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31 October 2018

The Board of Directors
DPI Holdings Berhad
B-25-2, Block B, Jaya One
No. 72A Jalan Universiti
46200 Petaling Jaya
Selangor Darul Ehsan
Malaysia

Dear Sirs,

**SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT FOR DPI HOLDINGS BERHAD
("DPI HOLDINGS" OR THE "COMPANY")**

This summary has been prepared for inclusion in the Prospectus pursuant to the listing of DPI Holdings on the ACE Market of Bursa Malaysia Securities Berhad.

Mr Leow Hock Bee is the Research Director of Infobusiness Research & Consulting Sdn Bhd ("Infobusiness Research"). He has about 27 years of experience in market research, starting his career at Ban Hin Lee Bank Berhad where he spent 10 years. He has been involved in the research of a wide range of industries such as electronics, engineering supporting, furniture, rubber gloves, retreaded tyres, plastics packaging, oil and gas, oil-palm based, construction and property development, predominantly in corporate exercises for public listed companies.

This research is undertaken with the purpose of providing a strategic and competitive analysis of the aerosol paints industry in Malaysia. The research methodology includes both primary research, involving in-depth interviews with pertinent companies, as well as secondary research such as reviewing press articles, periodicals, government literatures, in-house databases, Internet research and online databases.

The report contains information supplied by and analysis based on public and private sources. To the extent such sources have been cited herein, we hereby confirm that we are allowed to make reference to such sources. We believe that they are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information.

Infobusiness Research has prepared the summary in an independent and objective manner and has taken all reasonable consideration and care to ensure its accuracy and completeness. In addition, Infobusiness Research acknowledges that if there are significant changes affecting the contents of the summary after the issue of the Prospectus and before the issue of securities, then Infobusiness Research has an on-going obligation to either cause the summary to be updated for the changes and, where applicable, cause the Company to issue a Supplementary Prospectus, or withdraw our consent to the inclusion of the summary in the Prospectus.

The summary is highlighted in the following sections.

for and on behalf of
INFOBUSINESS RESEARCH & CONSULTING SDN BHD



Keow Hock Bee
Research Director

infobusiness

SUMMARY OF IMR REPORT ON AEROSOL PAINTS INDUSTRY IN MALAYSIA

DPI Holdings is principally involved in the development, manufacturing and distribution of aerosol products such as aerosol paints and industrial aerosol products. It is also involved in the trading of solvents and thinners. The aerosol paints are used in the automotive, industrial and household markets.

1.0 INTRODUCTION TO AEROSOL CANS

Used for many decades, aerosol cans have evolved into a highly efficient form of value added packaging. They are one of the effective packaging solutions that provide convenient and high performance features to consumers. The metallic look of the aerosol can exhibit an exclusive premium quality appearance.

The aerosol can is a pressurised dispensing system that depends on the power of a liquefied gas or compressed gas to expel the product concentrates from the can. Dispensing systems are integral to a product's customer experience. Aerosol cans are a type of dispensing system which creates an aerosol mist of liquid particles. The aerosol spray is discharged in the form of a mist, foam or stream. Aerosol cans are used in the automotive, industrial, household, food and beverages, pharmaceuticals and personal care industries.

2.0 OVERVIEW OF AEROSOL PAINTS

For aerosol paints, tinplates are the most widely used material. It is a corrosion-resistant material that protects the product concentrates against deterioration. Paints and coatings when applied over a surface and dried, creates a continuous solid film. Although a coating looks simple, in actual fact it is very complex in its chemistry as it involves the blending of different chemicals in varying proportions. Depending on the formulations, aerosol paints can be used on metallic substrates (also known as surfaces), as well as plastics and wood substrates.

Paints and coatings are sold in the form of cans and pails, as well as aerosol cans to consumers in the market. In the cans and pails, they are available in sizes ranging between one litre and four litres for the convenience and preference of consumers. In the case of aerosol cans, they are usually available in volumes ranging between 0.3 litres and 0.4 litres. Some consumers may need only a small amount of paints and coatings, while other consumers may need a larger quantity of paints and coatings for their painting tasks.

Depending on its type and properties, paints and coatings can perform one or more of the following functions:

- **Decorative:** paint can be used as a coating to decorate a surface or substrate. It has a wide variety of colours, textures, finishes and gloss levels. The colour of a coating is derived from its pigments, which in turn, is a function of its chemical constituents;
- **Protective:** paint can be designed to protect the surface or substrate against ultraviolet radiation, humidity, chemicals, corrosion, algae, abrasion, etc; and
- **Special purpose:** paint can also be formulated for specific uses such as luminous paint that glow in the dark for emergency signage, anti-condensation paint to provide an insulating layer to minimise condensation, fire retardant paint to enhance the fire resistance of combustible surfaces, etc.

4. INFORMATION ON OUR GROUP (Cont'd)

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With its unique packaging format, the numerous attributes of aerosol paints have assisted in generating its popularity among consumers in the market and they are as follows:

- convenience – the aerosol can is compact, portable and spill-proof, while the aerosol paint is easy to use;
- efficiency - the valve assembly of the aerosol can allow the paints to be dispensed in fine sprays in a tailored form, especially for painting items with corners and crevices that cannot be easily reached with a brush;
- cost-effectiveness – due to its functionality, the aerosol cans control the spray patterns, volume dispersed and the concentration of the paints for maximum impact. Aerosol paints are useful for quick spot repairs and quick dry performance;
- clean and sanitary use – aerosol paints can be applied without any contact with the fingers, protecting the users from any accidental stains on the hands; and
- safety – as the aerosol can is a sealed packaging, the paints do not spill or leak.

One of the significant factors contributing towards the growth of aerosol paints market is the rise in modern retail formats. Modern retailing forces companies involved in fast moving consumer goods to focus on the packaging format so as to increase their presence among the customers. The aerosol cans are airtight, tamper-proof and do not evaporate, ensuring long shelf lives.

Usually, the limited shelf spaces in the retail establishments are only available to manufacturers and wholesalers at a premium and the relatively small form factor of the aerosol can also encourage the retailers to carry the products on their shelves. The glossy surfaces of aerosol cans assist to improve the aesthetic appeal of the product, which increases their marketability among consumers. They can spur interests with the high resolution photo quality ink printing on the surfaces of the aerosol cans.

Aerosol paints are also promoted online with the rising popularity of e-commerce, along with improvements in logistics and payment systems. More and more customers are also browsing online shopping sites via smart phones. Customers living with a hectic lifestyle are increasingly attracted to the convenience of shopping on the go.

In the automotive market, aerosol paints are mainly used in the aftermarket, as opposed to the original equipment market. The original equipment market refers to the paints and coatings applied during the assembly of the automotive, prior to sale and delivery to customers. The aftermarket refers to paints and coatings such as those used in the maintenance and repairs of automotive. They are consumables and maintenance type items that need to be reapplied at regular intervals throughout the intended lifespan of the automotive. They are used extensively for painting both the interior and exterior of automotive and serve the dual purpose of decoration as well as protection. Basically, the demand for paints and coatings in the aftermarket is much larger than that of the original equipment market, due to the growing number of automotive on the road. Between 2013 and 2017, a total of 3,061,811 motor cars were registered in Malaysia.

The built quality of automotive has improved tremendously over the years which have led to automotive owners retaining their existing automotive, and in turn will stimulate demand for aerosol paints. The repainting of a previously painted surface is also known as automotive refinishing. Automotive refinish coatings are used to maintain the durability and appearance of the vehicle. The older an automotive is, the more frequent it will have to undergo automotive refinishing work. This is principally due to wear and tear, as well as oxidation (oxygen and moisture present in the atmosphere cause corrosions and rusts). Some coatings eventually develop cracks as a consequence of progressive oxidation.

4. INFORMATION ON OUR GROUP (Cont'd)

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Flying road debris such as pebbles can also cause scratches on automotive. In addition, exposure to ultraviolet radiation from the sun can lead to colour changes, delamination and peeling to the metal coatings. Direct ultraviolet radiation exposure can degrade the topcoat lustre or sheen, causing colour changes as a result of fading. As an automotive age, the finishing can start to look dull and faded.

Automotive refinishing in an automotive repair workshop is usually conducted by panel beaters. Besides collision-restoration, automotive refinishing is also undertaken for custom-design paint jobs. The panel beaters are involved in calculating the amount of paint required for a job, mixing paints to correspond exactly with existing colours, and blending paints to their correct thickness. Colour matching and fine-finishing detail skills are also crucial.

Automotive owners prefer to conduct DIY on minor repairs such as minor maintenance and touch-ups on their automotive, instead of sending them to automotive repair workshops. As the cost of labour continues to increase in the market, there is more incentive for the automotive owners to undertake DIY. In addition, there is also the ease of use, with little training, if any, needed. As most automotive owners are very particular about the aesthetics of their automotive, they are willing to invest in quality paints and coatings. Aerosol paints come in a wide variety of colours to suit the preferences of automotive owners.

Similarly, many house owners conduct their own DIY when it comes to upkeep and repairing of simple tasks, instead of hiring tradesmen to do it, such as minor painting. This could be conducted using fresh coats of aerosol paints, especially on metallic surfaces such as steel grills and door frames, barbeque sets and heat radiators (used in temperate countries), as well as metal furniture fittings. The principal reason behind the conducting of DIY by house owners is that it is much cheaper than hiring a contractor to undertake the work.

Precision tooling is the backbone of manufacturing industries globally, as the process produces component parts used as intermediate inputs in the next stage of manufacturing. Precision tooling is concerned with the design, development, measurement and manufacture of highly accurate customised component parts as per customers' requirements and technical specifications. Besides electroplating and heat treatment, precision component parts are coated with paints for both protective and aesthetics purposes. Ex-factory sales (refers to sales registered by the manufacturers, and not the retailers) of the precision tooling industry in Malaysia grew from RM2.1 billion in 2013 to RM2.4 billion in 2017, recording a CAGR of 3.0%.

To increase the games and toys' aesthetics in terms of colour and textural attributes, paints and coatings play a crucial role in the manufacturing process of games and toys made from different materials such as metal, plastics and wooden. Die-cast (formed from pouring molten metals into a mould) toys are also painted in attractive colours. With growing affluence in society, some parents view games and toys as educational items for their children, rather than just play things. The release of blockbuster movies has also contributed towards the popularity of games and toys among both children and adults, such as action figures and accessories. The ex-factory sales of games and toys in Malaysia registered a CAGR of 4.9% between 2013 and 2017, from RM288.4 million to RM348.7 million.

Sports have proved to be one of the most effective activities for health. Rising health concerns along with increasing personal disposable income have driven consumers to adopt at least one sports activity in their daily routine. A hectic modern lifestyle, increasing intake of high calorie processed food, and prolonged desk-bound jobs are major causes of the increasing prevalence of obesity, which is in turn fuelling the demand for sports goods to improve the quality of life. The sports goods market is also propelled by the rising number of sports events that influence people to take up sports. The ex-factory sales of sports goods in Malaysia recorded a CAGR of 7.7% between 2013 and 2017, rising from RM99.5 million to RM133.7 million over the corresponding period of time.

4. INFORMATION ON OUR GROUP (Cont'd)

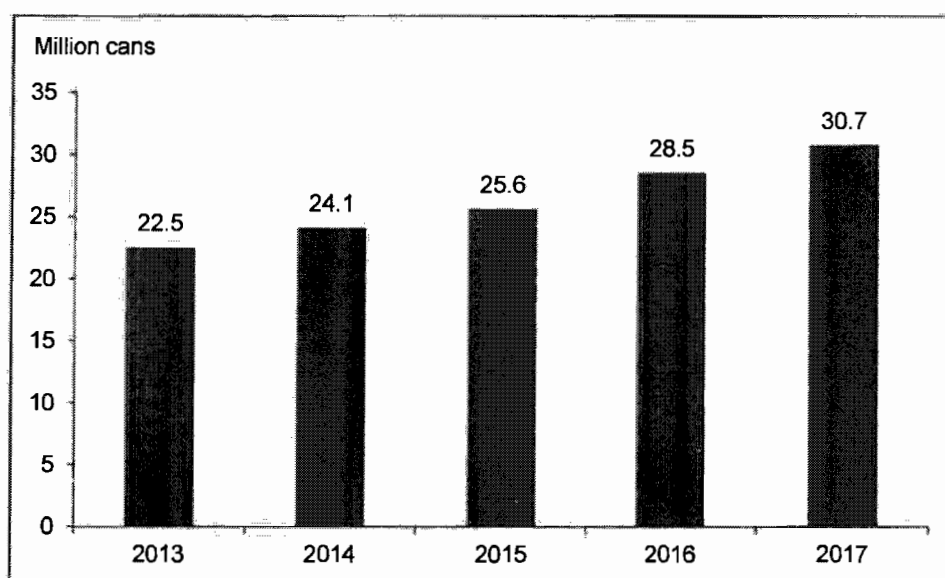
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Arts and crafts are mainly leisure activities which most participants indulge in as a hobby or pastime, for both entertainment and recreation. It involves making things with one's own hands and needs both skills and patience. It is not confined to one particular demographic or age group, but rather can encompass a wide spectrum of people of various ages. In essence, the hobby is a self-expression of oneself in creative and innovative ways. Popular paintings include wildlife, marine life, florals, landscapes, figures and pets. Some of the masterpieces are also sold to the public who are interested in them as decorations at homes and in the offices. At home, the arts and crafts are not restricted to paintings alone, but can also be applied to tiles, windows and doors. Aerosol paints are also more user-friendly, as it alleviates the practitioners from having to wash palettes and brushes, as in the case of using waterpaints.

As a rapidly industrialising country, more and more industrial buildings are built in Malaysia, particularly in the industrial estates. There are many industrial buildings due to the wide diversity of manufacturing activities taking place in the country. Due to the many stages of production in a typical manufacturing product, there is a myriad of machinery on the industrial floor of a single industrial unit. The machinery needs constant maintenance against corrosion as a result of tear and wear. This is also exacerbated by the high humidity conditions in the country, with the air saturated with water vapour. Aerosol paints are one of materials used in simple maintenances on machinery, so as to restore them into a pristine condition. While an economic slowdown may result in idle machinery, management often takes advantage of this interim period to refurbish machinery and focus on maintenance paintings. A fresh coat of paint can make an old machine looks new again.

The ex-factory sales of aerosol paints in Malaysia grew by a CAGR of 8.1% between 2013 and 2017, from about 22.5 million cans to approximately 30.7 million cans during the period (figure 1). The rapid expansion of the automotive market in Malaysia has partly contributed towards the growth and development of the aerosol paints industry in the country.

Figure 1: Ex-Factory Sales of Aerosol Paints in Malaysia (Million Cans)



Source: Infobusiness Research

4. INFORMATION ON OUR GROUP (Cont'd)**infobusiness**

The market sizes for aerosol paints in selected countries are shown in the table below. Developed economies such as Japan and Australia registered sizeable markets for aerosol paints. As emerging economies, both Indonesia and Vietnam also provided sizeable market opportunities for aerosol paints.

Table 1: Market Sizes for Aerosol Paints in Selected Countries (Million Cans)

| Year | Japan | Australia | New Zealand | Indonesia | Vietnam | Myanmar |
|------|-------|-----------|-------------|-----------|---------|---------|
| 2013 | 70.8 | 51.9 | 6.4 | 72.7 | 26.7 | 5.6 |
| 2014 | 73.4 | 53.9 | 6.6 | 74.8 | 27.7 | 5.8 |
| 2015 | 76.3 | 56.1 | 6.9 | 77.2 | 28.8 | 6.1 |
| 2016 | 79.4 | 58.5 | 7.2 | 79.7 | 30.1 | 6.3 |
| 2017 | 82.6 | 60.9 | 7.5 | 82.4 | 31.5 | 6.6 |
| CAGR | 3.9% | 4.1% | 4.0% | 3.2% | 4.2% | 4.2% |

Source: Infobusiness Research

3.0 COMPARABLE COMPANIES

The comparable company to DPI Holdings is Samurai 2K Aerosol Limited, which is headquartered in Malaysia and is listed on the Singapore Exchange (table 2).

Table 2: Principal Activities of DPI Holdings and Samurai 2K Aerosol Limited

| Company | Principal Activities |
|----------------------------|--|
| DPI Holdings | It is principally involved in the development, manufacturing and distribution of aerosol products such as aerosol paints and industrial aerosol products. It is also involved in the trading of solvents and thinners. The manufacturing facility is located in Johor, Malaysia. |
| Samurai 2K Aerosol Limited | It is an aerosol coating specialist for the automotive refinishing and refurbishing industry. It is listed on the Catalist Board of the Singapore Exchange and is headquartered in Malaysia. The manufacturing facility is located in Johor, Malaysia. |

Source: Infobusiness Research

The table below shows the product coverage of DPI Holdings and Samurai 2K Aerosol Limited. In addition to aerosol paints, DPI Holdings and Samurai 2K Aerosol Limited are also involved in the manufacturing of aerosol lubricants and aerosol degreasers, respectively.

4. INFORMATION ON OUR GROUP (Cont'd)

infobusiness

Table 3: Product Coverage of DPI Holdings and Samurai 2K Aerosol Limited

| Company | Aerosol paints | Aerosol lubricants | Aerosol degreasers |
|----------------------------|----------------|--------------------|--------------------|
| DPI Holdings | √ | √ | |
| Samurai 2K Aerosol Limited | √ | | √ |

Source: Infobusiness Research

Selected financial information of DPI Holdings and Samurai 2K Aerosol Limited based on FYE 2016, FYE 2017 and FYE 2018 are shown in the table below.

Table 4: Selected Financial Information of DPI Holdings and Samurai 2K Aerosol Limited

| | FYE 2016 | | FYE 2017 | | FYE 2018 | |
|-------------------|----------------|----------------------------|----------------|----------------------------|----------------------|----------------------------|
| | DPI Holdings # | Samurai 2K Aerosol Limited | DPI Holdings # | Samurai 2K Aerosol Limited | DPI Holdings # | Samurai 2K Aerosol Limited |
| Revenue (RM '000) | 46,923 | 30,624 | 49,360 | 39,350 | 50,294 | 90,014 |
| GP (RM '000) | 14,291 | 12,298 | 17,039 | 17,765 | 17,025 | 38,673 |
| GP margin | 30.5% | 40.2% | 34.5% | 45.1% | 33.9% | 43.0% |
| PBT (RM '000) | 9,800 | 6,760 | 12,081 | 4,285 ⁽¹⁾ | 9,753 ⁽²⁾ | 15,624 ⁽³⁾ |
| PBT margin | 20.9% | 22.1% | 24.5% | 10.9% ⁽¹⁾ | 19.4% ⁽²⁾ | 17.4% ⁽³⁾ |

Notes:

FYE 31 May. The figures are based on the historical financial information of the DPI group of companies which comprises DPI, DPIC, DPIR and DESB.

* FYE 31 March. The figures are extracted from the 2017 Annual Report and 2018 Annual Report.

(1) The PBT in FYE 2017 for Samurai 2K Aerosol Limited includes a one-off listing expenses of RM4.399 million. Putting this amount back into the PBT would generate a PBT margin of 22.1%.

(2) The PBT in FYE 2018 for DPI Holdings excludes gain on disposal of investment properties amounting to RM7.886 million and gain on disposal of property, plant and equipment amounting to RM0.985 million. Including these gains, the PBT for DPI Holdings would had been RM18.624 million. However, the PBT includes a one-off listing expenses of RM1.092 million incurred up to 31 May 2018. Putting this amount back into the PBT would generate a PBT margin of 21.6%.

(3) The PBT in FYE 2018 for Samurai 2K Aerosol Limited excludes gain on disposal of property, plant and equipment amounting to RM11,000. Including this gain, the PBT for Samurai 2K Aerosol Limited would had been RM15.635 million.

Source: Singapore Exchange and DPI Holdings

4. INFORMATION ON OUR GROUP (Cont'd)

infobusiness

There are a handful of other companies manufacturing aerosol paints in Malaysia. However, they are also involved in the manufacturing of other aerosol products. In addition to aerosol paints manufactured in Malaysia, there are also aerosol paints imported from overseas.

4.0 OUTLOOK AND PROSPECTS OF THE INDUSTRY

The ex-factory sales of aerosol paints in Malaysia is anticipated to increase from 30.7 million cans in 2017 to 38.8 million cans in 2021, yielding a CAGR of 6.0% over the said period. The demand for aerosol paints is expected to be driven by factors such as convenience, compactness, ease-of-use and portability, as well as the aesthetic appeal of the product. Tinplates are capable of being printed in many different colours and can be highly decorative. In addition, the small form factor, which refers to the physical size and shape of the product, also plays a crucial part behind the decision to purchase aerosol paints as storage is easier. They also provide value added benefits such as user-friendliness, reliability, cost-effectiveness and long shelf lives.

As most aerosol products have become an integral part of fast moving consumer goods, the industry is driven by consumer demand. Also, as aerosol paints are consumables used on a recurring basis due to usage and replenishments, there is constant replacement demand; in addition to consumers who purchase these products for the first time.

Virtually all consumer products, as well as all types of industrial equipment, have to be coated in some way or another. This is to enhance their appearances and provide them with protection against the elements. Without coatings, product lives might be shortened drastically and many products would not even be marketable. The substrates can deteriorate if they are not adequately protected – iron and steel will corrode, wood dries out and becomes infested with insects, and plastics become brittle, or discoloured by sunlight.

Besides forming a barrier for protection, the thin layer of coating also provides a decorative finish, which adds value to the product and is of considerable economic importance. In turn, all these factors are anticipated to drive the demand for paints and coatings, including aerosol paints.

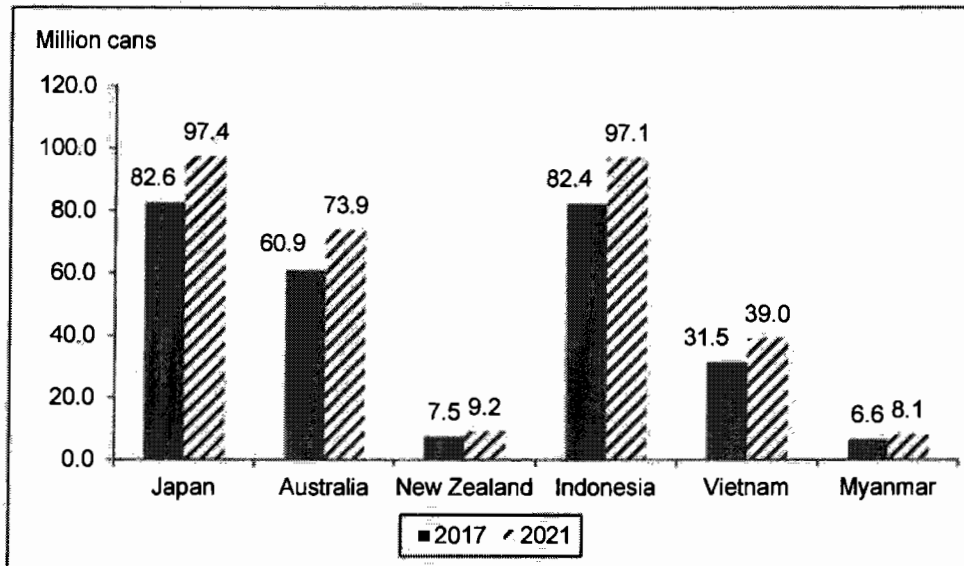
As aerosol paints serve many markets such as automotive refinishing, residential buildings, precision tooling, industrial buildings, etc; a downturn in any market(s) can be offset by another market(s). For instance, during periods of economic slowdowns, consumers postpone buying new homes and tend to refurbish their existing dwellings. The property owners would apply fresh coats of paints on a periodic basis, due to wear and tear (on metallic, plastics and wood substrates). The sales of aerosol paints for refurbishments in old homes would offset the sales of aerosol paints that would be used during the renovation stage after the purchases of the new homes. Some building owners may apply fresh coats of paint of a colour of their own choosing, during the renovation stage. In the case of industrial facilities, while an economic slowdown may result in idle machinery, the factory management often takes advantage of this interim period to refurbish machinery and to focus on maintenance paintings.

While countries such as Japan and Australia possess considerable market size for aerosol paints, emerging economies such as Indonesia and Vietnam also provide growth potential for the aerosol paints market due to the increasing per capita income, changing lifestyles of the people and rising industrialisation (figure 2). The increasing rate of urbanisation and an expanding middle class have made consumers change their consumption behaviours, as they shift to value added products such as aerosol paints. In addition, aerosol paints come in a wide range of colours to cater for various consumer preferences and that enhance their appeals to consumers.

4. INFORMATION ON OUR GROUP (Cont'd)

infobusiness

Figure 2: Forecasted Market Sizes of Aerosol Paints Markets in Selected Countries (Million Cans)



Source: Infobusiness Research

Japan is the third largest economy and records one of the highest motorisation rates (number of motor cars per 1,000 inhabitants) in the world. The country's high degree of industrialisation and relatively big population means that there is a high level of consumption of aerosol paints. This is also augmented by the high degree of automation in the factories, which translates into more machinery to be maintained. The market size for aerosol paints in Japan is anticipated to increase from 82.6 million cans in 2017 to 97.4 million cans in 2021, recording a CAGR of 4.2%.

Although Australia has a relatively small population, the country has a high motorisation rate. The country is also one of the most popular countries in the world for inward migration, thus boosting the population stock. The relatively high labour costs of Australian workers have also forced automotive and property owners to resort to DIY for simple repair jobs. The market size for aerosol paints in Australia is expected to attain 73.9 million cans in 2021, up from 60.9 million cans in 2017, yielding a CAGR of 5.0%.

Due to its relatively small population, the market size for aerosol paints in New Zealand amounted to about 7.5 million cans in 2017 and this is forecasted to increase by a CAGR of 5.2% to attain 9.2 million cans in 2021. As a result of the similarities in culture and people with neighbouring Australia, most automotive and property owners also opt for DIY for simple repair jobs. This is also due to New Zealand being predominantly an agriculture country and as the population is sparsely distributed in the country side with few major urban centres, they are forced to undertake DIY jobs.

4. INFORMATION ON OUR GROUP (Cont'd)

infobusiness

Being the fourth most populous country in the world, Indonesia offers considerable potential for aerosol paints. Besides possessing favourable demographics such as a large young population in terms of age structure and an expanding middle class, it is also rich in natural resources. A recovery in global demand for commodities has boosted the economy, thus spurring domestic consumption. The market for aerosol paints in Indonesia is anticipated to grow from 82.4 million cans in 2017 to 97.1 million cans in 2021, registering a CAGR of 4.2%.

Vietnam is one of the most vibrant emerging countries in the Asia Pacific region. It is also benefitting from the relocation of labour-intensive industries from the PRC, as the latter moves up the value chain. Vietnam has a large and abundant supply of young labour, something that is advantageous for its on-going economic development and domestic consumption. The market for aerosol paints in Vietnam is expected to increase to 39.0 million cans in 2021, up from 31.5 million cans in 2017 which represents a CAGR of 5.5%.

Rich in natural resources and a large youthful population, Myanmar's economy is set for take-off after emerging from both economic and political isolations of the past. Foreign investors are attracted to a large, youthful labour force that is capable of providing low labour costs. Increasing employment inevitably leads to a rise in consumer spending, such as the purchase of automotive associated with a burgeoning middle class. The market for aerosol paints in Myanmar is forecasted to expand by a CAGR of 5.3% between 2017 and 2021, from 6.6 million cans to 8.1 million cans.

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5. RISK FACTORS

YOU SHOULD CAREFULLY CONSIDER, IN ADDITION TO THE OTHER INFORMATION CONTAINED ELSEWHERE IN THIS PROSPECTUS, THE FOLLOWING RISK FACTORS (WHICH MAY NOT BE EXHAUSTIVE) THAT MAY HAVE A SIGNIFICANT IMPACT ON US AND OUR SHARES.

5.1 RISKS RELATING TO OUR BUSINESS OPERATIONS

5.1.1 We may face manufacturing and/or operational disruptions

Our revenue is dependent on smooth and uninterrupted manufacturing processes. Our principal products, namely aerosol products, contributed between 78.93% and 81.07% of our total revenue during the FY Under Review. Currently, our main production facilities for the aerosol products is located in a sole factory at K69. Therefore, any disruptive incidences that cause material interruptions to our production process in the aforesaid factory will adversely affect us as we currently do not have any alternative production site to redeploy our resources or to support our current production activities.

Our factory is subject to accidental and operational risks, such as outbreak of fire, explosion, breakdown of our machinery and equipment, power shortage, sabotage and civil commotion which may cause significant downtime, losses and damage to our products, production facilities, storage area and office. Therefore, any interruption to our manufacturing activities may have an adverse impact to our revenue and consequently on our financial performance.

Accidental Risks

We have internal safety standards, policies and measures in place to mitigate and reduce the risk of industrial accidents. Nonetheless, accidents and casualties may occur and if they occur, there is no assurance that we can adequately mitigate and contain them. We use highly flammable substances in our productions such as solvents and propellants. As such, we face the risk of an accidental fire breakout from storing, handling and using these substances. Any material fire breakout at our facility may damage our buildings, machinery, equipment, packaging and raw materials, stocks and other related production assets or cause human casualties.

We also face the risk of industrial accidents resulting in employee injuries or even deaths. Apart from an accidental fire breakout that may harm our employees, we are also exposed to hazardous chemicals that may cause injuries. In such event, we may be liable for personal injury or death, monetary losses and/or compensation beyond what is covered under the SOCSO compensation scheme and insurance. In addition, we may also be subject to fines or penalties or other legal liability arising from these incidences. Further, the authorities may impose enhanced safety measures as a result of such industrial accidents which could have material and adverse effects on how we conduct our operations. Our insurance coverage may potentially increase as set out in Section 5.1.9 below.

According to DOSH, we are obliged to establish a safety and health management system to ensure workplace safety and have adequate training for our employees to provide first aid treatment and conduct basic fire safety if an accident occurs. As at the LPD, we are in compliance to the rules and regulations set by DOSH.

Operational Risks

Our manufacturing facility is also susceptible to interruptions caused by unexpected breakdown of machinery and equipment in our production lines. In the event of any unexpected breakdown in our machinery and equipment, it would affect our manufacturing processes and result in an adverse impact on our business operations and financial performance.

5. RISK FACTORS (Cont'd)

During the FY Under Review and up to the LPD, we have not experienced any major machinery and equipment breakdown which have an adverse impact on our manufacturing operations.

5.1.2 We depend on the strength of our reputation, brands and product quality

We believe that we have established a reputation as one of the leading aerosol paint manufacturers in Malaysia, and that our brands are recognised by our customers, whereby some brands have been in the market for over 30 years. Their perception of our brands depend on various factors, such as consistent quality and performance, product safety and competitive pricing. Further, our OBM operations have consistently contributed over 56% to our revenue for the FY Under Review. Therefore, if our brand image or reputation deteriorates or if we are unable to continuously maintain the standards of our product quality, our business and financial performance may be materially and adversely affected.

To this end, we believe that our trademarks have significant value and play an important role in our marketing activities and brand building identity. As at the LPD, we have registered trademarks for our brands and logos as set out in Section 4.19 of this Prospectus.

The registration of trademarks confer protection to our Group such that third parties are prevented from using trademarks which are similar to ours in respect of the class in which our trademarks have been registered. In the event of counterfeiting, infringement, unauthorised third party use or exploitation of our trademarks, we have legal recourse to pursue an action on said third-parties.

As we have not registered our trademarks in all jurisdictions, if any third party uses our trademarks, or registers identical trademarks in jurisdictions other than our registered destinations, this may threaten our reputation, brands and product quality and result in an adverse impact on our business and financial performance. Likewise, unauthorised use of our brands, logo and trademarks may harm our reputation, and if any of our trademarks is infringed, challenged or revoked, our business, prospects and financial performance may be materially and adversely affected.

5.1.3 We rely on our Directors, key senior management and key technical personnel for our business continuity

Our Group's success is attributed to the contributions and expertise of our Promoters, namely Peter Chai and Adam Chai, key senior management and key technical personnel, majority of whom have invaluable experience and extensive knowledge in the aerosol industry. Please refer to Sections 3.1.2, 3.2.2 and 3.2.3 of this Prospectus for their profiles.

Peter Chai plays an important role in nurturing and developing our Group since 1982. He has transformed our Group from a small paints manufacturer to one of the leading aerosol paint manufacturers in Malaysia. He provides leadership and together with his key senior management, formulate and execute business plans and strategies for our Group. Adam Chai is involved in marketing and business development of our Group and has played an important role in market research to continually improve our manufacturing processes and product quality.

Most of our key senior management and key technical personnel have been with us for more than 25 years. Their extensive knowledge and experience in our business have materially contributed to the success of our Group. Our continued success and growth in the future will depend on our ability to retain the services of our key personnel. The loss of services from any of the key personnel without suitable and timely replacements may materially and adversely affect our business, prospects and future financial performance.

5. RISK FACTORS (Cont'd)

5.1.4 Failure in QMS could harm our business, reputation and brand equity

As our aerosol products are consumer goods, we are subject to consumer claims in the case of defective products. Any negative publicity arising from consumer claims and negative media reports that we are directly or indirectly associated with, will affect our brand equity and reputation. We are also susceptible to the risk of claims arising from accidents and/or injuries sustained by end-consumers from using our aerosol products.

Therefore, the effectiveness of our QMS is critical to the success of our business. Our QC activities carried out by our Group commences from the receipt of packaging and raw materials and continues throughout the entire production process to the inspection of finished products prior to delivery to customers. Please refer to Section 4.13 of this Prospectus for further details of our QMS.

For the FY Under Review, we have recorded not more than 0.14% returns (over revenue) from customers for our aerosol products. In the event of any such occurrences, it is our practice to replace the aerosol products to our customers accordingly. For the FY Under Review and up to the LPD, we have not received any claims on our products. However, we have no assurance that we will not be exposed to any claims in the future. Any claims, lawsuits and complaints may divert our efforts and financial resources despite their outcomes. In addition, any adverse results in such claims, lawsuits and complaints may cause us to pay damages and further adversely affect our brand, customer relationships and goodwill. We may also be subject to increased scrutiny by regulatory authorities.

Any material claims, lawsuits or complaints arising from the above could materially and adversely affect our business, financial condition and growth prospects.

5.1.5 We rely on our customers to distribute our aerosol products to end consumers

We do not distribute our products to end-consumers directly but depend on about 700 customers (which comprises distributors, sub-distributors and retailers) and their networks to distribute our in-house brand aerosol products in Malaysia. We also sell to about 9 customers under our private label manufacturing services. The ability of our customers to market our aerosol products to eventually reach the end-consumers is crucial to the future growth of our business and has a direct impact on our revenue and profitability. Our top 5 customers contributed between 26.94% and 28.71% to our total revenue during the FY Under Review. However, we are not dependent on any single customer as none of our top 5 customers contributed to more than 10% of our revenue.

If our top 5 customers collectively discontinue their business relationship with us and we are unable to secure alternative customers, our revenue and profitability may be adversely affected. Further, as we do not have direct access to end-consumers, we rely on our customers for feedbacks about latest market developments, shifting consumption patterns and preferences. Hence, the feedbacks we receive are essential to us and if we are unable to respond in a timely manner to modify our existing products or commercialise new products to meet end-consumers' preferences, our revenue will be adversely affected and we may lose our market position.

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5. RISK FACTORS (Cont'd)**5.1.6 We rely on our suppliers for continuous and stable supply of our packaging and raw materials**

We are dependent on the continuous and stable supply of packaging and raw materials from our suppliers for our production of aerosol products. The main packaging and raw materials used in the manufacturing of our aerosol products are empty aerosol cans, solvents, binders, valves, pigments and propellants (Please refer to Section 4.16 of this Prospectus for details). Our top 5 suppliers constitute between 37.98% and 43.34% to our total purchases for the FY Under Review.

We source packaging and raw materials from multiple suppliers. As at the LPD, we do not have long term supply contracts with our suppliers, except for NGC Energy Sdn Bhd for the supply of LPG. For the FY Under Review, our top 5 suppliers supply us with empty aerosol cans, valves and solvents. If our empty aerosol can and valve suppliers discontinue their business relationship with us and if we are unable to secure alternative suppliers, it will have a material and adverse impact on our ability to supply our finished aerosol products to our customers in a timely manner. Similarly, if our LPG suppliers discontinue their business relationship with us, the existing infrastructure provided for the containment of LPG will be removed and it will cause disruption or delay to our production activities.

Therefore, we may incur additional costs, time and resources to seek alternative supply or sources on terms that may not be commercially satisfactory to us. This may, in turn, affect our revenue, profit margins and price competitiveness.

5.1.7 We are subject to regulatory requirements for our business operations

Our business in Malaysia is subject to various laws, rules and regulations. We have obtained the necessary major approvals, licences and permits from various governmental authorities for our business (as detailed in Section 4.20 of this Prospectus). For instance, we are subject to OSHA and are under the purview of DOSH as we handle and store hazardous chemicals in our manufacturing of aerosol products. We are required to procure CF issued by DOSH for our machinery and equipment. We are also required to notify DOSH and make a submission of hazardous chemicals inventory on a yearly basis to comply with the requirements of Occupational Safety and Health (Classification, Labelling and Safety Data Sheet of Hazardous Chemicals) Regulations 2013. In addition, as our Group uses hazardous chemicals in our manufacturing of aerosol products, we must handle and manage the hazardous wastes to be in compliance with the Environmental Quality (Scheduled Wastes) Regulations 2005. Please refer to Section 5.1.10 of this Prospectus for further details. Further, we need to comply with the Poisons Act 1952 since we import and use poisons such as barium in our manufacturing of industrial aerosol products.

These major licences, permits, certifications and approvals are subject to compliance with relevant conditions, laws and regulations under which they were issued. In the event of non-compliance, our major licences, permits and approvals may be revoked or may not be renewed upon expiry. Further, the relevant government or regulatory authority may take action against us for any breach or non-compliance of any applicable laws, rules, regulations or conditions such as issuing warnings, imposing penalties, suspending the licences, permits or certifications, reducing the term, imposing additional conditions or restrictions and/or revoking the licences, permits or certifications. Any revocation or failure to obtain, maintain or renew any of the licences, permits or certifications may materially and adversely affect our business, operations and financial performance.

In addition, we may be required to comply with further and/or stricter requirements if there are changes to applicable laws, regulations or policies in Malaysia. This may restrict or obstruct our business or operations. Our business, operations and financial performance may be materially and adversely affected if we are unable to comply with the new laws, regulations or policies.

5. RISK FACTORS (*Cont'd*)

We had in the past, experienced a non-issuance of CF matter in relation to one of our machinery and equipment. There was no issuance of CF from DOSH for an unfired pressure vessel (150 litres deodoriser column) ("**UPV Machine**") owned by our Group (as detailed in item 8 of Section 4.20 of this Prospectus) previously. The UPV Machine requires a CF to operate in accordance with Section 19(1) of the Factories and Machinery Act 1967 ("**FMA**"), which states that no person shall operate or cause to be operated any machinery in respect of which a CF is prescribed, unless there is in force in relation to the operation of the machinery a valid CF. The CF had expired on 10 May 2016 ("**Expiry Date**") and was pending the renewal and correct issuance by DOSH. After the Expiry Date, we continued to operate the UPV Machine before ceasing to operate it. In this regard, the continued use of the UPV Machine after the Expiry Date tantamount to non-compliance of the FMA ("**Non-Compliance**"). Section 19(6) of the FMA provides that any person who contravenes Section 19(1) of the FMA shall be guilty of an offence and shall be on conviction be liable to a fine not exceeding RM150,000 or to imprisonment for a term not exceeding 3 years or both.

We believe that the adverse implications arising from temporary Non-Compliance are mitigated in view that the CF of the UPV Machine was subsequently issued on 23 May 2018. Preceding this, we have engaged DOSH and its officers before and after the Expiry Date for the renewal and correct issuance of the CF. The officers from DOSH had made the inspection of the UPV Machine on 15 June 2017 and 14 December 2017, and indicated that the UPV Machine was in satisfactory condition and fit for use.

We have not been issued with any notice of non-compliance in the past in respect of the above matter and are given to understand that a notice of non-compliance will need to be issued before enforcement on non-compliance to be taken by DOSH.

5.1.8 Our future growth depends on our ability to manage our expansion plans

Our business strategies and future plans include the expansion and upgrade of our production capacity and production facilities, improvement in products range and offering, increase in marketing and advertising initiatives to increase our market share and product visibility as well as continual investment in QMS in ensuring our manufacturing process and products meet our customers' standards and expectations (Please refer to Section 4.22 of this Prospectus for details).

The implementation of these business strategies involves risks and uncertainties and may not be successful. Having assessed the outlook of our industry, we believe that our future growth can be attained by expanding our production capacity. We have in place plans to enter into several new markets and are in the midst of developing new product ranges. Nonetheless, there is no guarantee that the demand for our products will match our enlarged capacity. This may lead us to incur higher costs and affect our profitability in the medium term.

The feasibility and implementation of our other strategies and future plans will depend on, amongst others, the presence of a favourable economic conditions, timing of execution and ability to raise the required funding from our IPO. We may face execution risk if we are not able to generate sufficient returns to offset our costs of investment or incur higher costs than expected due to timing and execution delay or inability to raise sufficient funding from our IPO to successfully implement our future plans. This will have a material adverse impact on our business, operations and future financial performance.

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5. RISK FACTORS (Cont'd)**5.1.9 We are subject to risk of inadequate insurance coverage**

We maintain insurance coverage for our material assets and operations. Currently, the insurance policies taken out by us, include those against all risks, fire and third-party liability which are subject to exclusions and limitations of liability both in amount and with respect to the insured events. Presently, we believe that our current insurance coverage is adequate for our business and level of operations. Nonetheless, we are still exposed to the risk that the insurance coverage would be inadequate to cover the losses, damages or liabilities, which we may incur in the course of our business operations.

For instance, floods, fires, storms and similar natural disasters or other events may cause damages to our property or production facilities in excess of insurance coverage and may thus lead to significant costs in connection with remediation and repair work that must be borne by us. If we suffer a loss or incur a liability against which we are uninsured or insufficiently insured, this could adversely affect our business and financial condition and operating results. Our insurance premiums may also increase due to claims made. In such circumstances, our financial results will be materially and adversely affected.

In addition, we do not have insurance coverage for loss of key personnel or certain risks such as political risks, terrorism or war. Hence, our business may be adversely and materially affected in the event of such occurrences where our losses and liabilities are not covered by insurance.

5.1.10 Our manufacturing activities may cause environmental concerns

Controlled hazardous materials are used in our manufacturing and product development activities. Our manufacturing processes also produce small amounts of hazardous waste. As such, we are required to comply with various environmental regulations that control the handling, use, storage and disposal of hazardous waste products. In this respect, we have engaged Kualiti Alam Sdn Bhd to remove and transfer the hazardous wastes such as molecular sieves from our manufacturing facilities to the Waste Management Centre in Negeri Sembilan once every quarter, to comply with the Environmental Quality (Scheduled Wastes) Regulations 2005. Whilst we have safety and health policies and safety rules for our employees, we are unable to eliminate the risk of accident or injury from these waste products. We may incur significant cost and be subject to civil as well as criminal penalties in the event of any contamination, accident or non-compliance with environmental laws.

Compliance with environmental laws and regulations is costly and may hinder our business and manufacturing operations. We may be required under environmental laws to conduct investigation, clean up and monitor the environmental contamination found at our production sites. The licences and approvals for our business and manufacturing operations may be revoked or may not be renewed if we are found to have violated any environmental laws and regulations. This may materially and adversely affect our business operations and financial performance.

For the FY Under Review and up to the LPD, we have not violated any environmental laws and regulations. Nevertheless, if we are found violating any environmental laws from our operations, it could materially and adversely affect our business and manufacturing operations as well as financial condition.

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5. RISK FACTORS (Cont'd)

5.1.11 Fluctuation in foreign exchange rate

Our Group has transactional currency exposure arising from revenue generated from private label customers and the procurement of imported packaging and raw materials that are denominated in USD, NZD, JPY and SGD. Some of the packaging and raw materials procured which are denominated in foreign currencies are valves (JPY and USD) and DME gas (JPY) as well as revenue generated from private label customers located in Australia, Indonesia, Japan, New Zealand and Singapore. For the FY Under Review, the revenue derived from foreign currencies accounted for 16.27%, 17.12% and 18.26% of our total revenue, respectively. As for the purchases made in foreign currencies, it accounted for 11.55%, 11.70% and 11.18% of our total purchases, respectively.

For the FY Under Review, the realised foreign exchange gain contributed about 1.28%, 2.88% and 0.04% to our Group's PBT, respectively.

Our Group's total revenue and the corresponding percentage of export revenue for the FY Under Review are set out in Section 8.3.2 of this Prospectus. Our packaging and raw material purchases and the corresponding percentage of imported packaging and raw materials are detailed in Section 4.16 of this Prospectus.

We currently do not have a formal policy with respect to our foreign exchange transactions and have not undertaken any hedging activities as the majority of our revenue and expenses are transacted in RM. As such, we are not highly affected by the fluctuations in any foreign currency. Although the majority of our revenue and purchases are dominated in RM, we may still be exposed to foreign currency fluctuations as a portion of our revenue and packaging and raw material purchases are denominated in foreign currencies. Hence, any significant foreign currency exchange fluctuation may have a material and adverse impact on the revenue and earnings of our Group.

5.2 RISKS RELATING TO THE INDUSTRY IN WHICH OUR GROUP OPERATES**5.2.1 We face competition from existing and new market entrants locally and overseas**

We operate in a competitive industry and we expect to face competition from industry players and new market entrants. To compete successfully, we have in place our business strategies and future plans to increase our market share (as set out in Section 4.22 of this Prospectus).

However, despite our efforts, we may not be able to adapt to face competitive challenges from both existing competitors and potential new market entrants. The barriers to entry to our industry include, amongst others, the possession of a solid knowledge of paints and coatings formulations, the ability to manufacture quality products consistently and the ability to achieve a fast turnaround time. Nonetheless, competitors may still enter or increase their presence in our industry.

5.2.2 Volatility of petroleum prices

The volatility of petroleum prices will affect the prices of our solvents and propellants. For the FY Under Review, solvents and LPG comprised between 43.68% to 45.61% of our Group's total purchases. We are indirectly affected by the frequent changes in the price of solvents and propellants. Generally, we are able to pass on the increased raw material costs to our customers through adjustment in selling prices. However, our profitability may be affected if we are unable to do so on a timely basis, or in order to maintain our competitive pricing.

5. RISK FACTORS (Cont'd)

5.2.3 Political, Economic and Regulatory Risks

Any adverse development in the political, economic and regulatory environment in Malaysia as well as in countries where our products are exported to could materially or adversely affect our operations and financial performance. Such developments include, but not limited to, changes in political leadership, changes in general economic and business conditions, fluctuation in foreign exchange rates and interest rates, terrorism, riots, expropriation, nationalisation, fiscal and monetary policies of the Government such as inflation, deflation, methods of taxation, tax policies (including sales and services tax, excise, duties and tariffs) and currency exchange controls, unemployment trends, deterioration of international bilateral relationships and other matters that influence consumer confidence and spending. Our Group could also be affected by new laws, regulations and guidelines that are introduced to govern manufacturing activities whether in general or specific to the aerosol paint industry.

Increasing volatility in financial markets may cause these factors to change with a greater degree of frequency and magnitude. Unfavourable developments in the socio-political environment in Malaysia may materially and adversely affect our business, financial performance, financial conditions and prospects.

5.3 RISKS RELATING TO OUR SHARES**5.3.1 There is no prior market for our Shares**

There is no public market for our Shares prior to our Listing. Accordingly, there can be no assurance that an active market for our Shares will develop or be sustained after our Listing or that the market price of our Shares will not decline below the IPO Price.

The IPO Price has been determined after taking into consideration a number of factors, including but not limited to, our Group's financials, operating history and condition, the prospects of our Group and the industry in which our Group operates, the market prices of shares for companies engaged in businesses similar to that of our Group on other stock exchanges and the prevailing market conditions.

Further, as we are seeking listing on the ACE Market of Bursa Securities, investment in our Shares may be of a higher investment risk as compared to corporations listed on the Main Market of Bursa Securities and that there is no assurance that there will be a liquid market for our Shares traded on the ACE Market. Please refer to the cautionary statement disclosed in the cover page of our Prospectus.

As such, the price at which our Shares will trade on the ACE Market of Bursa Securities would be dependent upon market forces beyond our control. There can be no assurance that the IPO Price will correspond to the price at which our Shares will trade on the ACE Market of Bursa Securities upon or subsequent to our Listing.

5.3.2 Capital market risks and share price volatility

The performance of the local bourse is very much dependent on external factors such as the performance of the regional and world bourses and the flows of foreign funds. Sentiments are also largely driven by internal factors such as the economic and political conditions in Malaysia as well as the growth potential of the various sectors of the economy. These factors invariably contribute to the volatility of trading volumes witnessed on the local bourse, thus adding risks to the market price of our Shares. Nevertheless, the profitability of our Group is not dependent on the performance of Bursa Securities as the business activities of our Group have no direct correlation with the performance of securities listed on Bursa Securities.

5. RISK FACTORS (Cont'd)

It is expected that there will be about 10 Market Days after the close of our IPO before the commencement of trading of our Shares on Bursa Securities. We cannot assure you that there will be no event or occurrence that will have an adverse impact on the securities market, our industry or us specifically during this period that would adversely affect the market price of our Shares when they begin trading.

In addition, the market price of our Shares may be highly volatile and could fluctuate significantly and rapidly in response to, amongst others, the following factors, some of which are beyond our control:

- (i) material variations in our financial performance and operations;
- (ii) success or failure of our management in implementing future plans, and business and growth strategies;
- (iii) changes in securities analysts' recommendations, perceptions or estimates of our Group's financial performance;
- (iv) changes in conditions affecting the industry, the general economic conditions or stock market sentiments or other events or factors;
- (v) changes in market valuations and share prices of companies with similar businesses to our Company that may be listed on Bursa Securities or other stock exchanges;
- (vi) additions or departures of experienced key personnel;
- (vii) fluctuation in stock market prices and volume; or
- (viii) involvement in claims, litigation, arbitration or other form of dispute resolution.

5.3.3 Our Listing is exposed to risk of failure or delay

Our Listing may be aborted or delayed if certain events, including the following occurs:

- (i) any or all of the Selected Investors fail to subscribe for our IPO Shares allocated to them; or
- (ii) our Underwriter exercising its rights pursuant to the Underwriting Agreement in discharging itself from its obligations under the Underwriting Agreement; or
- (iii) we are unable to meet the public shareholding spread requirements where at least 25.00% of our enlarged share capital must be held by a minimum number of 200 public shareholders holding not less than 100 Shares each at the time of our admission to the Official List of Bursa Securities.

If we are unable to meet the above requirement, you will not receive any of our IPO Shares and we will return in full (without interest or any share of revenue or benefit arising therefrom) all monies paid in respect of any application for our IPO Shares in compliance with Section 243(2) of the CMSA.

However, if our Listing is aborted and our IPO Shares have been issued and allotted to you, a return of monies to you may only be achieved by a cancellation of share capital in accordance with the Act.

5. RISK FACTORS (Cont'd)

Such cancellation can be implemented by either:

- (a) the approval of our shareholders by special resolution in general meeting, consent of our creditors (unless dispensation with such consent has been granted by the High Court of Malaya) and confirmation by the High Court of Malaya; or
- (b) the approval of our shareholders by special resolution in general meeting supported by a solvency statement from our Directors.

If we are unable to obtain the confirmation of the High Court of Malaya or the Directors are unable to provide the solvency statement as required under the Act, there can be no assurance that such monies paid in respect of our IPO Shares can be recovered within a short period of time or at all under such circumstances.

5.3.4 Control by our Promoters

Upon Listing, our Promoters will collectively hold, directly and indirectly, 360,171,000 Shares, which represent approximately 74.00% of the enlarged issued share capital of our Company. As a result, our Promoters may be able to influence the outcome of certain matters such as election of Directors and the approval of business ventures requiring the vote of the shareholders unless they are required to abstain from voting by law and/or the relevant authorities.

5.3.5 Dividend payments

Our ability to pay dividends or make other distributions to our shareholders is not guaranteed. Our Company is an investment holding company and we conduct substantially all of our operations through our subsidiaries. Our Company derives income mainly from dividends received from our subsidiaries. Consequently, our ability to declare and pay dividends are dependent on, amongst others, the financial performance of our subsidiaries. Further, in view that our Group intends to embark on future plans as disclosed in Section 4.22 of this Prospectus, our ability to pay dividends may be limited.

Further details on our dividend policy are set out in Section 8.6 of this Prospectus.

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6. RELATED PARTY TRANSACTIONS**6.1 RELATED PARTY TRANSACTIONS**

Save as disclosed below, there is no other related party transaction, existing or proposed, entered or to be entered into by our Group which involves the interests, direct or indirect, of our Directors, substantial shareholders and/or persons connected with them for the FY Under Review and the financial period from 1 June 2018 to the LPD:

| Companies within our Group | Transacting parties | Nature of relationship | Nature of transaction | Actual | | | Financial period from 1 June 2018 to the LPD |
|----------------------------|--------------------------------------|--|--|---|---|--|--|
| | | | | FYE 2016 | FYE 2017 | FYE 2018 | |
| DPI | (i) DPI; and (ii) Sapaint Sdn Bhd | <ul style="list-style-type: none"> Sapaint Sdn Bhd and DPI used to have a common director and shareholder – Peter Chai; and He ceased to be a director and shareholder of Sapaint Sdn Bhd effective 22 August 2017 and 7 September 2017, respectively¹. | DPI sells aerosol paints to Sapaint Sdn Bhd. | RM 382,464 (0.82% of our Group's revenue) | RM 1,309,873 (2.65% of our Group's revenue) | RM 407,594 ² (0.81% of our Group's revenue) | RM - |

¹ Sapaint Sdn Bhd is presently a customer of DPI but in view that Peter Chai has ceased to be a director and shareholder of Sapaint Sdn Bhd, it will no longer be regarded as a related party transaction in the future.

² Represents the sales to Sapaint Sdn Bhd while Peter Chai was still a director and shareholder of Sapaint Sdn Bhd. The total transaction amount between DPI and Sapaint Sdn Bhd for the FYE 2018 is RM1,332,136. Sapaint Sdn Bhd continues to be our customer and our sales to them was RM399,186 worth of transactions during the financial period from 1 June 2018 to the LPD.

6. RELATED PARTY TRANSACTIONS (Cont'd)

| Companies within our Group | Transacting parties | Nature of relationship | Nature of transaction | Actual | | | | Financial period from 1 June 2018 to the LPD |
|----------------------------|----------------------------|---|--|----------|----------|---|----|--|
| | | | | FYE 2016 | FYE 2017 | FYE 2018 | RM | |
| DPI | (i) DPI; and (ii) PCASB | DPI and PCASB have common directors and shareholders: <ul style="list-style-type: none"> • Peter Chai; and • Adam Chai. | <ul style="list-style-type: none"> • DPI sold a land with building at No. 36, Jalan SS19/1D, 47500 Subang Jaya, Selangor Darul Ehsan, Malaysia to PCASB. • DPI sold a land with building at No. 34, Jalan SS19/1D, 47500 Subang Jaya, Selangor Darul Ehsan, Malaysia to PCASB. • DPI sold a land held under Geran 215031 Lot 988, Mukim Tangkak, Daerah Tangkak, Negeri Johor to PCASB. | RM | RM | RM | RM | |
| | | | | - | - | 2,800,000 (8.10% of our Group's net assets) | - | |
| | | | | - | - | 4,700,000 (13.60% of our Group's net assets) | - | |
| | | | | - | - | 6,200,000 (17.94% of our Group's net assets) | - | |

6. RELATED PARTY TRANSACTIONS (Cont'd)

| Companies within our Group | Transacting parties | Nature of relationship | Nature of transaction | Actual | | | | Financial period from 1 June 2018 to the LPD |
|----------------------------|--|--|---|----------|----------|--|--------|--|
| | | | | FYE 2016 | FYE 2017 | FYE 2018 | RM | |
| DPI | (i) DPI; and (ii) PCASB (Cont'd) | DPI and PCASB have common directors and shareholders: • Peter Chai; and • Adam Chai. | <ul style="list-style-type: none"> DPI sold a land with building at K6 to PCASB. | - | - | 1,300,000 (3.76% of our Group's net assets) | - | |
| | | | <ul style="list-style-type: none"> DPI rents the building situated at K6 from PCASB, pending the completion of the plastic moulding factory to be situated at K861 and K862.³ | - | - | 31,200 (0.17% of our Group's PBT) | 19,500 | |

³ The tenancy agreement has been renewed for 1 year (with the same terms and conditions, and rental) and has no termination or withdrawal rights and penalty clauses.

6. RELATED PARTY TRANSACTIONS (Cont'd)

| Companies within our Group | Transacting parties | Nature of relationship | Nature of transaction | Actual | | | | Financial period from 1 June 2018 to the LPD |
|----------------------------|---|--|--|---|---|--|---------|--|
| | | | | FYE 2016 | FYE 2017 | FYE 2018 | RM | |
| DPIC | (i) DPIC; and (ii) Rotowell Enterprise Sdn Bhd | Rotowell Enterprise Sdn Bhd and DPIC have: <ul style="list-style-type: none"> • common directors – Peter Chai and Adam Chai; and • a common shareholder – Peter Chai. | Being payment of management fees by DPIC for the provision of services by an employee of Rotowell Enterprise Sdn Bhd for managing the sales, administration, accounts and finance matters of DPIC. | RM 22,560 (0.23% of our Group's PBT) | RM 69,300 (0.57% of our Group's PBT) | RM 17,400 (0.09% of our Group's PBT) | RM - | |
| DPIC | (i) DPIC; and (ii) Finesse Precision Sdn Bhd | <ul style="list-style-type: none"> • Finesse Precision Sdn Bhd and DPIC used to have a common director and shareholder – Peter Chai; and • He ceased to be a director and shareholder of Finesse Precision Sdn Bhd effective 6 February 2015 and 13 July 2017, respectively. | DPIC purchased spare parts for machinery from Finesse Precision Sdn Bhd. | RM 9,558 (0.03% of our Group's cost of sales) | RM 456 (being less than 0.01% of our Group's cost of sales) | RM - | RM - | |

6. RELATED PARTY TRANSACTIONS (Cont'd)

| Companies within our Group | Transacting parties | Nature of relationship | Nature of transaction | Actual | | | |
|----------------------------|---------------------------------------|---|---|---|---|--|--|
| | | | | FYE 2016 | FYE 2017 | FYE 2018 | Financial period from 1 June 2018 to the LPD |
| | | | | RM | RM | RM | RM |
| DPIC | (i) DPIC; and (ii) Hornbill | Hornbill and DPIC have a common director and shareholder – Peter Chai. | DPIC sells solvents and blended thinners to Hornbill. | 86,322 (0.18% of our Group's revenue) | 1,840 (being less than 0.01% of our Group's revenue) | - | - |
| DPIR | (i) DPIR; and (ii) Sapaint Sdn Bhd | <ul style="list-style-type: none"> Sapaint Sdn Bhd and DPIR used to have a common director and shareholder – Peter Chai; and He ceased to be a director and shareholder of Sapaint Sdn Bhd effective 22 August 2017 and 7 September 2017, respectively. | DPIR used to sell aerosol paints to Sapaint Sdn Bhd. | 508,670 (1.08% of our Group's revenue) | - | - | - |
| DPIR | (i) DPIR; and (ii) PCASB | <p>DPIR and PCASB have common directors and shareholders:</p> <ul style="list-style-type: none"> Peter Chai; and Adam Chai. | DPIR sold a double storey terrace house at No. 110, Jalan Kelapa Sawit, Taman Soga, Bandar Penggaram, 83000 Batu Pahat, Johor to PCASB. | - | - | 450,000 (1.30% of our Group's net assets) | - |

6. RELATED PARTY TRANSACTIONS (Cont'd)

| Companies within our Group | Transacting parties | Nature of relationship | Nature of transaction | Actual | | | | Financial period from 1 June 2018 to the LPD |
|----------------------------|--|---|--|---|---|---|----|--|
| | | | | FYE 2016 | FYE 2017 | FYE 2018 | RM | |
| DPI | (i) DPI; and (ii) Hornbill | Hornbill and DPI have a common director and shareholder – Peter Chai. | DPI sells pigments to Hornbill. | 473,878 (1.01% of our Group's revenue) | 233,190 (0.47% of our Group's revenue) | - | RM | - |
| DPI | (i) DPI; and (ii) Hornbill | Hornbill and DPI have a common director and shareholder – Peter Chai. | DPI purchases containers from Hornbill. | - | 269 (being less than 0.01% of our Group's cost of sales) | 221 (being less than 0.01% of our Group's cost of sales) | RM | - |
| DPI | (i) DPI; and (ii) Intramart Pte Ltd | Intramart Pte Ltd and DPI have: <ul style="list-style-type: none"> common directors – Peter Chai and Adam Chai; and a common shareholder – Peter Chai. | DPI sells aerosol paints to Intramart Pte Ltd. | 99,347 (0.21% of our Group's revenue) | 65,853 (0.13% of our Group's revenue) | - | RM | - |

6. RELATED PARTY TRANSACTIONS (Cont'd)

| Companies within our Group | Transacting parties | Nature of relationship | Nature of transaction | Actual | | | Financial period from 1 June 2018 to the LPD |
|----------------------------|--|---|---|---|---|---|--|
| | | | | FYE 2016 | FYE 2017 | FYE 2018 | |
| | | | | RM | RM | RM | RM |
| DPI | (i) DPI; and (ii) Intramart Pte Ltd | Intramart Pte Ltd and DPI have: <ul style="list-style-type: none"> common directors – Peter Chai and Adam Chai; and a common shareholder – Peter Chai. | DPI purchases spare parts for machinery from Intramart Pte Ltd. | 1,960 (0.01% of our Group's cost of sales) | - | - | - |
| DPI | (i) DPI; and (ii) Roadmark Industries Sdn Bhd | Roadmark Industries Sdn Bhd and DPI have: <ul style="list-style-type: none"> common directors – Peter Chai and Adam Chai; and a common shareholder – Peter Chai. | DPI sells industrial aerosol products to Roadmark Industries Sdn Bhd. | 7,200 (0.02% of our Group's revenue) | 14,720 (0.03% of our Group's revenue) | 7,200 (0.01% of our Group's revenue) | - |
| DPI | (i) DPI; and (ii) Roadmark Industries Sdn Bhd | Roadmark Industries Sdn Bhd and DPI have: <ul style="list-style-type: none"> common directors – Peter Chai and Adam Chai; and a common shareholder – Peter Chai. | DPI purchases pigment from Roadmark Industries Sdn Bhd. | 2,173 (0.01% of our Group's cost of sales) | 913 (being less than 0.01% of our Group's cost of sales) | 593 (being less than 0.01% of our Group's cost of sales) | - |

6. RELATED PARTY TRANSACTIONS (Cont'd)

Our Directors are of the opinion that all the above transactions were carried out on an arm's length basis.

Upon our Listing, our Directors, through our Audit and Risk Committee will review the terms of related party transactions and ensure that any related party transactions (including recurrent, if any) are:

- carried out on an arm's length basis;
- not carried out on terms more favourable to the related parties than those normally agreed with other customers or suppliers; and
- not to the detriment of our minority shareholders.

6.2 RELATED PARTY TRANSACTIONS THAT ARE UNUSUAL IN THEIR NATURE OR CONDITION

For the FY Under Review and up to the LPD, our Group has not entered into any related party transaction that is unusual in their nature or condition.

6.3 OUTSTANDING LOANS MADE BY US TO OR FOR THE BENEFIT OF A RELATED PARTY

For the FY Under Review and up to the LPD, our Group has not granted any loan to or for the benefit of a related party.

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6. RELATED PARTY TRANSACTIONS (Cont'd)**6.4 FINANCIAL ASSISTANCE PROVIDED FOR THE BENEFIT OF A RELATED PARTY**

Save as disclosed below, there is no other financial assistance provided for the benefit of a related party for the period as stated below:

| Companies within the Group | Transacting parties | Nature of relationship | Nature of financial assistance | Actual | | | |
|----------------------------|--|--|--|---|---|-------------------------|---------------------|
| | | | | As at 31 May 2016 RM | As at 31 May 2017 RM | As at 31 May 2018 RM | As at the LPD RM |
| DPI | (i) DPI; and (ii) Hornbill | Hornbill and DPI have a common director and shareholder – Peter Chai. | <ul style="list-style-type: none"> Provision of corporate guarantee given to a licensed bank by DPI for credit facilities granted to Hornbill; and The corporate guarantee has been cancelled on 16 November 2017. | 4,700,000 (17.69% of our Group's net assets) | 4,700,000 (18.51% of our Group's net assets) | - | - |
| DPIC | (i) DPIC; and (ii) Kumpulan PCA Sdn Bhd | DPIC and Kumpulan PCA Sdn Bhd have a common director and shareholder – Peter Chai. | Being advances made to a related party. | 515,374 (1.94% of our Group's net assets) | - | - | - |

6. RELATED PARTY TRANSACTIONS (Cont'd)

| Companies within the Group | Transacting parties | Nature of relationship | Nature of financial assistance | Actual | | | |
|----------------------------|--|--|---|---|-------------------------|-------------------------|---------------------|
| | | | | As at 31 May 2016 RM | As at 31 May 2017 RM | As at 31 May 2018 RM | As at the LPD RM |
| DPIR | (i) DPIR; and (ii) Kemajuan Kimia Sdn Bhd | DPIR and Kemajuan Kimia Sdn Bhd have: <ul style="list-style-type: none"> common directors – Peter Chai and Adam Chai; and a common shareholder – Peter Chai. | <ul style="list-style-type: none"> Being expenses paid on behalf of a related party. | 18,350 (0.07% of our Group's net assets) | - | - | - |
| DPIR | (i) DPIR; and (ii) Rotofinish (M) Sdn Bhd | DPIR and Rotofinish (M) Sdn Bhd have a common director and shareholder – Peter Chai. | <ul style="list-style-type: none"> Being expenses paid on behalf of a related party. | 5,772 (0.02% of our Group's net assets) | - | - | - |
| DPIR | (i) DPIR; and (ii) Intramart Pte Ltd | DPIR and Intramart Pte Ltd have: <ul style="list-style-type: none"> common directors – Peter Chai and Adam Chai; and a common shareholder – Peter Chai. | <ul style="list-style-type: none"> Being expenses paid on behalf of a related party. | 11,488 (0.04% of our Group's net assets) | - | - | - |

6. RELATED PARTY TRANSACTIONS (Cont'd)

| Companies within the Group | Transacting parties | Nature of relationship | Nature of financial assistance | Actual | | | |
|----------------------------|---|---|---|--|-------------------------|-------------------------|---------------------|
| | | | | As at 31 May 2016 RM | As at 31 May 2017 RM | As at 31 May 2018 RM | As at the LPD RM |
| DPIR | (i) DPIR; and (ii) DPI Property Sdn Bhd | DPIR and DPI Property Sdn Bhd have a common director and shareholder – Peter Chai. | <ul style="list-style-type: none"> Being expenses paid on behalf of a related party. | 1,901 (0.01% of our Group's net assets) | - | - | - |
| DPIR | (i) DPIR; and (ii) Anchor Plastic Sdn Bhd | DPIR and Anchor Plastic Sdn Bhd have: <ul style="list-style-type: none"> common directors – Peter Chai and Adam Chai; and a common shareholder – Peter Chai. | <ul style="list-style-type: none"> Being expenses paid on behalf of a related party. | 1,986 (0.01% of our Group's net assets) | - | - | - |
| DPIR | (i) DPIR; and (ii) Aerosol Packaging Sdn Bhd | DPIR and Aerosol Packaging Sdn Bhd have: <ul style="list-style-type: none"> common directors – Peter Chai and Adam Chai; and a common shareholder – Peter Chai. | <ul style="list-style-type: none"> Being expenses paid on behalf of a related party. | 1,901 (0.01% of our Group's net assets) | - | - | - |

6. RELATED PARTY TRANSACTIONS (Cont'd)

| Companies within the Group | Transacting parties | Nature of relationship | Nature of financial assistance | Actual | | | |
|----------------------------|--|--|---|--|-------------------------|-------------------------|---------------------|
| | | | | As at 31 May 2016 RM | As at 31 May 2017 RM | As at 31 May 2018 RM | As at the LPD RM |
| DPIR | (i) DPIR; and (ii) OGO Technology Sdn Bhd | DPIR and OGO Technology Sdn Bhd have a common director and shareholder – Peter Chai. | <ul style="list-style-type: none"> Being expenses paid on behalf of a related party. | 1,901 (0.01% of our Group's net assets) | - | - | - |
| DPIR | (i) DPIR; and (ii) Glassbeads Industries Sdn Bhd | DPIR and Glassbeads Industries Sdn Bhd have: <ul style="list-style-type: none"> common directors – Peter Chai and Adam Chai; and a common shareholder – Peter Chai. | <ul style="list-style-type: none"> Being expenses paid on behalf of a related party. | 1,901 (0.01% of our Group's net assets) | - | - | - |
| DPIR | (i) DPIR; and (ii) Kumpulan PCA Sdn Bhd | DPIR and Kumpulan PCA Sdn Bhd have a common director and shareholder – Peter Chai. | <ul style="list-style-type: none"> Being expenses paid on behalf of a related party. | 10,018 (0.04% of our Group's net assets) | - | - | - |
| DPIR | (i) DPIR; and (ii) Revamp Industries (Malaysia) Sdn Bhd | DPIR and Revamp Industries (Malaysia) Sdn Bhd have: <ul style="list-style-type: none"> common directors – Peter Chai and Adam Chai; and a common shareholder – Peter Chai. | <ul style="list-style-type: none"> Being expenses paid on behalf of a related party. | 1,165 (being less than 0.01% of our Group's net assets) | - | - | - |

6. RELATED PARTY TRANSACTIONS (Cont'd)

| Companies within the Group | Transacting parties | Nature of relationship | Nature of financial assistance | Actual | | | |
|----------------------------|---|---|---|-------------------------|-------------------------|-------------------------|---------------------|
| | | | | As at 31 May 2016 RM | As at 31 May 2017 RM | As at 31 May 2018 RM | As at the LPD RM |
| DPI | (i) DPI; and (ii) Kumpulan PCA Sdn Bhd | DPI and Kumpulan PCA Sdn Bhd have a common director and shareholder – Peter Chai. | <ul style="list-style-type: none"> Being expenses paid on behalf of a related party. | 753 | - | - | - |
| DPIC | (i) DPIC; and (ii) Rotowell Enterprise Sdn Bhd | DPIR and Rotowell Enterprise Sdn Bhd have: <ul style="list-style-type: none"> common directors – Peter Chai and Adam Chai; and a common shareholder – Peter Chai. | <ul style="list-style-type: none"> Being advances made to a related party. | 94,220 | - | - | - |

As at the LPD, we have not provided any financial assistance for the benefit of a related party. Further, the amount owing by related parties represent unsecured payments made on behalf of each party, all of which have since been settled.

Upon our Listing, our Directors, through our Audit and Risk Committee will review the terms of related party transactions and ensure that any related party transactions (including recurrent, if any) are:

- carried out on an arm's length basis;
- not carried out on terms more favourable to the related parties than those normally agreed with other customers or suppliers; and
- not to the detriment of our minority shareholders.

7. CONFLICT OF INTEREST

7.1 INTEREST IN SIMILAR BUSINESS

As at the LPD, none of our Directors or substantial shareholders has any direct or indirect interest in any entity which is carrying on a similar trade as our Group or is a customer or supplier of our Group.

The details of the related party transactions for the FY Under Review are set out in Section 6.1 of this Prospectus.

7.2 DECLARATION BY THE ADVISERS

- (a) AFFIN Hwang IB has confirmed that there is no existing or potential conflict of interest in its capacity as the Principal Adviser, Sponsor, Underwriter and Placement Agent in respect of our IPO.
- (b) Crowe Malaysia (*formerly known as Crowe Horwath*) has confirmed that there is no existing or potential conflict of interest in its capacity as the Auditors and Reporting Accountants in respect of our IPO.
- (c) Chooi & Company + Cheang & Ariff has confirmed that there is no existing or potential conflict of interest in its capacity as the Solicitors in respect of our IPO.
- (d) Infobusiness Research has confirmed that there is no existing or potential conflict of interest in its capacity as the Independent Market Researcher in respect of our IPO.
- (e) Henry Butcher Malaysia (Johor) Sdn Bhd and Henry Butcher Malaysia (Sel) Sdn Bhd have confirmed respectively that there is no existing or potential conflict of interest in their capacity as the Valuers in respect of our IPO.

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8. FINANCIAL INFORMATION**8.1 HISTORICAL FINANCIAL INFORMATION**

Our Company was only incorporated on 5 October 2017 to facilitate the Listing. DPI Holdings acquired the entire issued share capital of DPI, DPIC, DPIR and DESB on 1 March 2018. The financial information of DPI Holdings was prepared from the date of incorporation and up to 31 May 2018.

Therefore, the historical financial information presented herein are prepared based on the following:

- combined financial statements where the entities of our Group (which comprises DPI, DPIC, DPIR and DESB) were under common control for the FYEs 2016 and 2017. The combined financial statements were prepared based on the audited financial statements of DPI, DPIC, DPIR and DESB, and
- audited consolidated financial statements of DPI Holdings for the FYE 2018 following the completion of the Acquisitions.

The audited financial statements and financial reports for the FY Under Review had been prepared in accordance with the approved accounting standards in Malaysia - MFRS and IFRS.

The audited financial statements and financial reports of the companies within our Group for the FY Under Review were not subject to any audit qualification, modification and disclaimer.

8.1.1 Historical combined and consolidated statements of profit or loss and other comprehensive income

The table below sets out our historical combined statements of profit or loss and other comprehensive income for the FYE 2016 and 2017, and consolidated statements of profit or loss and other comprehensive income for the FYE 2018, which had been extracted from the Accountants' Report as set out in Section 9 of this Prospectus. You should read this section together with the Management's Discussion and Analysis of Financial Condition and Results of Operations as set out in Section 8.3 of this Prospectus.

| | Audited FYE 2016 RM'000 | Audited FYE 2017 RM'000 | Audited FYE 2018 RM'000 |
|--|--|--|--|
| Revenue | 46,923 | 49,360 | 50,294 |
| Cost of sales ⁽¹⁾ | (32,632) | (32,321) | (33,269) |
| GP | 14,291 | 17,039 | 17,025 |
| Other income ⁽²⁾ | 576 | 843 | 9,193 |
| Selling and distribution expenses | (896) | (960) | (1,206) |
| Administrative expenses ⁽³⁾ | (4,025) | (4,352) | (5,035) |
| Other expenses | (25) | (489) | (1,353) |
| | (4,946) | (5,801) | (7,594) |
| Profit from operations | 9,921 | 12,081 | 18,624 |
| Finance costs | (121) | - | - |
| PBT | 9,800 | 12,081 | 18,624 |
| Tax expense | (2,380) | (2,793) | (3,464) |
| PAT⁽⁴⁾ | 7,420 | 9,288 | 15,160 |

8. FINANCIAL INFORMATION (Cont'd)

| | Audited | Audited | Audited |
|--|-----------------|-----------------|-----------------|
| | FYE 2016 | FYE 2017 | FYE 2018 |
| | RM'000 | RM'000 | RM'000 |
| GP margin (%) | 30.46 | 34.52 | 33.85 |
| PBT margin (%) ⁽⁵⁾ | 20.89 | 24.48 | 37.03 |
| PAT margin (%) ⁽⁵⁾ | 15.81 | 18.82 | 30.14 |
| Basic and diluted EPS (sen) ^{(5) (6)} | 2.06 | 2.58 | 4.21 |

Notes:

(1) *The depreciation expenses which were included in the cost of sales are as follows:*

| | Audited | Audited | Audited |
|--|-----------------|-----------------|-----------------|
| | FYE 2016 | FYE 2017 | FYE 2018 |
| | RM'000 | RM'000 | RM'000 |
| <i>Depreciation of property, plant and equipment</i> | 310 | 313 | 271 |

(2) *The other income includes the following non-recurring item:*

| | Audited | Audited | Audited |
|--|-----------------|-----------------|-----------------|
| | FYE 2016 | FYE 2017 | FYE 2018 |
| | RM'000 | RM'000 | RM'000 |
| <i>Gain on disposal of investment properties</i> | - | - | 7,886 |

Please refer to Section 8.3.5 for further details of the other income and gain on disposal of investment properties.

(3) *The depreciation expenses which were included in the administrative expenses are as follows:*

| | Audited | Audited | Audited |
|--|-----------------|-----------------|-----------------|
| | FYE 2016 | FYE 2017 | FYE 2018 |
| | RM'000 | RM'000 | RM'000 |
| <i>Depreciation of investment properties</i> | 27 | 26 | - |
| <i>Depreciation of plant and equipment</i> | 97 | 119 | 125 |

(4) *We do not have any amortisation expenses, share of profit or loss of associate and joint venture, non-controlling interest and other comprehensive income during the FY Under Review.*

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8. FINANCIAL INFORMATION (Cont'd)

- (5) *The PBT margin, PAT margin and basic and diluted EPS which are adjusted to exclude other income for the FY Under Review and listing expenses of RM1.09 million incurred in FYE 2018 are as follows:*

| | Audited | Audited | Audited |
|---|-----------------|-----------------|-----------------|
| | FYE 2016 | FYE 2017 | FYE 2018 |
| <i>Adjusted PBT margin (exclude other income) (%)</i> | <i>19.66</i> | <i>22.77</i> | <i>18.75</i> |
| <i>Adjusted PBT margin (exclude other income and listing expenses) (%)</i> | <i>19.66</i> | <i>22.77</i> | <i>20.92</i> |
| <i>Adjusted PAT margin (exclude other income) (%)</i> | <i>14.59</i> | <i>17.11</i> | <i>11.86</i> |
| <i>Adjusted PAT margin (exclude other income and listing expenses) (%)</i> | <i>14.59</i> | <i>17.11</i> | <i>14.03</i> |
| <i>Adjusted basic and diluted EPS (exclude other income) (sen)</i> | <i>1.90</i> | <i>2.34</i> | <i>1.66</i> |
| <i>Adjusted basic and diluted EPS (exclude other income and listing expenses) (sen)</i> | <i>1.90</i> | <i>2.34</i> | <i>1.96</i> |

- (6) *Calculated based on our present issued share capital of 360,171,000 Shares.*

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8. FINANCIAL INFORMATION (Cont'd)**8.1.2 Historical combined and consolidated statements of financial position**

The table below sets out our historical combined statements of financial position for the FYE 2016 and 2017, and consolidated statements of financial position for the FYE 2018, which had been extracted from the Accountants' Report as set out in Section 9 of this Prospectus. You should read this section together with the Management's Discussion and Analysis of Financial Condition and Results of Operations as set out in Section 8.3 of this Prospectus.

| | Audited As at 31 May 2016 RM'000 | Audited As at 31 May 2017 RM'000 | Audited As at 31 May 2018 RM'000 |
|---|---|---|---|
| Assets | | | |
| Non-currents assets | | | |
| Property, plant and equipment | 6,916 | 6,326 | 5,724 |
| Investment properties | 7,265 | 7,239 | - |
| Total non-currents assets | 14,181 | 13,565 | 5,724 |
| Current assets | | | |
| Inventories | 5,070 | 6,922 | 8,974 |
| Trade receivables | 8,228 | 8,715 | 8,453 |
| Other receivables, deposits and prepayments | 179 | 226 | 967 |
| Amount owing by related parties | 7,729 | 519 | 15 |
| Current tax assets | 278 | 49 | 288 |
| Fixed deposits with licensed banks | - | 4,500 | 5,081 |
| Cash and bank balance | 7,495 | 9,225 | 12,946 |
| Total current assets | 28,979 | 30,156 | 36,724 |
| Total assets | 43,160 | 43,721 | 42,448 |
| Liabilities | | | |
| Non-current liabilities | | | |
| Deferred tax liabilities | 105 | 105 | 165 |
| Total non-current liabilities | 105 | 105 | 165 |
| Current liabilities | | | |
| Trade payables | 7,391 | 7,196 | 6,317 |
| Other payables and accruals | 782 | 1,007 | 1,379 |
| Amount owing to a Director | 7,785 | 9,774 | - |
| Amount owing to related parties | 20 | 24 | - |
| Term loans | (1) | - | - |
| Current tax liabilities | 512 | 217 | 20 |
| Total current liabilities | 16,490 | 18,218 | 7,716 |
| Total liabilities | 16,595 | 18,323 | 7,881 |
| Equity | | | |
| Share capital | 7,320 | 7,320 | 36,017 |
| Merger deficit | - | - | (28,698) |
| Retained profits | 19,245 | 18,078 | 27,248 |
| Shareholders' equity/ Net assets | 26,565 | 25,398 | 34,567 |
| Total equity and liabilities | 43,160 | 43,721 | 42,448 |

Note:

(1) Being less than RM1,000.

8. FINANCIAL INFORMATION (Cont'd)**8.1.3 Historical combined and consolidated statements of cash flows**

The table below sets out our historical combined statements of cash flows for the FYE 2016 and 2017, and consolidated statements of cash flows for the FYE 2018, which had been extracted from the Accountants' Report as set out in Section 9 of this Prospectus. You should read this section together with the Management's Discussion and Analysis of Financial Condition and Results of Operations as set out in Section 8.3 of this Prospectus and Liquidity and Capital Resources as set out in Section 8.4 of this Prospectus.

| | Audited FYE 2016 RM'000 | Audited FYE 2017 RM'000 | Audited FYE 2018 RM'000 |
|---|-------------------------------|-------------------------------|-------------------------------|
| Cash flows from operating activities | | | |
| PBT | 9,800 | 12,081 | 18,624 |
| Adjustments for: | | | |
| Allowance for impairment loss on property | - | 453 | - |
| Allowance for impairment losses on trade receivables | - | - | 4 |
| Bad debts written-off | - | 21 | 74 |
| Depreciation of investment properties | 27 | 26 | - |
| Depreciation of property, plant and equipment | 407 | 432 | 396 |
| Interest expense | 121 | - | - |
| Inventories written-down | - | - | 100 |
| Inventories written-off | - | - | 9 |
| Listing expenses | - | - | 1,092 |
| Interest income | - | (90) | (216) |
| Gain on disposal of investment properties | - | - | (7,886) |
| Gain on disposal of property, plant and equipment | (41) | (23) | (985) |
| Unrealised (gain)/loss on foreign exchange | (246) | (191) | 183 |
| Operating profit before working capital changes | 10,068 | 12,709 | 11,395 |
| Decrease/(Increase) in inventories | 2,561 | (1,852) | (2,160) |
| Increase in trade and other receivables | (117) | (555) | (174) |
| (Increase)/Decrease in amount owing by related parties | (614) | 5,953 | 504 |
| (Decrease)/Increase in trade and other payables | (236) | 30 | (584) |
| Decrease in amount owing to related parties | (10) | (1) | - |
| Cash from operations | 11,652 | 16,284 | 8,981 |
| Tax paid | (2,561) | (2,859) | (3,799) |
| Tax refunded | 43 | - | 35 |
| Interest paid | (121) | - | - |
| Net cash from operating activities | 9,013 | 13,425 | 5,217 |
| Cash flows from/(for) investing activities | | | |
| Interest received | - | 90 | 216 |
| (Advances to)/Repayment from related parties | (658) | 151 | (1) |
| Purchase of property, plant and equipment | (155) | (295) | (109) |
| Proceeds from disposal of investment properties | - | - | 1,225 |
| Proceeds from disposal of property, plant and equipment | 41 | 23 | - |
| (Increase)/Decrease in fixed deposits with licensed banks | - | (4,500) | 4,500 |
| Net cash (for)/from investing activities | (772) | (4,531) | 5,832 |

8. FINANCIAL INFORMATION (Cont'd)

| | Audited FYE 2016 RM'000 | Audited FYE 2017 RM'000 | Audited FYE 2018 RM'000 |
|---|-------------------------------|-------------------------------|-------------------------------|
| Cash flows for financing activities | | | |
| Dividends paid | (1,614) | (594) | - |
| Net repayment of bankers' acceptance | (5,051) | - | - |
| Payment of listing expenses | - | - | (1,475) |
| Proceeds from issuance of ordinary shares | - | - | (1) |
| Repayment to a Director | (142) | (6,767) | (564) |
| (Repayment to)/Advances from related parties | (7) | 6 | (25) |
| Repayment of term loans | (744) | (1) | - |
| Net cash for financing activities | (7,558) | (7,355) | (2,064) |
| Net increase in cash and cash equivalents | 683 | 1,539 | 8,985 |
| Effects of foreign exchange translation | 246 | 191 | (183) |
| Cash and cash equivalents at beginning of the financial year | 6,566 | 7,495 | 9,225 |
| Cash and cash equivalents at end of the financial year | 7,495 | 9,225 | 18,027 |

Note:

(1) Being less than RM1,000.

8.2 CAPITALISATION AND INDEBTEDNESS

We advise that you read the following information together with the Pro forma Consolidated Financial Information as stated in Section 8.9 of this Prospectus.

We set out below the pro forma consolidated statement of capitalisation and indebtedness (which includes indirect and contingent liabilities) of our Group based on the following:

- our unaudited consolidated statements of financial position as at 30 September 2018; and
- as adjusted for our IPO and use of proceeds arising from the IPO.

| | Unaudited consolidated as at 30 September 2018 RM'000 | Pro forma after adjusting for the our IPO and use of proceeds RM'000 |
|--|---|--|
| Indebtedness ⁽¹⁾ | - | - |
| <u>Capitalisation:</u> | | |
| Shareholders' equity | 37,010 | 65,942 |
| Total capitalisation and indebtedness | 37,010 | 65,942 |

Note:

(1) Our Group do not have any guaranteed and unguaranteed indebtedness, secured and unsecured indebtedness, indirect liability and contingent liability as at 30 September 2018 as we do not have any credit facilities or bank borrowings.

8. FINANCIAL INFORMATION (Cont'd)

Our shareholders' equity will increase by RM28.93 million as a result of the issue of new IPO Shares and net of estimated expenses. There will be no change in our indebtedness as a consequence of the IPO as we do not have any credit facilities or bank borrowings.

8.3 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following management's discussion and analysis in respect of our Group's past financial condition and results of operations should be read in conjunction with the Accountants' Report as set out in Section 9 of this Prospectus.

This discussion and analysis contains data derived from our audited financial statements and financial reports for the FY Under Review. Factors that may cause future results to differ materially from the historical financial information include, but are not limited to, those discussed below and elsewhere in this Prospectus, particularly the risk factors as set out in Section 5 of this Prospectus.

8.3.1 Overview

Our Group's principal activities are categorised into 3 core activities, namely:

- OBM – development, manufacturing and distribution of aerosol products under our in-house brands;
- Private label manufacturing services – aerosol products manufacturing, aerosol filling and packaging services for private label customers; and
- Trading of solvents and thinners.

Please refer to Section 4 for further details of the business overview of our Group. We set out below the analysis of our past financial performance and the commentaries thereof, during the FY Under Review.

8.3.2 Revenue

Revenue is measured at the fair value of the consideration received or receivable, net of returns, GST, cash and trade discounts. Revenue from the sale of goods are recognised when significant risks and rewards of ownership of the goods have been transferred to our customers and our Group does not have continuing managerial involvement and effective control over the goods sold.

During the FY Under Review, the movement in our revenue was primarily driven by the sales of our aerosol paint cans which was in turn driven by the number of aerosol paint cans sold.

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8. FINANCIAL INFORMATION (Cont'd)

We set out below the revenue breakdown by products sold, principal business activities and geographical location of our customers, and their respective commentaries during the FY Under Review:

(i) Analysis of revenue by products sold

We set out below the revenue breakdown by products sold during the FY Under Review:

| | Audited FYE 2016 | | Audited FYE 2017 | | Audited FYE 2018 | |
|-------------------------------|---------------------|---------------|---------------------|---------------|---------------------|---------------|
| | RM'000 | % | RM'000 | % | RM'000 | % |
| | Aerosol paints | 34,607 | 73.75 | 37,151 | 75.27 | 36,737 |
| Industrial aerosol products | 2,431 | 5.18 | 2,547 | 5.16 | 4,036 | 8.03 |
| Total aerosol products | 37,038 | 78.93 | 39,698 | 80.43 | 40,773 | 81.07 |
| Solvents and thinners | 9,885 | 21.07 | 9,662 | 19.57 | 9,521 | 18.93 |
| Total | 46,923 | 100.00 | 49,360 | 100.00 | 50,294 | 100.00 |

Our main contributor of revenue is from the development, manufacturing and distribution of aerosol paints, which is followed by the trading of solvents and thinners, and sales of industrial aerosol products.

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8. FINANCIAL INFORMATION (Cont'd)**(ii) Analysis of revenue by principal business activities**

We set out below the revenue breakdown by principal business activities during the FY Under Review:

| | Audited FYE 2016 | | Audited FYE 2017 | | Audited FYE 2018 | |
|--------------------------------------|---------------------|---------------|---------------------|---------------|---------------------|---------------|
| | RM'000 | % | RM'000 | % | RM'000 | % |
| | OBM | 26,292 | 56.03 | 27,722 | 56.17 | 28,434 |
| Private label manufacturing services | 10,746 | 22.90 | 11,976 | 24.26 | 12,339 | 24.53 |
| Trading of solvents and thinners | 9,885 | 21.07 | 9,662 | 19.57 | 9,521 | 18.93 |
| Total | 46,923 | 100.00 | 49,360 | 100.00 | 50,294 | 100.00 |

Our main principal business activity is the development, manufacturing and distribution of our OBM products, followed by our private label manufacturing services, and the trading of solvents and thinners.

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8. FINANCIAL INFORMATION (Cont'd)**(iii) Analysis of revenue by geographical locations of our customers**

We set out below the revenue breakdown by geographical locations during the FY Under Review:

| | Audited | | Audited | | Audited | |
|------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | FYE 2016 | | FYE 2017 | | FYE 2018 | |
| | RM'000 | % | RM'000 | % | RM'000 | % |
| Within Malaysia | 39,289 | 83.73 | 40,912 | 82.88 | 41,109 | 81.74 |
| Outside Malaysia | 7,634 | 16.27 | 8,448 | 17.12 | 9,185 | 18.26 |
| Total | 46,923 | 100.00 | 49,360 | 100.00 | 50,294 | 100.00 |

Our products are mainly sold to customers located within Malaysia. Our customers located outside Malaysia comprise mainly customers that use our private label manufacturing services.

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8. FINANCIAL INFORMATION (Cont'd)**(iv) Commentaries****(a) FYE 2017 as compared to FYE 2016**

Our total revenue increased by RM2.44 million or 5.19% to RM49.36 million during FYE 2017 as compared to the previous FYE. The details are as follows:

(i) by products sold

| | Change in revenue | |
|-----------------------------|-------------------|-------------|
| | RM'000 | % |
| Aerosol paints | 2,544 | 5.42 |
| Industrial aerosol products | 116 | 0.25 |
| Solvents and thinners | (223) | (0.48) |
| Total | 2,437 | 5.19 |

(ii) by principal business activities

| | Change in revenue | |
|--------------------------------------|-------------------|-------------|
| | RM'000 | % |
| OBM | 1,430 | 3.05 |
| Private label manufacturing services | 1,230 | 2.62 |
| Trading of solvents and thinners | (223) | (0.48) |
| Total | 2,437 | 5.19 |

(iii) by locations of our customers

| | Change in revenue | |
|------------------|-------------------|-------------|
| | RM'000 | % |
| Within Malaysia | 1,623 | 3.46 |
| Outside Malaysia | 814 | 1.73 |
| Total | 2,437 | 5.19 |

Overall, we have recorded better sales in FYE 2017 as compared to FYE 2016. The increase in our total revenue in FYE 2017 was contributed primarily by the increase in sales of aerosol products. Our aerosol paints contributed the most to the increase in sales by RM2.54 million. In terms of quantity, we sold an additional 0.55 million aerosol paint cans during FYE 2017, from 6.39 million aerosol paint cans during FYE 2016 to 6.94 million aerosol paint cans during FYE 2017.

8. FINANCIAL INFORMATION (Cont'd)

In terms of aerosol paint sales breakdown, we experienced higher demand from our customers in Malaysia for our OBM aerosol paints. Hence, the sales generated by OBM and within Malaysia increased by RM1.43 million and RM1.62 million, respectively. We believe our sustained marketing and promotion efforts in FYE 2016 and FYE 2017 contributed to the increase in sales. In addition, we secured 2 new customers in Indonesia for our OBM products that had amounted to RM0.43 million.

Further, our revenue generated by our private label manufacturing services (that predominantly comprise customers located outside of Malaysia) had also increased as depicted in table (ii) and (iii) above. The increase was contributed by increase in demand from 3 of our private label customers in Australia and Indonesia for our aerosol paints. Further, the appreciation of USD during FYE 2017 had also contributed to the increase in revenue generated by sales outside of Malaysia which was predominantly in USD.

We also recorded a marginal increase in the sales of our industrial aerosol products of RM0.12 million or 0.25% and a slight decrease in the trading of solvents and thinners by RM0.22 million or 0.48%, the changes of which are not comparatively material.

(b) FYE 2018 as compared to FYE 2017

Our total revenue increased by RM0.93 million or 1.89% to RM50.29 million during FYE 2018 as compared to FYE 2017. The details are as follows:

(i) by products sold

| | Change in revenue | |
|-----------------------------|-------------------|-------------|
| | RM'000 | % |
| Aerosol paints | (414) | (0.84) |
| Industrial aerosol products | 1,489 | 3.02 |
| Solvents and thinners | (141) | (0.29) |
| Total | 934 | 1.89 |

(ii) by principal business activities

| | Change in revenue | |
|--------------------------------------|-------------------|-------------|
| | RM'000 | % |
| OBM | 712 | 1.44 |
| Private label manufacturing services | 363 | 0.74 |
| Trading of solvents and thinners | (141) | (0.29) |
| Total | 934 | 1.89 |

8. FINANCIAL INFORMATION (Cont'd)**(iii) by locations of our customers**

| | Change in revenue | |
|------------------|-------------------|-------------|
| | RM'000 | % |
| Within Malaysia | 197 | 0.40 |
| Outside Malaysia | 737 | 1.49 |
| Total | 934 | 1.89 |

We have recorded a marginal increase in sales for FYE 2018 as compared to FYE 2017. The increase was contributed primarily by the increase in sales of industrial aerosol products by RM1.49 million. This is because we have secured a new private label customer from New Zealand for industrial aerosol products during FYE 2018.

Our aerosol paints recorded slightly slower sales in FYE 2018, namely a reduction of 0.84%, as compared to FYE 2017. We believe some of our local customers have delayed their orders at the end of FYE 2018 in view of the potential abolishment of GST.

We experienced higher demand from our customers in Malaysia and abroad for our aerosol products. Our revenue generated by our private label manufacturing services (that predominantly comprise customers located outside of Malaysia) had increased by RM0.36 million. For FYE 2018, we secured 2 new private label customers in New Zealand, one for each category of aerosol products, namely industrial aerosol products as mentioned above, and aerosol paints, with sales amounting to RM1.86 million.

We also recorded a marginal decrease in the sales of the trading of solvents and thinners by RM0.14 million or 0.29%, which is relatively not material.

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8. FINANCIAL INFORMATION (Cont'd)**8.3.3 Cost of sales**

Cost of sales comprises costs and expenses that are included in the production of our aerosol products and trading of solvents and thinners, which are mainly as follows:

- Materials such as additives, binders, pigments, solvents, extenders, empty aerosol cans, propellants, valves, carton boxes and others;
- Direct labour such as salaries, allowances and employers' statutory contributions of our production staff, being workers that are directly involved in the production of our products;
- Factory overheads such as expenses relating to the plant and equipment that are used in the production of our products such as depreciation charges, repair and maintenance costs, write-offs and upkeep of plant and machinery and other general expenses such as utilities, security charges, laboratory expenses and others; and
- Transportation charges for the purchases.

We set out below the cost of sales breakdown by categories, and their respective commentaries during the FY Under Review.

(i) Analysis of cost of sales by categories

| | Audited | | Audited | | Audited | |
|----------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | FYE 2016 | % | FYE 2017 | % | FYE 2018 | % |
| | RM'000 | | RM'000 | | RM'000 | |
| Materials | 29,306 | 89.81 | 28,781 | 89.05 | 29,515 | 88.72 |
| Direct labour | 2,324 | 7.12 | 2,429 | 7.51 | 2,530 | 7.60 |
| Factory overheads | 799 | 2.45 | 899 | 2.78 | 972 | 2.92 |
| Transportation costs | 203 | 0.62 | 212 | 0.66 | 252 | 0.76 |
| Total | 32,632 | 100.00 | 32,321 | 100.00 | 33,269 | 100.00 |

Materials constitute a major component of our cost of sales, followed by direct labour, factory overheads and transportation costs.

8. FINANCIAL INFORMATION (Cont'd)**(ii) Analysis of cost of sales by products**

| | Audited FYE 2016 | | Audited FYE 2017 | | Audited FYE 2018 | |
|-----------------------|---------------------|---------------|---------------------|---------------|---------------------|---------------|
| | RM'000 | % | RM'000 | % | RM'000 | % |
| | Aerosol products | 24,372 | 74.69 | 24,265 | 75.08 | 25,194 |
| Solvents and thinners | 8,260 | 25.31 | 8,056 | 24.92 | 8,075 | 24.27 |
| Total | 32,632 | 100.00 | 32,321 | 100.00 | 33,269 | 100.00 |

As stated above, most of our cost of sales are incurred for the production of our aerosol products. This comprises mainly the direct production costs of aerosol products as follows:

- (i) materials such as additives, binders, pigments, solvents, extenders, empty aerosol cans, propellants, valves and carton boxes. The materials form the majority of our cost of sales; and
- (ii) direct labour costs for the production of aerosol products.

The cost of sales for solvents and thinners mainly comprise materials such as solvents and packaging materials in their production process. The prices of solvents and thinners are influenced by oil and gas prices since our solvents and thinners are primarily derivative products from oil and gas.

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8. FINANCIAL INFORMATION (Cont'd)**(iii) Commentaries****(a) FYE 2017 as compared to FYE 2016**

Our total cost of sales decreased slightly by RM0.31 million or 0.95% to RM32.32 million during FYE 2017 as compared to the previous FYE, despite the increase in our revenue by RM2.44 million or 5.19%. The changes are illustrated as follows:

(i) by categories

| | Change in cost of sales | |
|----------------------|-------------------------|---------------|
| | RM'000 | % |
| Materials | (525) | (1.61) |
| Direct labour | 105 | 0.32 |
| Factory overheads | 100 | 0.31 |
| Transportation costs | 9 | 0.03 |
| Total | (311) | (0.95) |

(ii) by products

| | Change in cost of sales | |
|-----------------------|-------------------------|---------------|
| | RM'000 | % |
| Aerosol products | (107) | (0.33) |
| Solvents and thinners | (204) | (0.62) |
| Total | (311) | (0.95) |

As illustrated above, the decrease in our total cost of sales was contributed by the decrease in our material costs which form a major component of our total cost of sales representing more than 88.00% thereof. During the FYE 2017, the stocks of raw materials carried over from the previous FYE enjoyed a lower price compared to the stocks that were sourced within FYE 2017. Therefore, a portion of the production of aerosol products in FYE 2017 used raw materials which were sourced at relatively lower prices from the previous FYE. In this respect and coupled with higher closing stocks of raw materials that remained as at 31 May 2017, our cost of sales was comparatively lower in FYE 2017.

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8. FINANCIAL INFORMATION (Cont'd)

We experienced higher purchases in terms of prices and quantity during FYE 2017, as follows:

| Major purchases | FYE 2016 | | FYE 2017 | | Change | |
|--------------------|---------------|----------------------|---------------|----------------------|--------------|--------------|
| | RM'000 | % of total purchases | RM'000 | % of total purchases | RM'000 | % |
| Solvents | 10,539 | 39.52 | 11,963 | 39.19 | 1,424 | 5.34 |
| Empty aerosol cans | 5,572 | 20.89 | 6,211 | 20.35 | 639 | 2.40 |
| Binders | 2,362 | 8.86 | 2,786 | 9.13 | 424 | 1.59 |
| Valves | 1,859 | 6.97 | 2,379 | 7.79 | 520 | 1.95 |
| LPG | 1,184 | 4.44 | 1,370 | 4.49 | 186 | 0.70 |
| Pigments | 1,151 | 4.31 | 1,653 | 5.41 | 502 | 1.88 |
| Total | 22,667 | 84.99 | 26,362 | 86.36 | 3,695 | 13.86 |

We had also purchased higher quantity of our raw materials during FYE 2017 as follows:

| | FYE 2016 | | FYE 2017 | |
|----------------------------|--------------------|---------------------------|--------------------|---------------------------|
| | Quantity purchased | Average price per unit RM | Quantity purchased | Average price per unit RM |
| Solvents ('000 kg) | 3,043 | 3.46 | 3,137 | 3.81 |
| Empty aerosol cans (units) | 6,821 | 0.82 | 7,523 | 0.83 |
| Binders (kg) | 248 | 9.54 | 289 | 9.63 |
| Valves (pieces) | 6,470 | 0.29 | 7,724 | 0.31 |
| LPG ('000 kg) | 454 | 2.61 | 511 | 2.68 |
| Pigments (kg) | 40 | 28.90 | 60 | 27.68 |

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8. FINANCIAL INFORMATION (Cont'd)**(b) FYE 2018 as compared to FYE 2017**

Our total cost of sales increased slightly by RM0.95 million or 2.93% to RM33.27 million during FYE 2018 as compared to the previous FYE. The changes are illustrated as follows:

(i) by categories

| | Change in cost of sales | |
|----------------------|-------------------------|-------------|
| | RM'000 | % |
| Materials | 734 | 2.27 |
| Direct labour | 101 | 0.31 |
| Factory overheads | 73 | 0.23 |
| Transportation costs | 40 | 0.12 |
| Total | 948 | 2.93 |

(ii) by products

| | Change in cost of sales | |
|-----------------------|-------------------------|-------------|
| | RM'000 | % |
| Aerosol products | 929 | 2.87 |
| Solvents and thinners | 19 | 0.06 |
| Total | 948 | 2.93 |

Overall, our total cost of sales has increased in tandem with the increase in revenue. As illustrated above, the increase in our total cost of sales was mainly contributed by the increase in our material costs which form a major component of our total cost of sales representing 88.72% thereof. We have increased the production of our industrial aerosol products to meet the demand of our new private label customers from New Zealand during the FYE 2018 which contributed to the increase in material costs.

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8. FINANCIAL INFORMATION (Cont'd)

We generally experienced higher purchases in terms of prices and quantity during FYE 2018, as follows:

| Major purchases | FYE 2017 | | FYE 2018 | | Change | |
|--------------------|---------------|----------------------|---------------|----------------------|--------------|-------------|
| | RM'000 | % of total purchases | RM'000 | % of total purchases | RM'000 | % |
| Solvents | 11,963 | 39.19 | 12,758 | 40.49 | 795 | 2.60 |
| Empty aerosol cans | 6,211 | 20.35 | 6,419 | 20.37 | 208 | 0.68 |
| Binders | 2,786 | 9.13 | 2,871 | 9.11 | 85 | 0.28 |
| Valves | 2,379 | 7.79 | 2,034 | 6.46 | (345) | (1.13) |
| LPG | 1,370 | 4.49 | 1,614 | 5.12 | 244 | 0.80 |
| Pigments | 1,653 | 5.41 | 1,677 | 5.32 | 24 | 0.08 |
| Total | 26,362 | 86.36 | 27,373 | 86.87 | 1,011 | 3.31 |

Our purchases are as follows:

| | FYE 2017 | | FYE 2018 | |
|----------------------------|--------------------|---------------------------|--------------------|---------------------------|
| | Quantity purchased | Average price per unit RM | Quantity purchased | Average price per unit RM |
| Solvents ('000 kg) | 3,137 | 3.81 | 3,176 | 4.02 |
| Empty aerosol cans (units) | 7,523 | 0.83 | 7,609 | 0.84 |
| Binders (kg) | 289 | 9.63 | 291 | 9.87 |
| Valves (pieces) | 7,724 | 0.31 | 7,135 | 0.29 |
| LPG ('000 kg) | 511 | 2.68 | 565 | 2.86 |
| Pigments (kg) | 60 | 27.68 | 50 | 33.54 |

The prices of solvents which comprises the bulk of our purchases for input materials in the production of our aerosol products and trading activities had increased during FYE 2018. In addition, the higher volume of most raw materials that were purchased at higher prices during the FYE 2018 contributed to higher cost of sales. We have also made purchases at the end of FYE 2018 to cater for production of our aerosol products after FYE 2018.

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8. FINANCIAL INFORMATION (Cont'd)**8.3.4 GP and GP margin**

The GP and GP margin recorded over the FY Under Review are as follows:

| | Audited FYE 2016 | Audited FYE 2017 | Audited FYE 2018 |
|---------------|---------------------|---------------------|---------------------|
| GP (RM'000) | 14,291 | 17,039 | 17,025 |
| GP margin (%) | 30.46 | 34.52 | 33.85 |

We set out below the analysis of the GP and GP margin by products, and the commentaries during the FY Under Review:

(i) Analysis of GP and GP margin by products

| | Audited FYE 2016 | | Audited FYE 2017 | | Audited FYE 2018 | |
|-----------------------|---------------------|-----------------|---------------------|-----------------|---------------------|-----------------|
| | GP RM'000 | GP margin* % | GP RM'000 | GP margin* % | GP RM'000 | GP margin* % |
| | Aerosol products | 12,666 | 27.00 | 15,433 | 31.27 | 15,579 |
| Solvents and thinners | 1,625 | 3.46 | 1,606 | 3.25 | 1,446 | 2.87 |
| Total | 14,291 | 30.46 | 17,039 | 34.52 | 17,025 | 33.85 |

Note:
Computed based on the GP of the products over the total combined or consolidated revenue of our Group.

As stated above, the main contributor to our GP is generated from our development, manufacturing and distribution of aerosol products. The GP margin from the solvents and thinners were relatively low within the range of 2.87% to 3.46% during the FY Under Review given the nature of this business segment which is primarily involved in trading.

8. FINANCIAL INFORMATION (Cont'd)**(ii) Commentaries****(a) FYE 2017 as compared to FYE 2016**

Our total GP increased by RM2.75 million or 19.23% to RM17.04 million during FYE 2017. This was mainly due to:

- (i) the increase in the number of cans of aerosol products sold by 0.49 million or 7.03% during FYE 2017 while our cost of sales decreased by RM0.31 million or 0.95%.

The explanation for the slight reduction in our cost of sales during FYE 2017 is due to lower prices for certain raw materials as stated in Section 8.3.3(iii)(a) of this Prospectus;

- (ii) increase in the average selling prices of our aerosol products from RM5.34 per can during FYE 2016 to RM5.35 per can in FYE 2017;
- (iii) an increase in demand from 3 private label customers in Australia and Indonesia. As the sales were predominantly denominated in USD, it had resulted in higher GP recorded in view of appreciation of the USD during the FYE 2017; and
- (iv) lesser incentives were given to our customers during the FYE 2017 compared to the previous FYE. The incentives were in the form of discount given to customers to encourage prompt payment. For FYE 2017, the incentive was given to our biggest customer only. The incentives given had decreased from RM0.11 million in FYE 2016 to RM0.06 million in FYE 2017.

Correspondingly, the GP margin increased by 4.06%.

(b) FYE 2018 as compared to FYE 2017

Our total GP decreased slightly by RM0.01 million or 0.08% to RM17.03 million during FYE 2018. This was mainly due to the increase in our cost of sales particularly as a result of the increase in prices of solvents and most of our other raw materials. Solvents constituted 40.49% of our purchases in FYE 2018.

In view of the increase in our cost of sales, we have consequently increased the selling prices of our aerosol products in March 2018. However, as the price increase was only effected in the last quarter of FYE 2018, it was not able to sustain the GP margin that we enjoyed in FYE 2017.

Our relatively lower GP for trading of solvents and thinners have contributed to a lower overall GP for FYE 2018. The lower GP margin for this business segment for FYE 2018 was because of an increase in price of solvents with the backdrop of keen competition.

Correspondingly, the GP margin decreased slightly by 0.67%.

8. FINANCIAL INFORMATION (Cont'd)**8.3.5 Other income**

Other income comprises:

| | Audited FYE 2016 | | Audited FYE 2017 | | Audited FYE 2018 | |
|--|---|---------------|---------------------|---------------|---------------------|---------------|
| | RM'000 | % | RM'000 | % | RM'000 | % |
| | Gain on disposal of investment properties | - | - | - | - | 7,886 |
| Gain on disposal of property, plant and equipment | 41 | 7.12 | 23 | 2.73 | 985 | 10.71 |
| Gain on foreign exchange | 125 | 21.70 | 348 | 41.28 | 7 | 0.08 |
| • realised | 246 | 42.71 | 191 | 22.66 | - | - |
| • unrealised | - | - | 90 | 10.67 | 216 | 2.35 |
| Interest income on fixed deposits with a licensed bank | 164 | 28.47 | 191 | 22.66 | 80 | 0.87 |
| Rental income | - | - | - | - | 19 | 0.21 |
| Others ⁽¹⁾ | - | - | - | - | - | - |
| Total | 576 | 100.00 | 843 | 100.00 | 9,193 | 100.00 |

Note:

(1) Comprise mainly refund payment as a result of cancellation of an insurance policy for a former employee of DPIC who had retired.

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8. FINANCIAL INFORMATION (Cont'd)

The commentaries are as follows:

(a) FYE 2017 as compared to FYE 2016

Our other income increased by RM0.27 million or 46.35% to RM0.84 million which was mainly contributed by realised gain from foreign exchange. The aforesaid gain was derived from the sales denominated in USD to our private label customers overseas.

(b) FYE 2018 as compared to FYE 2017

Our other income had significantly increased by RM8.35 million to RM9.19 million when compared to the previous FYE. This was mainly due to the gain on disposal of investment properties and property, plant and equipment which was RM7.89 million and RM0.99 million, respectively. These properties and assets were disposed because they do not form part of the core business of our Group. Please refer to Section 6.1 of this Prospectus for further details.

8.3.6 Selling and distribution expenses

The details of the selling and distribution expenses are as follows:

| | Audited FYE 2016 RM'000 | Audited FYE 2017 RM'000 | Audited FYE 2018 RM'000 |
|-----------------------------------|-------------------------------|-------------------------------|-------------------------------|
| Selling and distribution expenses | 896 | 960 | 1,206 |

Selling and distribution expenses comprise expenses incurred in connection with the selling, marketing and distribution of our products. This includes expenses such as transportation charges incurred for our customers, sales promotion expenses, entertainment expenses, stamp and postages, telephone charges, travelling expenses, upkeep of motor vehicle, utilities charges and others.

There was no material change in selling and distribution expenses during the FY Under Review except for FYE 2018 whereby for that year, the selling expenses increased by RM0.25 million or 25.63% as compared to previous FYE 2017. This was mainly due to increase in transportation charges incurred for our overseas customers and travelling expenses.

8. FINANCIAL INFORMATION (Cont'd)**8.3.7 Administrative expenses**

Administrative expenses comprise indirect costs relating to the operations of our Group. The major administrative expenses are:

| | Audited FYE 2016 | | Audited FYE 2017 | | Audited FYE 2018 | |
|---|--------------------------------------|------------------------------------|---------------------|------------------------------------|---------------------|------------------------------------|
| | RM'000 | % of administrative expenses | RM'000 | % of administrative expenses | RM'000 | % of administrative expenses |
| | Salaries, wages, bonus and allowance | 1,863 | 46.29 | 2,117 | 48.64 | 2,403 |
| Directors' fee | 52 | 1.29 | 42 | 0.97 | 35 | 0.70 |
| Directors' non-fee emoluments | 685 | 17.02 | 685 | 15.74 | 731 | 14.52 |
| Rental of premises | 191 | 4.75 | 212 | 4.87 | 246 | 4.89 |
| Contributions to defined contribution plan: | | | | | | |
| • Directors | 82 | 2.04 | 82 | 1.88 | 87 | 1.73 |
| • Others | 180 | 4.47 | 182 | 4.18 | 211 | 4.19 |
| Depreciation of investment property | 27 | 0.67 | 26 | 0.60 | - | - |
| Depreciation of plant and equipment | 97 | 2.41 | 119 | 2.73 | 125 | 2.48 |
| Auditors' remuneration | 33 | 0.82 | 73 | 1.68 | 110 | 2.18 |
| Professional fees | - | - | - | - | 143 | 2.84 |

As stated above, the main administrative expenses are the salaries, wages, bonus and allowance to the staff of our Group whom are not directly related to our production activities.

(a) FYE 2017 as compared to FYE 2016

The administrative expenses increased by RM0.32 million or 8.12% to RM4.35 million, which was mainly due to increase in salaries, wages, bonus and allowances of RM0.25 million. During FYE 2017, bonus was paid and the headcount at DPI has also increased.

(b) FYE 2018 as compared to FYE 2017

The administrative expenses increased by RM0.68 million or 15.69% to RM5.03 million. This was mainly due to the increase in salaries, wages, bonus and allowances, and contributions to EPF by RM0.32 million attributable to an increase in headcount from 149 to 156 during the FYE 2018. In addition, we incurred professional fees of RM0.14 million, amongst others, in relation to our human resource development pertaining to training in compliance with ISO 9001:2015 certification.

8. FINANCIAL INFORMATION (Cont'd)**8.3.8 Other expenses**

The details of the other expenses are:

| | Audited | Audited | Audited |
|----------------|--------------------|--------------------|--------------------|
| | FYE 2016 RM'000 | FYE 2017 RM'000 | FYE 2018 RM'000 |
| Other expenses | 25 | 489 | 1,353 |

The increase in other expenses during FYE 2017 by RM0.46 million or more than 100.00% as compared to FYE 2016, was attributable to bad debts written-off in DPIR of RM0.02 million and impairment loss on one of DPI's property (K26) which had amounted to RM0.45 million.

For FYE 2018, other expenses had increased by RM0.86 million or more than 100% as compared to FYE 2017. This was mainly due to the listing expenses which amounted to RM1.09 million and included as an expense during FYE 2018. The other remaining expenses mainly comprise unrealised loss on foreign exchange of RM0.18 million and bad debts written-off of RM0.07 million.

8.3.9 Finance costs

Our finance costs were not material over the FY Under Review as we had low borrowings. We had only recorded RM0.12 million in FYE 2016.

The finance costs had decreased over the FY Under Review as we had fully repaid our term loans, bankers' acceptances and bank overdraft during the FYE 2017.

There was no borrowings during the FYE 2018 and hence no finance costs was incurred.

8. FINANCIAL INFORMATION (Cont'd)**8.3.10 PBT**

The details of the PBT are:

| | Audited | | Audited | |
|--|--------------------|--------------------|--------------------|--------------------|
| | FYE 2016 RM'000 | FYE 2017 RM'000 | FYE 2017 RM'000 | FYE 2018 RM'000 |
| PBT | 9,800 | 12,081 | 12,081 | 18,624 |
| Adjusted PBT (excluding other income) | 9,224 | 11,238 | 11,238 | 9,431 |
| Adjusted PBT (excluding other income and listing expenses) | 9,224 | 11,238 | 11,238 | 10,523 |

(a) FYE 2017 as compared to FYE 2016

The PBT increased by RM2.28 million or 23.28% to RM12.08 million during FYE 2017. Similarly, the adjusted PBT increased by RM2.01 million or 21.83%. This was mainly due to the increase in sales against the backdrop of marginal decrease in the cost of sales. As a result, our GP had increased by RM2.75 million. The explanation for the changes in sales, cost of sales and GP had been set out in Sections 8.3.2(iv)(a), 8.3.3(iii)(a) and 8.3.4(ii)(a) of the Prospectus, respectively.

(b) FYE 2018 as compared to FYE 2017

The PBT had increased by RM6.54 million or 54.16% during FYE 2018. This was mainly due to the gain from disposal of investment properties and property, plant and equipment which had amounted to RM8.87 million. The details are set out in Section 8.3.5 of this Prospectus.

The adjusted PBT (excluding other income and listing expenses) has decreased by RM0.72 million or 6.36% during FYE 2018. This was mainly due to the increase in salaries, wages, bonus and allowances, and contributions to EPF which was attributable to an increase in headcount as well as an increase in selling and distribution expenses.

8. FINANCIAL INFORMATION (Cont'd)**8.3.11 Income tax expenses**

The statutory corporate income tax rate for FYE 2016 was as follows:

- 24% for DPI; and
- The corporate tax rate of DPIC and DPIR on the first RM500,000 of chargeable income is 19%. The tax rate applicable to the balance of the chargeable income is 24%.

For FYE 2017 and FYE 2018, the statutory corporate income tax rate of DPI and DPIC was 24% of the chargeable income.

| | Audited FYE 2016 RM'000 | Audited FYE 2017 RM'000 | Audited FYE 2018 RM'000 |
|---|-------------------------------|-------------------------------|-------------------------------|
| Current tax expenses: | | | |
| • for the financial year | 2,350 | 3,004 | 3,060 |
| • under/(over) provision in the previous financial year | 30 | (211) | (201) |
| Real property gains tax | - | - | 545 |
| Deferred tax: | | | |
| • origination and reversal of temporary differences | - | - | (94) |
| • underprovision in previous financial years | - | - | 154 |
| Income tax expense | 2,380 | 2,793 | 3,464 |
| Effective tax rate (%) | 24.29 | 23.12 | 18.60 |

Premised on the above, the effective tax rate for the DPI Group ranges from 18.60% to 24.29%. The analysis are as follows:

- the effective tax rate of 24.29% and 23.12% for the FYE 2016 and FYE 2017, respectively, were comparable to their statutory tax rate; and
- for FYE 2018, the effective tax rate is 18.60% which was much lower than the statutory tax rate. This was due to the real property gains tax of 5% paid on the gain from the disposal of investment properties, and property, plant and equipment.

8. FINANCIAL INFORMATION (Cont'd)**8.3.12 Key financial ratios**

Our key financial ratios for the FY Under Review are as follows:

| | Audited | Audited | Audited |
|---|-----------------|-----------------|-----------------|
| | FYE 2016 | FYE 2017 | FYE 2018 |
| Trade receivables turnover period (days) ⁽¹⁾ | 60 | 61 | 58 |
| Trade payables turnover period (days) ⁽²⁾ | 95 | 81 | 69 |
| Inventory turnover period (days) ⁽³⁾ | 57 | 78 | 98 |
| Current ratio (times) ⁽⁴⁾ | 1.76 | 1.66 | 4.76 |
| Gearing ratio (times) ⁽⁵⁾ | ⁽⁶⁾ | - | - |

Notes:

- (1) Being trade receivables (net of GST) over revenue.
(2) Being trade payables (net of GST) over purchases.
(3) Being inventories over cost of sales.
(4) Being current assets over current liabilities.
(5) Being interest-bearing borrowings over shareholders' equity.
(6) Negligible.

(a) Trade receivables turnover period

The trade receivables turnover period for the FY Under Review are as follows:

| | Audited | Audited | Audited |
|--|-----------------|-----------------|-----------------|
| | FYE 2016 | FYE 2017 | FYE 2018 |
| | RM'000 | RM'000 | RM'000 |
| Trade receivables ⁽¹⁾ | 7,762 | 8,222 | 7,975 |
| Revenue | 46,923 | 49,360 | 50,294 |
| Trade receivables turnover period (days) | 60 | 61 | 58 |

Note:

- (1) Being the amount of trade receivables which have been adjusted for GST.

For FYE 2018, DPI's normal credit terms range from 7 to 90 days. DPIC's normal credit terms range from 30 to 90 days. During the FY Under Review, our trade receivables turnover period had been quite consistent, ranging from 58 days to 61 days, which is within the standard credit term granted to our customers.

8. FINANCIAL INFORMATION (Cont'd)

The ageing analysis of our Group's trade receivables as at 31 May 2018 are as follows:

| As at 31 May 2018 | 0 – 60 days RM'000 | 61 – 90 days RM'000 | 91 – 120 days RM'000 | 121 – 180 days RM'000 | > 180 days RM'000 | Total RM'000 |
|--------------------------------------|-----------------------|------------------------|-------------------------|--------------------------|----------------------|-----------------|
| Trade receivables | 5,825 | 1,641 | 605 | 262 | 120 | 8,453 |
| % of trade receivables (%) | 68.91 | 19.41 | 7.16 | 3.10 | 1.42 | 100.00 |
| Subsequent collections up to the LPD | 5,651 | 1,547 | 594 | 217 | 72 | 7,830 |
| Outstanding balance as at the LPD | 174 | 94 | 11 | 45 | 48 | 623 |

Our Directors are of the opinion that the remaining outstanding balances as at the LPD in respect of our Group's trade receivables as at 31 May 2018 that exceed the credit period are recoverable and that no further impairment losses for doubtful debts are required. Our Directors further confirm that there are no overdue trade receivables which are in dispute or under legal action.

(b) Trade payables turnover period

The trade payables turnover period for the FY Under Review are as follows:

| | Audited FYE 2016 RM'000 | Audited FYE 2017 RM'000 | Audited FYE 2018 RM'000 |
|---------------------------------------|-------------------------------|-------------------------------|-------------------------------|
| Trade payables ⁽¹⁾ | 6,973 | 6,789 | 5,959 |
| Purchases | 26,669 | 30,525 | 31,510 |
| Trade payables turnover period (days) | 95 | 81 | 69 |

Note:

(1) Being the amount of trade payables which have been adjusted for GST.

The credit term granted by our suppliers varies. However, the credit term typically granted ranges from 30 days to 90 days. The trade payables turnover period indicates whether our Group's repayment exceeds the credit term granted by our suppliers.

The trade payables turnover period improved to 81 days during FYE 2017 as compared to 95 days during FYE 2016 as we paid our suppliers more promptly during the second half of FYE 2017. This continued on during FYE 2018 resulting in our trade payables turnover period improving to 69 days.

8. FINANCIAL INFORMATION (Cont'd)

Our Group believes the timely settlement to our suppliers will benefit our Group as our suppliers may grant us more favourable rates. The timely settlement also enhances our good relationship with our suppliers.

The ageing analysis of our Group's trade payables as at 31 May 2018 are as follows:

| As at 31 May 2018 | 0 – 60 days RM'000 | 61 – 90 days RM'000 | 91 – 120 days RM'000 | 121 – 180 days RM'000 | > 180 days RM'000 | Total RM'000 |
|-----------------------------------|-----------------------|------------------------|-------------------------|--------------------------|----------------------|-----------------|
| Trade payables | 4,810 | 1,448 | 44 | 15 | - | 6,317 |
| % of trade payables (%) | 76.14 | 22.92 | 0.70 | 0.24 | - | 100.00 |
| Subsequent payments up to the LPD | 4,810 | 1,448 | 44 | 15 | - | 6,317 |
| Outstanding balance as at the LPD | - | - | - | - | - | - |

As at 31 May 2018, our trade payables stood at approximately RM6.32 million with approximately RM0.06 million or 0.94% of our trade payables which exceeded the normal credit period. As at the LPD, we have fully paid all our trade payables.

(c) Inventory turnover period

The inventory turnover period for the FY Under Review are as follows:

| | Audited FYE 2016 RM'000 | Audited FYE 2017 RM'000 | Audited FYE 2018 RM'000 |
|----------------------------------|-------------------------------|-------------------------------|-------------------------------|
| Inventory | 5,070 | 6,922 | 8,974 |
| Cost of sales | 32,632 | 32,321 | 33,269 |
| Inventory turnover period (days) | 57 | 78 | 98 |

The details of the inventories are as follows:

| | Audited As at 31 May 2016 RM'000 | Audited As at 31 May 2017 RM'000 | Audited As at 31 May 2018 RM'000 |
|------------------|--|--|--|
| Raw material | 2,193 | 3,327 | 4,667 |
| Work-in-progress | 444 | 697 | 638 |
| Finished goods | 2,433 | 2,898 | 3,669 |
| Total | 5,070 | 6,922 | 8,974 |

8. FINANCIAL INFORMATION (Cont'd)

As stated above, the inventory turnover period had increased from 57 days to 78 days during FYE 2017. This was mainly due to the raw material stocks which had increased by RM1.13 million or 51.71% on 31 May 2017. The increase in the raw materials stock was mainly due to higher purchases in terms of prices and quantity of raw materials during the FYE 2017 and particularly towards the end of FYE 2017, in anticipation of higher demand for our aerosol products in the following financial year. We typically purchase raw materials on a timely basis to ensure our production process run smoothly.

For the FYE 2018, our inventory turnover period increased to 98 days. The increase was attributable to the increase of raw materials of RM1.34 million or 40.28% and finished goods of RM0.77 million or 26.60% during the FYE 2018. The increase in the raw materials stock was mainly due to higher purchases in terms of prices and quantity during the FYE 2018 and particularly towards the end of FYE 2018, to cater for planned increase in production of our aerosol products after FYE 2018. The aforesaid increase in finished goods was mainly due to the completion of the sales orders during FYE 2018 which was subsequently delivered to our customers after FYE 2018 and therefore will be recorded as revenue in FYE 2019 instead.

(d) Current ratio

The current ratio for the FY Under Review are as follows:

| | Audited | Audited | Audited |
|-----------------------|-----------------------------|-----------------------------|-----------------------------|
| | As at 31 May 2016 RM'000 | As at 31 May 2017 RM'000 | As at 31 May 2018 RM'000 |
| Current assets | 28,979 | 30,156 | 36,724 |
| Current liabilities | 16,490 | 18,218 | 7,716 |
| Current ratio (times) | 1.76 | 1.66 | 4.76 |

Our Group's current ratio was at a healthy level of between 1.66 times to 4.76 times during the FY Under Review. This reflects our Group's ability to meet our short term obligations as our current assets such as cash and bank balances, fixed deposits and receivables is readily convertible to cash.

Although our current assets increased during the FYE 2017, our current liabilities increased with additional amount owing to a Director of RM1.99 million. This had resulted in a slight decrease of the current ratio from 1.76 times as at 31 May 2016 to 1.66 times as at 31 May 2017.

Our Group's current ratio improved to 4.76 times as at 31 May 2018. As at 31 May 2018, our major assets are cash and bank balances (RM12.95 million), fixed deposits (RM5.08 million), trade receivables (RM8.45 million) and inventories (RM8.97 million). The improvement was because of settlement of amount owing to a Director, amounted to RM9.77 million and increase in cash and bank balances of RM3.72 million as a result of cash inflows generated from business operations.

8. FINANCIAL INFORMATION (Cont'd)**(e) Gearing ratio**

The gearing ratio for the FY Under Review are as follows:

| | Audited | Audited | Audited |
|-----------------------|-----------------------------|-----------------------------|-----------------------------|
| | As at 31 May 2016 RM'000 | As at 31 May 2017 RM'000 | As at 31 May 2018 RM'000 |
| Borrowings | (1) | - | - |
| Net assets | 26,565 | 25,398 | 34,567 |
| Gearing ratio (times) | (2) | - | - |

Notes:

(1) Being less than RM1,000

(2) Negligible

We had minimal borrowings remaining as at 31 May 2016, being less than RM1,000. We had subsequently pared down our borrowings where we had fully repaid our borrowings during FYE 2017. Since then, we have no borrowings up to the LPD.

This is mainly due to our Group's conservative approach in respect of bank borrowings where we intend to minimise interest expense where possible and to maintain low gearing levels.

8.3.13 Significant factors affecting our financial performance

Our Group's financial condition and results of operations have been and will continue to be affected by a number of factors, the most significant of which include but are not limited to the following:

(i) Demand for our products

The demand for our products are dependent on the general macroeconomic conditions, competition, level of disposable income and consumer spending in domestic markets and the countries where we export to. The demand of our products correlates to the automotive repair and maintenance, arts and crafts, DIY and hardware shops.

Further, we had also, in March 2018, increased the selling prices of our aerosol products for our customers in Malaysia in view of the increase in manufacturing costs over the years. There is no assurance that we are able to sustain or generate additional sales given the said price increase in the future.

(ii) Fluctuation in costs

Fluctuating costs is an inherent risk for us as a manufacturing concern. Our operations are subject to increase in expenses due to a number of factors including, but not limited to the following:

- Increase in raw material costs;
- Increase in labour costs;
- Transportation costs;
- Changes in statutory laws, regulations or government policies which increase the cost of compliance with such laws, regulations or policies; and
- Changes in tax rates and other statutory changes.

8. FINANCIAL INFORMATION (Cont'd)

Any increase in the operating expenses may affect our profit margin in the event that we cannot increase the selling price of our products. Further, the prices of our raw material particularly empty aerosol cans, solvents and LPG are generally dependent on market price fluctuations according to changes in the supply and demand conditions. Additionally, even if we are able to increase the selling prices of our products, the demand for our products may in turn be adversely affected. As a result, our business and results of operations could be materially and adversely affected.

(iii) Changes in accounting standards, policies and requirements

Our financial statements are prepared in accordance with the MFRS, IFRS and requirements of the Act. Consequently, any change in the relevant accounting standard, policies and requirements may have an impact on the amounts reported and disclosure requirements.

(iv) Changes in regulatory, political and economic conditions

Our Group will be affected should there be any form of regulatory, political and economic changes in Malaysia such as changes in interest rates, tax rates, tax laws, duties or the willingness of financial institutions to grant financing to us (if required), as well as any adverse effects in political influences. Our business and financial performance may be adversely affected as there is no assurance that we will be able to comply with all of these changes should they occur, especially those which may be newly introduced by the relevant authorities. Please refer to Section 5.2.3 of this Prospectus for further information.

(v) Business strategies and future plans

During the last FYE 2017 and FYE 2018, we were operating close to full capacity. Please refer to Section 4.24.3 of this Prospectus for our utilisation rate. As part of our future plans, we plan to use part of our IPO proceeds to:

- construct a new factory building;
- install additional production lines at the new factory building;
- purchase new machineries and equipment; and
- upgrade our existing aerosol paint production facilities.

Our combined production capacity subsequently will be up to 20.00 million aerosol cans per year. Despite this, our revenue may or may not increase on an overall basis. In addition, we would incur additional depreciation charges with our new production facilities, machineries and equipment. We may also have to incur finance costs if we have to obtain borrowings to finance our expansion plans. The increase in these expenses may not be offset against the increase in sales. Hence, our financial performance in the future will be dependent on our business strategies and future plans.

Please refer to Sections 4.22 and 2.5 of this Prospectus for further details on our business strategies and future plans, and the use of IPO proceeds, respectively.

Please refer to the risk factors as set out in Section 5 of this Prospectus for a more comprehensive discussion of the above and other factors that may affect our financial performance.

8. FINANCIAL INFORMATION (Cont'd)

8.4 LIQUIDITY AND CAPITAL RESOURCES

8.4.1 Working capital

We require working capital to finance our daily operations such as payment to suppliers for the purchase of raw materials, salaries for our employees, expenses relating to running of our production facilities, and payment for our operation and administrative functions.

Our Group has been financing our growth through a combination of internal and external sources of funds. The former comprises our shareholders' equity and cash generated from operating activities.

The latter mainly comprises bank borrowings from financial institutions, credit terms provided by our suppliers and amount owing to a Director. The amount owing to a Director represents dividends declared to a shareholder (who is also a Director) which have all been settled by 31 May 2018.

Our Directors are of the opinion that our Group will have adequate working capital to meet our present and foreseeable requirements for a period of 12 months from the date of this Prospectus based on:

- (i) the amount of funds required for our daily operations for the next 12 months from the date of this Prospectus;
- (ii) the expected funds to be generated from operating activities for the same period;
- (iii) the amount of cash and bank balances that is available for our operations. We have RM12.95 million cash and bank balances as at 31 May 2018;
- (iv) we have fixed deposits amounting to RM5.08 million as at 31 May 2018 which is not encumbered and we can withdraw, if required, to use for our operations; and
- (v) we do not have any borrowings as at the LPD. Hence, we believe we have ample opportunities to resort to bank borrowings, if required.

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8. FINANCIAL INFORMATION (Cont'd)**8.4.2 Cash flow**

The table below sets out the summary of our historical combined statements of cash flows for the FYE 2016 and 2017, and consolidated statements of cash flows for FYE 2018 which had been extracted from the Accountants' Report as set out in Section 9 of this Prospectus. You should read this section together with the Management's Discussion and Analysis of Financial Condition and Results of Operations as set out in Section 8.3 of this Prospectus.

| | Audited | Audited | Audited |
|---|--------------------|--------------------|--------------------|
| | FYE 2016 RM'000 | FYE 2017 RM'000 | FYE 2018 RM'000 |
| Net cash from operating activities | 9,013 | 13,425 | 5,217 |
| Net cash (for)/from investing activities | (772) | (4,531) | 5,832 |
| Net cash for financing activities | (7,558) | (7,355) | (2,064) |
| Net increase in cash and cash equivalents | 683 | 1,539 | 8,985 |
| Effects of foreign exchange translation | 246 | 191 | (183) |
| Cash and cash equivalents at beginning of the financial year | 6,566 | 7,495 | 9,225 |
| Cash and cash equivalents at end of the financial year | 7,495 | 9,225 | 18,027 |

We set out below the commentaries to our combined and consolidated statements of cash flows during the FY Under Review:

(i) FYE 2016**(a) Net cash from operating activities**

The net cash generated from operating activities was RM9.01 million. This was mainly due to the following:

- after adjusting our Group's PBT of RM9.80 million for non-cash items, resulting in operating profit before working capital changes of RM10.07 million;
- decrease in inventories of RM2.56 million as we have purchased lesser quantity of raw materials in tandem with the reduction in revenue; and
- tax payment of RM2.56 million.

(b) Net cash for investing activities

Our net cash used in investing activities amounted to RM0.77 million where advances to related parties was RM0.66 million. Our purchase of property, plant and equipment was RM0.16 million whilst the proceeds from the disposal of property, plant and equipment was RM0.04 million.

8. FINANCIAL INFORMATION (Cont'd)**(c) Net cash for financing activities**

We used net cash of RM7.56 million for our financing activities. This was attributable to net repayment of bankers' acceptances of RM5.05 million and repayment of term loans of RM0.74 million.

DPIC also paid dividends of RM1.61 million during the financial year. In addition, we repaid our Director a small repayment sum of RM0.14 million.

(d) Net increase in cash and cash equivalents

Premised on the above, our cash and cash equivalents increased by RM0.68 million and we have a total of RM7.50 million in cash and cash equivalents as at 31 May 2016.

(ii) FYE 2017**(a) Net cash from operating activities**

Our net cash generated from operating activities was RM13.43 million which was mainly due to the following:

- after adjusting our Group's PBT of RM12.08 million for non-cash items, resulting in operating profit before working capital changes of RM12.71 million;
- decrease in amount owing by related parties of RM5.95 million where all amounts owing to DPIR has been settled in view that DPIR ceased business operations in 2016;
- increase in inventories of RM1.85 million as we have purchased more quantity of raw materials to fulfil sales order which were only delivered to customers after 31 May 2017; and
- tax paid of RM2.86 million.

(b) Net cash for investing activities

We recorded net cash used in investing activities of RM4.53 million. This was mainly attributable to the increase in our fixed deposits with a licensed bank of RM4.50 million. Our purchase of property, plant and equipment was RM0.30 million which was offset by the repayment from related parties of RM0.15 million and the proceeds from the disposal of property, plant and equipment was RM0.02 million. Interest received was RM0.09 million.

(c) Net cash for financing activities

We recorded net cash used in our financing activities of RM7.36 million. Both DPIR and DPIC paid dividends amounted to RM0.59 million during the financial year. In addition, we repaid our Director a sum of RM6.77 million.

We had fully settled all of our borrowings during FYE 2017.

(d) Net increase in cash and cash equivalents

Premised on the above, our cash and cash equivalents increased by RM1.54 million and we have a total of RM9.23 million in cash and cash equivalents as at 31 May 2017.

8. FINANCIAL INFORMATION (Cont'd)**(iii) FYE 2018****(a) Net cash from operating activities**

Our net cash generated from operating activities was RM5.22 million which was mainly due to the following:

- after adjusting our Group's PBT of RM18.62 million for non-cash items, resulting in operating profit before working capital changes of RM11.40 million;
- increase in inventories of RM2.16 million as we have purchased higher quantity of raw materials to fulfil sales order and certain sales orders for our finished goods were only delivered to customers after 31 May 2018; and
- tax paid of RM3.80 million.

(b) Net cash from investing activities

We recorded net cash generated from investing activities of RM5.83 million. This was mainly attributable to proceeds received from the disposal of investment properties amounted to RM1.23 million. Further, the fixed deposits with licensed banks had been recognised as cash and cash equivalents during FYE 2018 due to change in tenure of the fixed deposits (instead of being included as an investing activity during FYE 2017).

(c) Net cash for financing activities

We recorded net cash used in our financing activities of RM2.06 million. This was mainly attributable to the payment of listing expenses amounted to RM1.48 million and settlement of amount owing to a Director and related parties which amounted to RM0.56 million and RM0.03 million respectively, during FYE 2018.

(d) Net increase in cash and cash equivalents

Premised on the above, our cash and cash equivalents increased by RM8.98 million and we have a total of RM18.03 million in cash and cash equivalents as at 31 May 2018. This comprises fixed deposits with licensed banks of RM5.08 million and cash and bank balances of RM12.95 million.

(iv) Restriction on the ability of our subsidiaries to transfer funds to our Company

We do not have any specific legal, financial or economic restriction on the ability of our subsidiaries to transfer funds to our Company in the form of cash dividends, loans or advances to meet the cash obligations of our Company.

8. FINANCIAL INFORMATION (Cont'd)**8.4.3 Borrowings**

As at 31 May 2018, our Group had no outstanding borrowings. We had pared down our borrowings during the FY Under Review, the details as follows:

| | Audited | Audited | Audited |
|------------------------|-----------------------------|-----------------------------|-----------------------------|
| | As at 31 May 2016 RM'000 | As at 31 May 2017 RM'000 | As at 31 May 2018 RM'000 |
| Short term | | | |
| - Term loans | (1) | - | - |
| - Bankers' acceptances | - | - | - |
| - Bank overdraft | - | - | - |
| Sub-total | (1) | - | - |
| Long term | | | |
| - Term loans | - | - | - |
| Total | (1) | - | - |

Note:

(1) Being less than RM1,000.

As at the LPD, we have no credit facilities or bank borrowings. Our Group has not defaulted on any payments of either interest and/or principal sums for any of our borrowings throughout the FY Under Review and up to the LPD.

8.4.4 Breach of terms and conditions or covenants associated with a credit arrangement or bank loan

We had fully settled our bank borrowings during FYE 2017. Further, as at the LPD, we have no credit facilities or bank borrowings. As at the LPD, our Group is not in breach of any terms and conditions or covenants associated with credit arrangement or bank loan which can materially affect our Group's financial position and results or business operations, or the investments by holders of securities in our Company.

8.4.5 Treasury policies and objectives

Our internal source of funds for our operations are shareholders' equity and cash generated from our operations. Most of our cash and cash equivalents are denominated in RM. We have several customers located outside of Malaysia that pay us in USD, NZD, JPY and SGD.

Our external source of funds is of credit terms provided by our suppliers as well as bank borrowings and amount owing to a Director. The details of our borrowings are provided in Section 8.4.3 of this Prospectus.

The decision to either use banking facilities or internally generated funds for our operations depends on the following factors such as:

- our current cash balance;
- expected cash inflows;
- future working capital requirements;
- future capital expenditure requirements; and
- interest rates of credit facilities or bank borrowings.

Our minimum cash reserves at any point in time is dependent on factors such as the expected cash inflows, our future working capital requirements and capital expenditure plans.

8. FINANCIAL INFORMATION (Cont'd)

As at the LPD, our Group do not have any exposure or use any financial instruments for hedging purposes. Our management will continue to assess the need for the use of any hedging instruments, if necessary, in the future.

8.4.6 Material capital commitment

As at the LPD, the details of our material capital commitment are as follows:

| | RM'000 |
|--|---------------|
| Approved but not contracted for: | |
| • Capital expenditure and expansion (as disclosed in Section 2.5 of this Prospectus) | 23,540 |
| Total | 23,540 |

8.4.7 Governmental, legal or arbitration proceedings

As at the LPD, neither we nor any of our subsidiaries are engaged in any governmental, legal or arbitration proceedings including those relating to bankruptcy, receivership or similar proceedings, either as plaintiff or defendant, and our Directors are not aware of any proceeding pending or threatened or of any fact likely to give rise to any proceeding which may have a material or significant effect on our financial position or profitability, in the 12 months immediately preceding the date of this Prospectus.

8.4.8 Contingent liabilities

As at the LPD, we do not have any contingent liabilities which, upon becoming enforceable, may materially and adversely affect our financial position and business.

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8. FINANCIAL INFORMATION (Cont'd)

8.5 TREND INFORMATION

As at the LPD, our business operations have not been and are not expected to be affected by any of the following:

- (i) any known factors, trends, uncertainties, demands, commitments or events that are likely to have a material favourable or unfavourable effect on our financial condition and results of operations save as disclosed in Sections 4.14 (Our Competitive Position), 4.22 (Business Strategies and Future Plans), 5 (Risk Factors) and 8.3 (Management's Discussion and Analysis of Financial Condition and Results of Operations);
- (ii) any known factors, trends, uncertainties, demands, commitments or events that would cause our historical financial statements to be not necessarily indicative of our future financial performance save as disclosed in Sections 4.22 (Business Strategies and Future Plans), 5 (Risk Factors) and 8.3 (Management's Discussion and Analysis of Financial Condition and Results of Operations);
- (iii) any known factors, trends, uncertainties, demands, commitments or events that are likely to have a material impact on our revenue, income from continuing operations and profitability save as disclosed in Sections 4.14 (Our Competitive Position), 4.22 (Business Strategies and Future Plans), 5 (Risk Factors) and 8.3 (Management's Discussion and Analysis of Financial Condition and Results of Operations); and
- (iv) any known factors, trends, uncertainties, demands, commitments or events that are likely to have a material impact on our liquidity or capital resources save as disclosed in Sections 2.5 (Use of Proceeds), 8.3 (Management's Discussion and Analysis of Financial Condition and Results of Operations) and 8.4 (Liquidity and Capital Resources).

Due to the nature of our business, we do not maintain an order book. Our revenue is generated when we deliver our products based on the purchase orders received.

8.6 DIVIDEND POLICY

Our Company does not have any formal dividend policy presently. However, it is the intention of our Board to retain adequate reserves for our future growth as well as to reward our shareholders with participation in the profits of our Group.

Our ability to declare and pay interim dividends as well as to recommend final dividends are subject to the discretion of our Board. We will also need to obtain our shareholders' approval for any final dividend for the year. In addition, as an investment holding company, our income, and therefore our ability to pay dividends will depend on the dividends or other distributions that we receive from our subsidiaries. Hence, our Group's ability to pay dividends or make other distributions to our shareholders will depend upon factors such as:

- the availability of distributable profits and cash flow;
- our operating results and financial performance;
- our financial condition;
- our projected level of capital expenditure and other investment plans; and
- level of our cash and financing commitments.

8. FINANCIAL INFORMATION (Cont'd)

Any declaration and payment of dividends in the future will be at the discretion of our Board. No inference should or can be made from any of the statements above as to our actual future profitability and our ability to pay dividends in the future.

8.7 TAXATION

Corporate taxation levied on a company's profits is a final tax. Hence, any dividends (being single-tier dividends) to be paid to the shareholders are tax exempt in the hands of shareholders.

Further, the Government of Malaysia does not levy withholding tax on dividends payment. Therefore, the dividends to be paid to the shareholders which are non-tax residents in Malaysia are not subject to withholding tax in Malaysia.

8.8 SIGNIFICANT CHANGES

Save as disclosed in this Prospectus, there are no other significant changes that have occurred which may have a material effect on our financial position and results of operations since 31 May 2018 and up to the LPD.

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8. FINANCIAL INFORMATION (Cont'd)

8.9 REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MAY 2018



0 5 NOV 2018

The Board of Directors
DPI Holdings Berhad
B-25-2, Block B, Jaya One,
No. 72A, Jalan Universiti,
46200 Petaling Jaya,
Selangor,
Malaysia.

Crowe Malaysia AF1018

(FKA Crowe Horwath)

Level 16, Tower C, Megan Avenue 2
12, Jalan Yap Kwan Seng
50450 Kuala Lumpur
Malaysia

Main +6 03 2788 9999

Fax +6 03 2788 9998

www.crowe.my

Dear Sirs/Madam

**DPI HOLDINGS BERHAD ("DPI HOLDINGS" OR "THE COMPANY")
REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL
POSITION AS AT 31 MAY 2018**

We have completed our assurance engagement to report on the compilation of Pro Forma Consolidated Statements of Financial Position of DPI Holdings and its subsidiaries (collectively known as the "the Group") as at 31 May 2018 and the related notes (as set out in Appendix A which we have initialed for the purpose of identification) prepared by the Board of Directors for inclusion in the Prospectus of DPI Holdings in connection with the listing of and quotation for the entire enlarged issued share capital of DPI Holdings on the ACE Market of Bursa Malaysia Securities Berhad ("the Listing").

The applicable criteria on the basis of which the Board of Directors has compiled the Pro Forma Consolidated Statements of Financial Position are set out in Note 2 of Appendix A, and those specified in the Prospectus Guidelines - Equity issued by the Securities Commission Malaysia ("Prospectus Guidelines").

The Pro Forma Consolidated Statements of Financial Position have been compiled by the Board of Directors to illustrate the effects of the transactions as set out in Note 2.3 of Appendix A had it been implemented and completed on 31 May 2018 on DPI Holdings' financial position as at that date.

As part of this process, information about the DPI Holdings' financial position has been extracted by the Board of Directors from the audited financial statements of the Group for the financial year ended 31 May 2018.

DIRECTORS' RESPONSIBILITIES

The Board of Directors of the Company is solely responsible for compiling the Pro Forma Consolidated Statements of Financial Position on the basis as described in Note 2 of Appendix A and in accordance with the requirements of the Prospectus Guidelines.

Page 1 of 10

8. FINANCIAL INFORMATION (Cont'd)**REPORTING ACCOUNTANTS' INDEPENDENCE AND QUALITY CONTROL**

We have complied with the independence and other ethical requirement of the Code of Ethics for Professional Accountants issued by the International Ethics Standard Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The Firm applies International Standard on Quality Control 1 (ISQC 1), Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal regulatory requirements.

REPORTING ACCOUNTANTS' RESPONSIBILITIES

Our responsibility is to express an opinion, as required by the Prospectus Guidelines, about whether the Pro Forma Consolidated Statements of Financial Position have been compiled, in all material respects, by the Board of Directors of the Company on the basis as described in Note 2 of Appendix A and in accordance with the requirements of the Prospectus Guidelines.

We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3420, Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus, issued by the International Auditing and Assurance Standards Board. This standard requires that we plan and perform procedures to obtain reasonable assurance about whether the Board of Directors has compiled, in all material respects, the Pro Forma Consolidated Statements of Financial Position on the basis as set out in Note 2 of Appendix A and in accordance with the requirements of the Prospectus Guidelines.

For the purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Consolidated Statements of Financial Position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Consolidated Statements of Financial Position.

The purpose of Pro Forma Consolidated Statements of Financial Position included in the Prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 May 2018 would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Consolidated Statements of Financial Position has been compiled, in all material respects, on the basis as set out in Note 2 of Appendix A and in accordance with the requirements of the Prospectus Guidelines involve performing procedures to assess whether the applicable criteria used by the Board of Directors in the compilation of the Pro Forma Consolidated Statements of Financial Position provide a reasonable basis for presenting the significant effects directly attributable to the events or transactions, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Pro Forma Consolidated Statements of Financial Position reflect the proper application of those adjustments to the unadjusted financial information.

Page 2 of 10

8. FINANCIAL INFORMATION (Cont'd)



REPORTING ACCOUNTANTS' RESPONSIBILITIES (CONT'D)

The procedures selected depend on our judgement, having regard to our understanding of the nature of DPI Holdings, the events or transactions in respect of which the Pro Forma Consolidated Statements of Financial Position have been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Consolidated Statements of Financial Position.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OPINION

In our opinion, the Pro Forma Consolidated Statements of Financial Position of DPI Holdings have been compiled, in all material respects, on the basis as set out in Note 2 of Appendix A of the Pro Forma Consolidated Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

OTHER MATTERS

We understand that this letter will be used solely for the purpose of inclusion in the Prospectus of DPI Holdings in connection with the Listing. As such, this letter should not be used for any other purpose without our prior written consent. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this letter contrary to the aforesaid purpose.

Yours faithfully

A handwritten signature in black ink that reads "Crowe Malaysia".

Crowe Malaysia
Firm No: AF 1018
Chartered Accountants

A handwritten signature in black ink that reads "Chan Kuan Chee".

Chan Kuan Chee
Approval No: 02271/10/2019 J
Chartered Accountant

Kuala Lumpur

8. FINANCIAL INFORMATION (Cont'd)

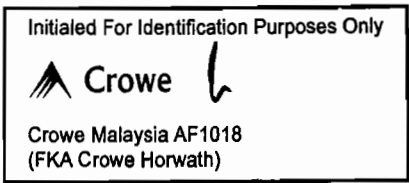
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Crowe Malaysia AF1018
(FKA Crowe Horwath)**APPENDIX A****DPI HOLDINGS BERHAD AND ITS SUBSIDIARIES****NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MAY 2018****1. ABBREVIATION**

Unless the context otherwise requires, the following words and abbreviations shall apply throughout this report:-

| | |
|---------------------|---|
| DESB | : Dimethyl Ether Sdn. Bhd. |
| DPI | : DPI Sdn. Bhd. |
| DPI Holdings Shares | : Ordinary shares in DPI Holdings Berhad |
| DPIC | : DPI Chemicals Sdn. Bhd. |
| DPIR | : DPI Resources Sdn. Bhd. |
| FYE 2018 | : Financial year ended 31 May 2018 |
| Group | : DPI Holdings and its subsidiaries, collectively |
| IPO | : Initial public offering comprising the IPO Shares |
| IPO Price | : The issue price of RM0.25 for each IPO Share |
| IPO Shares | : Public issue of 126,560,000 new DPI Holdings Shares at the IPO Price |
| Listing | : Listing of DPI Holdings on the ACE Market of Bursa Malaysia Securities Berhad |
| MITI | : Ministry of International Trade and Industry, Malaysia |
| Subsidiaries | : DPI, DPIC, DPIR and DESB, collectively |

8. FINANCIAL INFORMATION (Cont'd)



APPENDIX A

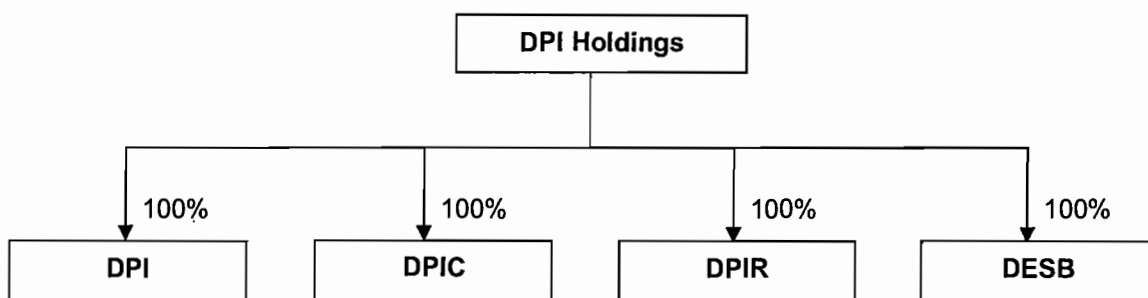
DPI HOLDINGS BERHAD AND ITS SUBSIDIARIES

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MAY 2018

2. PRO FORMA GROUP AND BASIS OF PREPARATION

2.1 Pro Forma Group

The pro forma structure of DPI Holdings is as follows:-



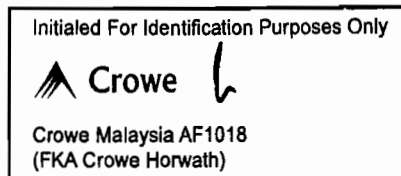
2.2 Basis of Preparation

The Pro Forma Consolidated Statements of Financial Position as at 31 May 2018 have been prepared on the basis stated in the notes below using the audited financial statements of the Group as at 31 May 2018 which were prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs") and International Financial Reporting Standards ("IFRSs"), and in a manner consistent with the accounting policies of the Group.

The financial statements of the Group for the FYE 2018 were not subject to any audit qualification or modification and disclaimer. All amounts are presented in RM.

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8. FINANCIAL INFORMATION (Cont'd)



APPENDIX A

DPI HOLDINGS BERHAD AND ITS SUBSIDIARIES

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MAY 2018

2. PRO FORMA GROUP AND BASIS OF PREPARATION (CONT'D)

2.3 The IPO and Listing Scheme

(a) IPO

The IPO Shares, payable in full on application, upon such terms and conditions as set out in the Prospectus, and will be allocated and allotted in the following manner:-

- (a) 24,340,000 DPI Holdings Shares (which represents 5.00% of the Company's enlarged share capital) will be made available for application by the Malaysian public through a balloting process;
- (b) 48,674,000 DPI Holdings Shares (which represents 10.00% of the Company's enlarged share capital) will be made available for application through private placement to selected Bumiputera investors approved and recognised by MITI;
- (c) 39,426,000 DPI Holdings Shares (which represents 8.10% of the Company's enlarged share capital) will be made available for application through private placement to selected investors; and
- (d) 14,120,000 DPI Holdings Shares (which represents 2.90% of the Company's enlarged share capital) will be reserved for application by the eligible parties.

(b) Listing

Admission of DPI Holdings to the Official List of Bursa Malaysia Securities Berhad ("Bursa Securities") and the listing of and quotation for the entire enlarged issued share capital of DPI Holdings of RM67,657,078 comprising 486,731,000 DPI Holdings Shares on the ACE Market of Bursa Securities.

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8. FINANCIAL INFORMATION (Cont'd)

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 Crowe
Crowe Malaysia AF1018
(FKA Crowe Horwath)**APPENDIX A****DPI HOLDINGS BERHAD AND ITS SUBSIDIARIES****NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MAY 2018****3. PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF DPI HOLDINGS AS AT 31 MAY 2018**

| | Statements of Financial Position as at 31 May 2018 | Public Issue and Utilisation of IPO Proceeds Adjustments | Pro Forma I, Public Issue and Utilisation of IPO Proceeds |
|---|---|--|--|
| | RM'000 | RM'000 | RM'000 |
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 5,724 | | 5,724 |
| CURRENT ASSETS | | | |
| Inventories | 8,974 | | 8,974 |
| Trade receivables | 8,453 | | 8,453 |
| Other receivables, deposits and prepayments | 967 | (383) | 584 |
| Amount owing by related parties | 15 | | 15 |
| Current tax assets | 288 | | 288 |
| Fixed deposits with licensed banks | 5,081 | | 5,081 |
| Cash and bank balances | 12,946 | 29,315 | 42,261 |
| | 36,724 | | 65,656 |
| TOTAL ASSETS | 42,448 | | 71,380 |
| EQUITY AND LIABILITIES | | | |
| EQUITY | | | |
| Share capital | 36,017 | 30,121 | 66,138 |
| Merger deficit | (28,698) | | (28,698) |
| Retained profits | 27,248 | (1,189) | 26,059 |
| TOTAL EQUITY | 34,567 | | 63,499 |

8. FINANCIAL INFORMATION (Cont'd)

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(FKA Crowe Horwath)**APPENDIX A****DPI HOLDINGS BERHAD AND ITS SUBSIDIARIES****NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MAY 2018****3. PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF DPI HOLDINGS AS AT 31 MAY 2018**

| | Statements of Financial Position as at 31 May 2018 | Public Issue and Utilisation of IPO Proceeds Adjustments | Pro Forma I, Public Issue and Utilisation of IPO Proceeds |
|-------------------------------------|---|--|--|
| | RM'000 | RM'000 | RM'000 |
| NON-CURRENT LIABILITY | | | |
| Deferred taxation | 165 | | 165 |
| | 165 | | 165 |
| CURRENT LIABILITIES | | | |
| Trade payables | 6,317 | | 6,317 |
| Other payables and accruals | 1,379 | | 1,379 |
| Current tax liabilities | 20 | | 20 |
| | 7,716 | | 7,716 |
| TOTAL LIABILITIES | 7,881 | | 7,881 |
| TOTAL EQUITY AND LIABILITIES | 42,448 | | 71,380 |
| Number of ordinary shares ('000) | 360,171 | | 486,731 |
| Net assets (RM'000) | 34,567 | | 63,499 |
| Net assets per ordinary shares (RM) | 0.10 | | 0.13 |

8. FINANCIAL INFORMATION (Cont'd)

Initialed For Identification Purposes Only

Crowe Malaysia AF1018
(FKA Crowe Horwath)**APPENDIX A****DPI HOLDINGS BERHAD AND ITS SUBSIDIARIES****NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MAY 2018****3.1 Pro Forma I**

Pro Forma I incorporates the effects of the IPO as set out in Section 2.3(a) of this Appendix.

The proceeds from the IPO are to be utilised as follows:-

| Details of the utilisation of proceeds | Amount of proceeds | | Estimated time frame for utilisation after Listing (Months) |
|---|--------------------|---------------|--|
| | RM'000 | % | |
| Capital expenditure and expansion | 23,540 | 74.40 | Within 18 - 24 months |
| Sales, marketing and advertising expenses | 3,000 | 9.48 | Within 24 months |
| Product development | 1,300 | 4.11 | Within 24 months |
| Estimated listing expenses * | 3,800 | 12.01 | Within 1 month |
| Total | 31,640 | 100.00 | |

Note:

- * - The estimated listing expenses arising from the issuance of new DPI Holdings Shares pursuant to the IPO amounting to approximately RM1,519,000 (including RM383,000 which was recognised in prepayments as at 31 May 2018) is to be offset off against the share capital and the remaining estimated listing expenses of approximately RM2,281,000 (including RM1,092,000 which was recognised in the FYE 31 May 2018) will be expensed off to profit or loss and this represents a one-off expenditure in conjunction with the IPO.

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8. FINANCIAL INFORMATION (Cont'd)

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 Crowe *h*

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APPENDIX A

DPI HOLDINGS BERHAD AND ITS SUBSIDIARIES

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MAY 2018

APPROVAL BY THE BOARD OF DIRECTORS

Approved and adopted by the Board of Directors in accordance with a resolution dated **05 NOV 2018**

On behalf of the Board of Directors,



Choy Mui Seng @ Chai Mui Seng
Director



Chai Chun Vui
Director