PURCHASE OF PROPERTY BY DPI CHEMICALS SDN. BHD., (DPIC), A WHOLLY-OWNED SUBSIDIARY OF DPI HOLDINGS BERHAD

1. INTRODUCTION

The Board of Directors of DPI Holdings Berhad ("DPIH" or "the Company") wishes to announce that DPI Chemicals Sdn. Bhd. ("DPIC"), a wholly-owned subsidiary of the Company, had on 13 November 2024 entered into a Sale and Purchase Agreement ("the Agreement") with Grand-Flo Resources Sdn. Bhd. ("GFR") [Registration No. 200801020363 (821675-D)] for the purchase of one (1) unit of single storey detached warehouse together with an annexed three (3) storey office erected on all that piece of 99-year leasehold land expiring on 26 March 2103 held under Individual Title HSD 90965, PT 101876, Mukim Klang, Daerah Klang, Negeri Selangor measuring approximately 3357 square metres in area and bearing postal address of No. 6, Jalan Mandolin 33/5, Seksyen 33, 40400 Shah Alam, Selangor from GFR for a total cash consideration of Ringgit Malaysia Ringgit Malaysia Fourteen Million and Five Hundred Thousand (RM14,500,000.00) only upon the terms and conditions as stipulated in the Agreement ("the Purchase of Property").

2. PARTICULARS OF THE PROPERTY AND VENDOR

GFR is a private limited liability company incorporated in Malaysia under the Companies Act 2016 with its registered address at Third Floor, No. 77, 79 & 81, Jalan SS21/60, Damansara Utama, 47400 Petaling Jaya, Selangor and having its place of business at No. 6, Jalan Mandolin 33/5, Premier Industrial Park, Seksyen 33, 40400 Shah Alam, Selangor.

The Property details is one (1) unit of single storey detached warehouse together with an annexed three (3) storey office erected on all that piece of 99-year leasehold land expiring on 26 March 2103 held under Individual Title HSD 90965, PT 101876, Mukim Klang, Daerah Klang, Negeri Selangor measuring approximately 3357 square metres in area and bearing postal address of No. 6, Jalan Mandolin 33/5, Seksyen 33, 40400 Shah Alam, Selangor (hereinafter referred to as "**said Property**" or "**the Property**"). The Property is currently pledged to GFR's bank as collateral for loan and no valuation was carried out on the Property.

3. SALIENT TERMS OF THE AGREEMENT

The Agreement is subject to the following Conditions Precedents: -

<u>Conditions Precedent</u>

a) The Agreement is conditional upon and subject to GFR obtaining from the State Authority the Consent to Transfer (hereinafter referred to as "**the Condition Precedent**") within three (3) months from the date of the Agreement (hereinafter referred to as "**the Conditional Period**") or such extended period as the parties may mutually agree upon subject to DPIC having furnish to GFR's Solicitors whatever information and/or documents as may be required for purposes of the application to the State Authority for the Consent to Transfer.

b) All costs and expenses incurred to fulfill the Condition Precedent shall be borne by GFR.

c) The parties hereto hereby agree that in the event that due to no fault of the parties, the Condition Precedent is not fulfilled within the Conditional Period, the parties may mutually agree extend the Conditional Period or to determine the Agreement and in the latter event, GFR shall refund the Deposit (free of interest) to DPIC within fourteen (14) days from the date of termination, failing which GFR shall be charged with late payment interest of eight per centum (8%) on the sum to be refunded and thereafter both parties shall have no further claims against each other and GFR shall be at liberty to sell the said Property to any other person.

d) The Agreement shall become unconditional upon DPIC's Solicitors receipt of a certified true copy of the Consent to Transfer in favour of DPIC (the date of fulfilment shall hereinafter be referred to as "**the Unconditional Date**").

e) To the extent requested by DPIC, GFR will assist DPIC to simultaneously submit DPIC's application to the State Authority for consent of the State Authority to charge the said Property in favour of DPIC's Financier ("Consent to Charge") together with GFR's application for Consent to Transfer, provided that DPIC shall have delivered to GFR's Solicitors within thirty (30) days from the date of the Agreement all relevant documents and prescribed fees for application for Consent to Charge. If GFR does not received the relevant documents and prescribed fees for the Application for Consent to Charge within the thirty (30) days period, GFR shall proceed to submit the Application for Consent to Transfer only. For avoidance of doubt, nothing herein shall construe the Consent to Charge as a condition precedent to the Agreement, and the Consent to Charge remains an obligation on the part of DPIC notwithstanding GFR's agreement to submit the Consent to Charge application together with its application for Consent to Transfer.

4. PURCHASE CONSIDERATION

Payment of Purchase Price:

Deposit

Earnest Deposit

- Ringgit Malaysia Three Hundred Thirteen Thousand and Two Hundred (RM313,200.00) only had been paid by DPIC to GFR's real estate agent.

RPGT Retention Sum

- Ringgit Malaysia Four Hundred and Thirty Five Thousand (RM435,000.00) only paid by DPIC to DPIC's Solicitors as stakeholder upon execution of the Agreement.

Balance deposit

- Ringgit Malaysia Seven Hundred One Thousand and Eight Hundred (RM701,800.00) only paid by DPIC to GFR.

Balance Purchase Price

- Ringgit Malaysia Thirteen Million and Fifty Thousand (RM13,050,000.00) only. The Balance Purchase Price shall be paid and released to GFR's Solicitors on or before three (3) months from the Unconditional Date.

5. SOURCE OF FUNDING

The Purchase of Property will be satisfied in cash via a combination of IPO Proceeds of RM9.57 million and internally generated funds.

6. RATIONALE FOR THE PURCHASE OF PROPERTY

The Purchase of Property is intended to support the Company's long-term operational objectives and ensure greater continuity in production and distribution. The existing factory of DPIC is a rented premise and it was flooded on 8 December 2021 due to flash floods. The relocation to the new property will help to reduce the risk of future damage from flood.

Additionally, the new property will be utilised as a combined warehouse, factory and corporate office, allowing DPIC to consolidate operations in a permanent facility. The Purchase of Property enable DPIC to store, ship, and distribute the goods from a single location. The new property also provides the flexibility for potential growth in operational capacity over time. This transition from a rental arrangement to ownership is anticipated to yield cost savings over time by eliminating recurring rental expenses, further strengthening DPIC's financial position.

7. FINANCIAL EFFECTS OF THE PURCHASE OF PROPERTY

(a) Share Capital and Substantial Shareholders' Shareholding

Purchase of Property is not expected to have any effect on the issued and paid-up share capital and substantial shareholders' shareholding of the Company.

(b) Net assets and Earnings per share

The Purchase of Property will not have any material impact on the net assets and earnings per share of the Company for the financial year ending 31 May 2025.

(c) Gearing

The Purchase of Property will not have any material impact on the gearing of the Company for the financial year ending 31 May 2025.

8. PARTICULARS OF ALL LIABILITIES TO BE ASSUMED ARISING FROM THE PURCHASE OF PROPERTY

There is no liability to be assumed arising from the Purchase of Property.

9. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to the fulfilments of the terms of the Agreement, the Purchase of Property is estimated to be completed by first half of 2025.

10. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

None of the Directors, major shareholders and persons connected with the Directors and/or major shareholders of the Company, have any interest, direct or indirect, in the Purchase of Property.

11. STATEMENT BY DIRECTORS

The Board of Directors of the Company is of the opinion that the Purchase of Property is in the best interest of the Company.

12. PERCENTAGE RATIO OF THE PURCHASE OF PROPERTY

Pursuant to Paragraph 10.06 of the Ace Market Listing Requirements of the Bursa Malaysia Securities Berhad, the highest percentage ratio of the Purchase of Property is 16.4%.

13. APPROVALS REQUIRED

Save for the approvals required from the relevant authorities in Section 3 of this announcement, the Purchase of Property is not subject to the shareholder approval of the Company or any governmental authorities.

14. INSPECTION OF THE DOCUMENTS

The Agreement is available for inspection at the at Company's registered office at B-25-2, Block B, Jaya One, No. 72A, Jalan Prof Diraja Ungku Aziz, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia during normal office hours from Mondays to Fridays (except Public Holidays) for a period of three (3) months from the date of this announcement.

This announcement is dated 13 November 2024