

DRB-HICOM

Minutes of the Thirty-First ("31st") Annual General Meeting ("AGM") of DRB-HICOM Berhad ("DRB-HICOM" or "the Company") held on a fully virtual basis using Online Meeting Platform of Lumi AGM via <https://web.lumiagm.com> provided by Boardroom Share Registrars Sdn Bhd at 11th Floor, Menara Symphony No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya Selangor Darul Ehsan on Wednesday, 23 June 2021 at 10.00 a.m.

BOARD MEMBERS PRESENT:

- 1) Tan Sri Wan Zulkiflee Wan Ariffin - Chairman
("Tan Sri Chairman")
- 2) Dato' Sri Syed Faisal Albar - Group Managing Director
Syed A.R Albar
("GMD")
- 3) Datuk Ooi Teik Huat - Director
("Datuk Ooi")
- 4) Dato' Ibrahim Taib - Director
- 5) Datuk Idris Abdullah @ Das Murthy - Director
- 6) Sharifah Sofia Syed Mokhtar Shah - Director

IN ATTENDANCE:

- Sabarina Laila Mohd Hashim - Company Secretary

BY INVITATION:

- 1) Amalanathan Thomas - Group Director, Financial Services
- 2) Mahmood Abdul Razak - Head, Group Strategic Communications
("Mahmood/Emcee")
- 3) N.S. Lingam - External auditors, Ernst & Young PLT
- 4) Rozleen Monzali - Share Registrar, Boardroom Share Registrars Sdn. Bhd. ("Boardroom Share Registrars")
- 5) Tee Wan Ting - Scrutineer from SKY Corporate Services Sdn. Bhd. ("SKY Corporate Services")

MEMBERS AND PROXIES:

As per the Attendance Record issued by the Share Registrar, a total of 824 shareholders and proxy holders holding/representing a total of 1,501,687,524 ordinary shares (of which 1,340,456,341 ordinary shares were represented by Chairman), which was equivalent to 77.68% of the total issued share capital of the Company, had registered online for the remote participation and voting for the Meeting.

Before the commencement of the Meeting, Mahmood informed the shareholders that the 31st AGM of the Company was convened fully through live streaming as per the guidelines from the regulators. In addition, the online Meeting was necessary for the safety and health of everyone during the COVID-19 pandemic. He also briefed the shareholders on the administrative details in relation to the online 31st AGM of DRB-HICOM.

1. OPENING ADDRESS BY THE CHAIRMAN

On behalf of the Board of Directors ("Board"), Tan Sri Chairman extended a warm welcome to the shareholders, proxies and invitees to the 31st AGM of the Company and thanked them for their attendance in the Meeting. He apologised for the slight delay in conducting the 31st AGM as a result of a technical glitch. In view of the challenging circumstances due to the COVID-19 pandemic, the Meeting was conducted on a fully virtual basis. Despite that, the Board looked forward to the opportunity to engage with the shareholders to provide a brief overview of the Group's businesses before proceeding to the Agenda as outlined in the Notice of the 31st AGM.

2. QUORUM

Following Tan Sri Chairman's welcome address, the Meeting was convened at 10.07 a.m. upon confirmation by the Company Secretary of the requisite quorum present, pursuant to the Company's Constitution.

3. INTRODUCTION

Tan Sri Chairman introduced the Board members; the Company Secretary; Amalanathan Thomas, Group Director of Financial Services of the Company; N.S.

Lingam, the representative from Ernst & Young PLT; Rozleen Monzali, the Poll Administrator from Boardroom Share Registrars and Scrutineers from SKY Corporate Services, who were participating in the 31st AGM remotely from various locations.

4. **NOTICE**

The Notice of the 31st AGM dated 30 April 2021, which had been circulated to all shareholders of the Company, was taken as read.

5. **VOTING BY POLL**

The shareholders and proxies were informed that the voting at the 31st AGM would be conducted by way of poll through electronic voting, i.e. e-polling, in line with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

Tan Sri Chairman informed that the Company had appointed Boardroom Share Registrars as the Poll Administrator, to conduct the e-polling process and SKY Corporate Services as the Scrutineer, to verify and validate the poll results. The shareholders and proxies were further informed that the voting session for the nine (9) resolutions had been opened, and shareholders and proxies could vote on all the resolutions at any time from the commencement of the Meeting until the end of the e-polling session.

Tan Sri Chairman also highlighted that he was appointed to act as proxy for 156 shareholders representing a total percentage of 69.34%. Therefore, he would vote for each resolution in accordance with the instructions given by the shareholders.

6. **PRESENTATION BY THE GROUP MANAGING DIRECTOR**

Before proceeding with the business of the Meeting, Tan Sri Chairman invited GMD to present a brief overview of DRB-HICOM Group’s performance for the financial year ended (“FYE”) 31 December 2020.

GMD gave his welcoming speech and took the Meeting through a brief presentation of the Group’s performance for the FYE 31 December 2020 and the business activities

of the Group, which encompassed the Group Overview, Financial Performance, Business Updates and Corporate Exercise Updates of the Group.

7. **RESPONSES TO THE QUESTIONS RAISED BY MINORITY SHAREHOLDERS WATCH GROUP**

With regard to matters raised by the Minority Shareholders Watch Group (“MSWG”), Tan Sri Chairman invited Group Director of Financial Services, Amalanathan Thomas and Mahmood to share with the shareholders, the contents of the MSWG’s letter dated 14 June 2021 and DRB-HICOM’s corresponding responses. A copy of the presentation slides is attached as “**Annexure A**”.

Upon the conclusion of the afore-mentioned presentation, Tan Sri Chairman then set forth the items on the Agenda of the Meeting for the shareholders’ and proxies’ notation or approval and welcomed any questions they may have regarding the said resolutions.

8. **AGENDA 1**
AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020, TOGETHER WITH THE REPORTS OF DIRECTORS AND AUDITORS THEREON

Tan Sri Chairman explained that the Audited Financial Statements (“AFS”) of the Company for the FYE 31 December 2020, together with the Reports of Directors and Auditors thereon, were being tabled for discussion purposes with the shareholders. The AFS do not require any approval by the shareholders as stipulated in Section 340(1) of the Companies Act 2016 and therefore, they would not be subject to any voting process.

It was deemed that the AFS had been duly received by the shareholders and therefore, the Meeting moved on to the next Agenda item comprising Ordinary Resolution 1.

9. **ORDINARY RESOLUTION 1**
PAYMENT OF A FIRST AND FINAL DIVIDEND OF 2.0 SEN PER SHARE

Tan Sri Chairman proceeded with Ordinary Resolution 1 on the payment of a first and final dividend of 2.0 sen per share for the FYE 31 December 2020, as recommended by the Directors of the Company. If approved, the dividend declared would be paid on

23 July 2021 to the shareholders of the Company, registered at the close of business on 30 June 2021.

10. **ORDINARY RESOLUTION 2**
RE-ELECTION OF DATO' SRI SYED FAISAL ALBAR SYED A.R. ALBAR AS A DIRECTOR PURSUANT TO ARTICLE 77 OF THE COMPANY'S CONSTITUTION

Tan Sri Chairman, thereafter, proceeded to the next Agenda. Ordinary Resolutions 2 and 3 in respect of the re-elections of Directors under Article 77 of the Company's Constitution.

The Meeting proceeded with Ordinary Resolution 2 in relation to the re-election of Dato' Sri Syed Faisal Albar Syed A.R Albar as a Director of the Company, pursuant to Article 77 of the Company's Constitution, whereby he had consented to be re-elected.

11. **ORDINARY RESOLUTION 3**
RE-ELECTION OF DATO' IBRAHIM TAIB AS A DIRECTOR PURSUANT TO ARTICLE 77 OF THE COMPANY'S CONSTITUTION

Tan Sri Chairman continued with Ordinary Resolution 3 in relation to the re-election of Dato' Ibrahim Taib as a Director of the Company, pursuant to Article 77 of the Company's Constitution, whereby he had consented to be re-elected.

12. **ORDINARY RESOLUTION 4**
RE-ELECTION OF TAN SRI WAN ZULKIFLEE WAN ARIFFIN AS A DIRECTOR PURSUANT TO ARTICLE 83 OF THE COMPANY'S CONSTITUTION

As the Ordinary Resolution 4 related to the re-election of himself as a Director of the Company, Tan Sri Chairman handed over the Chair to Datuk Ooi, the Senior Independent Director of the Company, to preside over the proceedings.

Datuk Ooi ("Presiding Chairman") took the Chair and proceeded with the Meeting.

The Presiding Chairman informed the Meeting that Tan Sri Wan Zulkiflee Wan Ariffin, who retires in accordance with Article 83 of the Company's Constitution and being eligible, offered himself for re-election.

With that, the Presiding Chairman handed back the Chair to Tan Sri Chairman.

13. **ORDINARY RESOLUTION 5
APPROVAL FOR THE PAYMENT OF DIRECTORS' FEES**

Tan Sri Chairman proceeded with Ordinary Resolution 5 on payment of Directors' fees. The shareholders' approval was sought on the payment of Directors' fees to the Non-Executive Chairman and Non-Executive Directors ("NEDs") up to an amount of RM2,262,000 from 24 June 2021 until the next AGM of the Company.

14. **ORDINARY RESOLUTION 6
APPROVAL FOR THE PAYMENT OF DIRECTORS' BENEFITS PAYABLE
(EXCLUDING DIRECTORS' FEES)**

The shareholders' approval was sought on the payment of Directors' benefits payable (excluding Directors' fees) to the Non-Executive Chairman and NEDs up to an amount of RM1,331,000 from 24 June 2021 until the next AGM of the Company.

15. **ORDINARY RESOLUTION 7
RE-APPOINTMENT OF ERNST & YOUNG PLT AS AUDITORS OF THE COMPANY
FOR THE ENSUING YEAR**

Tan Sri Chairman proceeded with Ordinary Resolution 7 and proposed that Ernst & Young PLT, who have expressed their willingness to continue in office, to be re-appointed as Auditors of the Company for the ensuing year and to hold office until the conclusion of the next AGM and that the Directors be authorised to fix their remuneration.

16. **ORDINARY RESOLUTION 8
RETENTION OF DATUK OOI TEIK HUAT AS INDEPENDENT DIRECTOR**

Tan Sri Chairman proceeded with the Special Business of the AGM on the retention of Datuk Ooi Teik Huat, who had served for a cumulative term of more than 12 years, to continue to act as an Independent Director of the Company until the conclusion of the next AGM.

17. **ORDINARY RESOLUTION 9
SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY
TRANSACTIONS OF A REVENUE OR TRADING NATURE**

Tan Sri Chairman proceeded with the second Special Business of the AGM on the Proposed Renewal of Shareholders' Mandate for Existing Recurrent Related Party

Transactions (“RRPTs”) and New Shareholders’ Mandate of Additional RRPTs of a revenue or trading nature (“Proposed Shareholders’ Mandate”).

Tan Sri Chairman explained that the Proposed Shareholders’ Mandate would enable the DRB-HICOM Group to enter into RRPTs, which are necessary for the day-to-day operations of the DRB-HICOM Group, as detailed in the Circular to Shareholders dated 30 April 2021.

Tan Sri Chairman highlighted that the interested Directors, Major Shareholders and Persons Connected to them as stated in the Circular to Shareholders dated 30 April 2021 should abstain from deliberation and voting on the Proposed Shareholders’ Mandate.

Following the laying of the items on the Agenda, Tan Sri Chairman commenced the Questions and Answers Session with the shareholders and proxies.

18. **QUESTIONS AND ANSWERS SESSION**

Tan Sri Chairman notified that the Company had received numerous questions from the shareholders and proxies prior to and during the AGM. To avoid repetition and for clarity, the questions received were grouped into three categories namely, financials, operations and corporate governance

The Meeting deliberated all the pertinent questions raised by the shareholders/proxies and the corresponding responses made by the Board and Management are summarised in “**Annexure B**” attached hereto.

The shareholders and proxy holders were assured that any unanswered questions would be addressed via email to the respective shareholders or publish on the Company’s website in due course.

19. **E-POLLING SESSION AND VERIFICATION OF THE POLL RESULTS**

The Meeting was then adjourned for 10 minutes to allow the shareholders and proxies to vote via e-polling, followed by another 20 minutes for the Scrutineers to verify the poll results and validate the voting report.

20. **ANNOUNCEMENT OF POLL RESULTS**

At the appointed time, Tan Sri Chairman re-convened the Meeting to announce the polling results. He highlighted that the polling results had been verified by the Scrutineers from SKY Corporate Services. Since majority of the shareholders voted in favour of Ordinary Resolutions 1 to 9, Tan Sri Chairman declared that all the resolutions had been carried.

The polling results presented at the Meeting and the respective details are attached hereto, as “**Annexure C**”.

The afore-mentioned resolutions were carried and duly passed as follows:-

a) **Ordinary Resolution 1**
Payment of a first and final dividend of 2.0 sen per share

The poll voting result in respect of Ordinary Resolution 1 was as follows:-

Resolution	FOR		AGAINST	
	No. of Shares	%	No. of Shares	%
Ordinary Resolution 1	1,501,497,804	99.9979	31,741	0.0021

In view that 99.9979% of the total shareholdings of the shareholders/proxies present at the Meeting had voted in favour of the Ordinary Resolution, Tan Sri Chairman declared that the Ordinary Resolution 1 was carried and passed as follows:-

“THAT pursuant to Sections 131 and 132 of the Companies Act 2016, a first and final dividend of 2.0 sen per share for the financial year ended 31 December 2020, be and is hereby approved for payment on 23 July 2021 to the registered shareholders of the Company at the close of business on 30 June 2021.”

b) Ordinary Resolution 2
Re-election of Dato' Sri Syed Faisal Albar Syed A.R Albar as a Director

The poll voting result in respect of Ordinary Resolution 2 was as follows:-

Resolution	FOR		AGAINST	
	No. of Shares	%	No. of Shares	%
Ordinary Resolution 2	1,500,513,533	99.9373	942,060	0.0627

In view that 99.9373% of the total shareholdings of the shareholders/proxies present at the Meeting had voted in favour of the Ordinary Resolution, Tan Sri Chairman declared that the Ordinary Resolution 2 was carried and passed as follows:-

“THAT Dato' Sri Syed Faisal Albar Syed A.R Albar, the Director retiring by rotation in accordance with Article 77 of the Constitution of the Company, be and is hereby re-elected as a Director of the Company.”

c) Ordinary Resolution 3
Re-election of Dato' Ibrahim Taib as a Director

The poll voting result in respect of Ordinary Resolution 3 was as follows:-

Resolution	FOR		AGAINST	
	No. of Shares	%	No. of Shares	%
Ordinary Resolution 3	1,407,318,175	93.7310	94,126,278	6.2690

In view that 93.7310% of the total shareholdings of the shareholders/proxies present at the Meeting had voted in favour of the Ordinary Resolution, Tan Sri Chairman declared that the Ordinary Resolution 3 was carried and passed as follows:-

“THAT Dato' Ibrahim Taib, the Director retiring by rotation in accordance with Article 77 of the Constitution of the Company, be and is hereby re-elected as a Director of the Company.”

d) Ordinary Resolution 4
Re-election of Tan Sri Wan Zulkiflee Wan Ariffin as a Director

The poll voting result in respect of Ordinary Resolution 4 was as follows:-

Resolution	FOR		AGAINST	
	No. of Shares	%	No. of Shares	%
Ordinary Resolution 4	1,475,417,192	98.2658	26,038,361	1.7342

In view that 98.2658% of the total shareholdings of the shareholders/proxies present at the Meeting had voted in favour of the Ordinary Resolution, Tan Sri Chairman declared that the Ordinary Resolution 4 was carried and passed as follows:-

“THAT Tan Sri Wan Zulkiflee Wan Ariffin, the Director retiring by rotation in accordance with Article 83 of the Constitution of the Company, be and is hereby re-elected as a Director of the Company.”

e) Ordinary Resolution 5
Approval for Payment of Directors' Fees

The poll voting result in respect of Ordinary Resolution 5 was as follows:-

Resolution	FOR		AGAINST	
	No. of Shares	%	No. of Shares	%
Ordinary Resolution 5	1,501,122,064	99.9795	308,131	0.0205

In view that 99.9795% of the total shareholdings of the shareholders/proxies present at the Meeting had voted in favour of the Ordinary Resolution, Tan Sri Chairman declared that the Ordinary Resolution 5 was carried and passed as follows:-

“THAT the payment of Directors' fees to the Non-Executive Chairman and Non-Executive Directors up to an amount of RM2,262,000 of the Company from 24 June 2021 until the conclusion of the next Annual General Meeting of the Company, be and is hereby approved.”

f) Ordinary Resolution 6
Approval for Payment of Directors' Benefits Payable (Excluding Directors' Fees)

The poll voting result in respect of Ordinary Resolution 6 was as follows:-

Resolution	FOR		AGAINST	
	No. of Shares	%	No. of Shares	%
Ordinary Resolution 6	1,500,968,059	99.9727	410,594	0.0273

In view that 99.9727% of the total shareholdings of the shareholders/proxies present at the Meeting had voted in favour of the Ordinary Resolution, Tan Sri Chairman declared that the Ordinary Resolution 6 was carried and passed as follows:-

“THAT the payment of benefits payable (excluding Directors' fees) to the Non-Executive Chairman and Non-Executive Directors up to an amount of RM1,331,000 from 24 June 2021 until the conclusion of the next Annual General Meeting of the Company, be and is hereby approved.”

g) Ordinary Resolution 7
Re-appointment of Ernst & Young PLT as Auditors

The poll voting result in respect of Ordinary Resolution 7 was as follows:-

Resolution	FOR		AGAINST	
	No. of Shares	%	No. of Shares	%
Ordinary Resolution 7	1,500,788,336	99.9555	668,717	0.0445

In view that 99.9555% of the total shareholdings of the shareholders/proxies present at the Meeting had voted in favour of the Ordinary Resolution, Tan Sri Chairman declared that the Ordinary Resolution 7 was carried and passed as follows:-

“THAT Ernst & Young PLT be and are hereby re-appointed as Auditors of the Company for the financial year ending 31 December 2021 and to hold office

until the conclusion of the next Annual General Meeting, at a fee to be determined by the Directors.”

h) Ordinary Resolution 8
Retention of Datuk Ooi Teik Huat as an Independent Director

The poll voting result in respect of Ordinary Resolution 8 was as follows:-

Resolution	FOR		AGAINST	
	No. of Shares	%	No. of Shares	%
Ordinary Resolution 8	1,168,682,879	77.8380	332,747,584	22.1620

In view that 77.8380% of the total shareholdings of the shareholders/proxies present at the Meeting had voted in favour of the Ordinary Resolution, Tan Sri Chairman declared that the Ordinary Resolution 8 was carried and passed as follows:-

“THAT approval be and is hereby given to Datuk Ooi Teik Huat, who has served as an Independent Director of the Company for a cumulative term of more than twelve years, to continue to act as an Independent Director of the Company until the conclusion of the next Annual General Meeting.”

i) Ordinary Resolution 9
Proposed Renewal of Shareholders’ Mandate for Existing Recurrent Related Party Transactions (“RRPTs”) and New Shareholders’ Mandate of Additional RRPTs of a revenue or trading nature (“Proposed Shareholders’ Mandate”)

The poll voting result in respect of Ordinary Resolution 9 was as follows:-

Resolution	FOR		AGAINST	
	No. of Shares	%	No. of Shares	%
Ordinary Resolution 9	420,273,016	99.9691	129,796	0.0309

In view that 99.9691% of the total shareholdings of the shareholders/proxies present at the Meeting (excluding Etika Strategi Sdn Bhd) had voted in favour

of the Ordinary Resolution, Tan Sri Chairman declared that the Ordinary Resolution 9 was carried and passed as follows:-

“THAT in accordance with Paragraph 10.09 of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”), and subject to the Companies Act 2016 (“CA 2016”), the Constitution of the Company, other applicable laws, guidelines, rules and regulations, and the approvals of the relevant governmental and/or regulatory authorities, approval be hereby given to the Company and its subsidiary companies (collectively “DRB-HICOM Group”) to enter into any of the recurrent related party transactions (“RRPTs”) of a revenue or trading nature as set out in Section 2.2.3 of the Circular to Shareholders dated 30 April 2021, which are necessary for the day-to-day operations in the ordinary course of business of the DRB-HICOM Group, on normal commercial terms, which are not more favourable to the related parties than those generally available to the public, undertaken on an arm’s length basis, and are not detrimental to the minority shareholders of the Company (“Shareholders’ Mandate”);

THAT the Shareholders’ Mandate shall continue to be in force until:-

- (a) the conclusion of the next Annual General Meeting (“AGM”) of the Company, at which time the authority will lapse, unless the authority is renewed by a resolution passed at such general meeting;
- (b) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of CA 2016 (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of CA 2016); or
- (c) the Shareholders’ Mandate is revoked or varied by an ordinary resolution passed by the shareholders of the Company at a general meeting;

whichever is earlier;

AND THAT the Directors of the Company be hereby authorised to complete and do all such acts (including executing all such documents as may be required), as they may consider expedient or necessary to give effect to the Shareholders' Mandate."

21. **CLOSE OF MEETING**

There being no other business to be transacted, Tan Sri Chairman thanked the shareholders and proxy holders for their support and participation in the 31st AGM and declared the Meeting closed at 11.58 a.m.

Dated this 23rd day of June, 2021.

CONFIRMED



A handwritten signature in black ink, consisting of stylized initials and a flourish, positioned above a horizontal line.

23 June 2021

CHAIRMAN

DRB-HICOM

**31st ANNUAL
GENERAL MEETING**

23 JUNE 2021

**Questions & Answers for
Minority Shareholders
Watch Group (“MSWG”)**

AUTOMOTIVE • SERVICES • PROPERTIES



Operational & Financial Matters

Question 1:

The Group's profit before tax ("PBT") came in at RM540.1 million, with significant contributions from the disposal of property assets (page 103 of AR2020). The disposal first announced in 2018 as part of the re-structuring of DRB-HICOM's property businesses saw the Group recognise a gain of RM862.6 million (page 99 of Annual Report 2020 ("AR2020")).

Excluding the one-off gain of RM862.6 million, what would be the Group's operating profit/loss for financial year ended 31 December 2020? Will the Group be able to remain profitable (without one-off gains), going forward?

**Answer (1):**

Excluding the one-off gain of RM862.6 million arising from the disposals of property assets and investments, the Group would have recorded an operating loss of RM322.5 million for the financial year ended 31 December 2020.

The effect of COVID-19 pandemic containment measures following the imposition of Movement Control Order in March by the Government have impacted the businesses of the Group resulting in operating losses of RM551.1 million for the first six months of 2020.



Answer (1) *continued*:

However, the modest recovery in business activities during the second half-year of 2020 has enabled the Group to achieve profits of RM228.6 million. Hence, this reduced the overall losses to RM322.5 million.

The Group achieved an operating profit of RM36.3 million for the quarter ended 31 March 2021. The COVID-19 pandemic with new, stronger variants is continuing to pose challenges to the domestic and global recovery effort and also in view of the current nationwide full lockdown, the Group remains cautious on the challenging operational environment for the current financial year.

**Question 2:**

Over 20,000 bookings had been made for the compact X50 SUV while 3,787 units were sold as production was slowly ramped up to meet demand (page 110 of AR2020).

To-date, have these 20,000 bookings been delivered? What is the current outstanding bookings for X50?



Answer (2) :

As at 31 March 2021, PROTON has delivered a total of 11,654 units of X50 and the current outstanding booking is around 30,000 units.



Question 3:

In 2020, the first locally-assembled Proton Saga made its debut in Kenya, while both the Saga and X70 were introduced in Pakistan. The Saga was also introduced in Egypt, Bangladesh and Nepal, while the X50 was introduced in Brunei on 19 December (page 111 of AR2020).

How many PROTON vehicles were exported in 2020? What is the demand outlook for PROTON cars in these countries in 2021?



Answer (3) :

A total of 1,508 units were shipped by PROTON to respective export destinations in 2020.

Based on the encouraging demand, PROTON is expected to achieve higher export volume in 2021 after having delivered 669 vehicles as of end May 2021.



Question 4:

To what extent has the current shortages in the global semiconductor industry affected the Group? What is the Group's current delivery time of vehicles to end-customers?



Answer (4) :

The shortage in semiconductor components has some impact to our automotive manufacturing companies.

Nevertheless, the Group has been in constant engagement with local and overseas suppliers to ensure risks on supply shortage is mitigated and minimised to avoid any major disruption to the manufacturing operations.

In addition, the Group is also assessing alternative material sourcing to support local suppliers.



Question 5:

HICOM-Teck See Manufacturing Malaysia Sdn. Bhd. (“HTS”) is constructing a new plant in Tanjung Malim, which will include the latest injection moulding plant and a state-of-the-art robotic painting line which is expected to be completed in October 2021 (page 105 of AR2020).



Question 5(a) :

How will the current nationwide Full Movement Control Order impact the completion of HTS's new plant in Tanjung Malim?

We anticipate some delay in the completion of the plant in view of the current lockdown, but aims to have the plant ready by end of 2021.



Question 5(b) :

What is the total cost of constructing the new plant and the estimated capital expenditure for the new plant to be operational?

The estimated investment cost is approximately RM80 million, which is funded via internal funds and bank borrowings.



Question 5(c) :

What will be the production capacity?

The robotic painting line is designed with an annual capacity of 520,000 pieces, whereas the injection moulding capacity is around 560,000 pieces annually.



Question 6:

Write-off/down of inventories amounted to RM10.7 million (page 150 of AR2020).

- (a) What is the nature of these inventories that have been written down?**
- (b) Are the written down inventories still salable? If so, what is the recoverable value?**



Answer 6(a) and 6(b) :

The write-down of inventories relates to automotive distribution companies which undertakes assessment of the carrying values of the inventories in accordance of the accounting standards.

The Group's policy is to state inventories at the lower of cost and net realisable value. The write-down mainly comprise of demo and aged motor vehicles, which will be sold at market price.



Corporate Governance Matters

Question 7:

Resolution 6 - To approve the payment of benefits payable (excluding Directors' fees) to the Non-Executive Chairman and Non-Executive Directors up to an amount of RM1,331,000 from 24 June 2021 until the next AGM of the Company.

Based on the notes provided for the Notice of AGM, the Group is proposing a monthly fixed allowance of RM70,000 be introduced to remunerate the Chairman, in recognition of the significant roles in leadership and oversight, and the wide-ranging scope of responsibilities as the Chairman of DRB-HICOM in all matters concerning the interests and businesses of the Group, including overall stakeholder management particularly the governmental and regulatory authorities and customers (page 9 AR2020).



Question 7 (continued) :

The proposed benefits payable is 3 times higher than the amount approved at the 30th AGM, an aggregate amount of RM439,000. Given that the fees for the Board's Chairman had recently being revised upward by slightly above 100%, i.e. from RM140,000 to RM300,000 per annum at the last AGM, the proposed monthly fixed allowance of RM70,000 is high.

a) Why are the fees of RM300,000 per annum for the Board's Chairman not sufficient to remunerate him?



Answer 7(a) :

The Chairman's remuneration commensurate with his roles and responsibilities which includes strategic development and direction of the Group's conglomerate businesses for long term sustainable growth and to further enhance shareholders' value.

The Chairman's fee is a fixed sum provided to the Non-Executive Chairman for his ongoing contribution to the Board. Due to the ever-increasing demands on the Chairman, such as escalating legal compliances, higher business complexities and exceedingly onerous duties of the Chairman including providing leadership across the Group and ensuring internal governance, planning, policies and system to enhance the Group's capability and capacity, the monthly fixed allowance of RM70,000 has been introduced to remunerate the Chairman.



Question 7(b) :

Is it reasonable to propose to pay a total fixed allowance to RM840,000 per annum to the Board's Chairman which is 2.8 times of his fees?

The Board is of the view that the proposed fixed allowance of RM840,000 per annum to the Board's Chairman is reasonable as the said allowance is reflective of the Group's demands, complexities and performance as a whole, as well being able to attract and retain Chairman of the right calibre and talent to drive the Company's long-term objectives.

The Board's fundamental approach is to compensate the Chairman who is able to provide executive coaching and mentoring, succession planning and long-term strategy development, including an advisory role, with no oversight of daily operations.



Question 7(c) :

What was the basis used by the Board Nomination and Remuneration Committee to derive the proposed monthly fixed allowance of RM70,000 for the Chairman? What is the nature and breakdown of the fixed allowance?

The Board Nomination and Remuneration Committee (“BNRC”) reviewed the Remuneration Framework annually where it considers various factors including the Directors’ fiduciary duties, risks, time commitments and statutory duties as well as the relevant benchmark study.

The BNRC also aims to ensure the Directors’ remuneration (including the Chairman of the Board) is competitive, motivates good performance and support growth in shareholders’ value.



Answer 7(c) continued:

The Chairman's remuneration packages shall be determined on the basis of his qualification, experience and competence, having regard to his responsibilities, risks, time commitments and annual evaluation as undertaken by the BNRC. With his extensive knowledge and experience, he can provide guidance on strategic management, talent and leadership development to the Company as well as establishing the right culture for the Group.

In this regard, the Chairman of the Board shall be remunerated with a flat rate monthly allowance to reflect the wide-ranging scope of roles and responsibilities expected of him.

Thank You

Key Matters Discussed - Financials		Response from the Directors/Management
1.	Collated from various shareholders What is the financial outlook for the Group in Financial Year (“FY”) 2021?	For first quarter of FY2021, the Group achieved an operating profit of RM36.3 million despite the imposition of Movement Control Order (“MCO”) 2.0 in January 2021. The COVID-19 pandemic and the current lockdown will have an impact on the domestic and global recovery effort. In view of this, the Group will continue to adopt prudent cost management approaches, whilst focusing on strengthening its business segments to ensure business continuity. The Group’s operational performance for the current year will continue to remain challenging.
2.	Due to the current economy situation arising from the MCO, does the Group intend to reduce its capital expenditure this year?	The overall capital expenditure for the year 2021 will be reduced from its original budget due to the current ongoing pandemic and its impact on business operations. The Group expects only to incur certain critical and committed capital expenditures, which are mainly for new product development, plant expansion and also operational efficiency to enhance revenue.
3.	Group’s total borrowings increased from RM6.4 billion to RM7.4 billion in 2020. What was the utilisation of the additional borrowings?	The additional borrowings are mainly term loans and trade facilities undertaken by PROTON for its plant expansion and new product development as well as for working capital purposes. In addition to that, DRB-HICOM has increased its bank borrowings mainly to finance the partial repayment of Perpetual Sukuk of RM325.0 million, which will result in interest savings, moving forward.

Key Matters Discussed - Operations		Response from the Directors/Management
4.	<p>OOI CHUN ONG (Shareholder)</p> <p>Will PROTON be collaborating with GEELY in launching the Electronic Vehicle? If yes when and where?</p>	<ul style="list-style-type: none"> • New Energy Vehicles ("NEV") and Electric Vehicles ("EV") have been deemed as the future direction of automotive industry in the region, in line with the global strategic direction on Carbon Neutrality by 2050. • DRB-HICOM and Zhejiang Geely Holding Group Co., Ltd ("Geely") are working closely in charting the right strategy to venture into the overall NEV and EV industry in Malaysia, leveraging on PROTON and local ecosystem participation for long term growth, through infusion of new technologies from Geely. • Concurrently, DRB-HICOM is constantly engaging with related ministries and government agencies to ensure that the landscapes and policies mirror the need for the Company to move on to embrace this EV technology. • DRB-HICOM views EV as an opportunity for the Company to grow in the region, leveraging on the current strategic partnership with Geely.

Key Matters Discussed		Response from the Directors/Management
- Operations		
5.	<p>ONG KOK PAK (Shareholder)</p> <p>Will DRB-HICOM venture into the used vehicles market?</p>	<ul style="list-style-type: none"> The used car business is competitive and challenging at times. DRB-HICOM has already started the used car business with the launching of the Certified-Pre-Owned website in November 2020 by PROTON Edar Sdn Bhd's Used Car Management Division. The intention is to certify PROTON Pre-Owned vehicles in the secondary market to increase its value of the used vehicles. Currently, DRB-HICOM through its wholly-owned subsidiary Edaran Otomobil Nasional Berhad ("EON") is collaborating with myTukar for trade-ins at EON retail outlet in Peninsular Malaysia since March 2021.
6.	<p>ONG KOK PAK (Shareholder)</p> <p>Does DRB-HICOM intend to joint venture with Tesla to market Tesla vehicles in Malaysia?</p>	<ul style="list-style-type: none"> Tesla's Electric Vehicles ("EVs") are the most talked about and progressive EVs in the marketplace. DRB-HICOM is open to any opportunity to collaborate with any parties including Tesla for the EV in Malaysia. Based on the survey conducted by the Group, China is one of the fastest growing markets in terms of EV sales and associated EV technology development. Our current view is to collaborate with our strategic partner Geely, who holds a range of EV models which are already being sold in the Chinese market.

Key Matters Discussed		Response from the Directors/Management
- Operations		
7.	<p>ONG KOK PAK (Shareholder)</p> <p>Regarding the ongoing global semiconductor shortage, will it affect the vehicle production volume? Which brand of vehicle is affected the most ?</p>	<p>This question is similar to the Minority Shareholders Watch Group's ("MSWG") question and the answers which were read out earlier are as follows:.</p> <ul style="list-style-type: none"> • Since January 2021, PROTON has been in constant engagement with local and overseas suppliers to ensure that risks on supply shortage is mitigated to minimise any disruption to the manufacturing operations. • As at May 2021, the immediate supply for production is sufficient. • PROTON is harnessing all effort to minimise disruption on potentially affected components through continuous engagement with respective suppliers, as well as assessing alternative material sourcing to support local suppliers.
8.	<p>HOH AH MOY (Shareholder)</p> <p>What are the strategies taken to improve the company's business?</p>	<p>Based on the impact of the COVID-19 pandemic and the challenges faced in managing the Group's businesses, the Management of DRB-HICOM would focus on the following, amongst others:-</p>

Key Matters Discussed - Operations		Response from the Directors/Management
		<ul style="list-style-type: none"> • Ensuring the health of the Group's employees is key and paramount at this juncture; • Prudent cashflow management, i.e. having a buffer level is imperative; • A strong supply chain network is key for the continuity of the Group's businesses, which includes strengthening of the supply network and also gathering information on alternative suppliers; • Maintaining our customers' trust in our brands, products and services; and • Heightening communication across all levels.
9.	<p>THAVARAJAN A/L MUTHIAH PILLAI (Shareholder)</p> <p>Dear Sir, When will the company introduce Electric Vehicles for Malaysia markets? Thank you.</p>	<p>This question was answered earlier (please refer to Question 4 above).</p>

Key Matters Discussed - Operations		Response from the Directors/Management
10.	<p data-bbox="300 521 1003 558">AKMAL BAZLI BIN DAHARI (Proxy)</p> <p data-bbox="300 624 1003 855">Can we get an update on DEFTECH and CTRM? AV8 vehicles are expected to be delivered by end of 2021, hence will result in lower revenue and earnings contribution. Can we expect DRB to secure a new contract?</p>	<p data-bbox="1010 521 2065 959">DRB-HICOM Defence Technologies Sdn Bhd's ("DEFTECH") AV8 programme has been impacted by the number of positive COVID-19 cases in many areas including overseas countries such as Turkey, France and South Africa, amongst others. These countries are also facing challenges due to the COVID-19 pandemic with lockdown being imposed which had affected the supply chain and potential delivery of the AV8 vehicles. DEFTECH have approximately 44 units of AV8 vehicles to be delivered and the Management has discussed with the Government and obtained the extension of time on the delivery schedule due to this challenging time.</p> <p data-bbox="1010 1031 2065 1214">DRB-HICOM's new business contracts especially the large ones are temporarily put on hold mainly to defer some of the capital expenditure. Nevertheless, DEFTECH still have key contracts such as Maintenance, Repair and Overhaul and hope to secure more contracts in the near future.</p>

Key Matters Discussed - Corporate Governance		Response from the Directors/Management
11.	<p>LEE CHOON MENG (Shareholder)</p> <p>May I know how much allowances or fees can claim by board members who attend this virtual AGM?</p>	<p>Following the revision to the Directors' benefits at the last AGM held on 22 July 2020, the Board of Directors ("Board") of the Company will not receive any meeting allowance for attending the general meeting/AGM effective 23 July 2020.</p> <p>Tan Sri Chairman reiterated that the Board values to engage with the shareholders with the attendances of the full Board at this AGM.</p>
12.	<p>Collated from 40 shareholders</p> <p>Do take note that this is a virtual AGM. I on behalf of minority shareholder view of point would like to appeal for participation gift to those who attend this AGM. Believe that next year AGM still in virtual mode in view of poor vaccination rates. Do good for others, it will come back in unexpected ways.</p>	<p>Unfortunately, there is no plan to distribute door gifts or attendance gifts for this online/fully virtual 31st AGM. However, the Company is committed to increasing shareholders' values by giving strong sustainable dividends.</p>

Key Matters Discussed		Response from the Directors/Management
- Corporate Governance		
13.	<p>CHEE TENG HO and TEE BENG HEE (Shareholders)</p> <p>Why is the company declaring its first and final dividend of only 2 sen when it reported in the media last year of the increase of its car sales due to moratorium and sales tax exemption?</p>	<p>Last year, 2020 had been a challenging year for many industries and DRB-HICOM has been no exception as mentioned by Amalanathan and Group Managing Director ("GMD"). In addition, GMD pointed out that staff safety, cash liquidity and building a robust portfolio have always been the priority to the Group.</p> <p>The Company's Dividend Policy is based on 20% to 30% of the operational net profit. As mentioned by Amalanathan earlier, the Group registered an operating loss of RM322 million for the financial year ended 31 December 2020 ("FYE 2020"). Hence, if the Company strictly follows the Dividend Policy, there will be no declaration of any dividend for FYE 2020</p> <p>After considering all factors and cash liquidity of the Company, the Board was of the view that the Company should declare and award the shareholders with a final dividend of 2 sen per share i.e. same quantum as per last year.</p>

Key Matters Discussed - Corporate Governance		Response from the Directors/Management
14.	<p>ONG KOK PAK (Shareholder)</p> <p>Will the Company provide the AGM Minutes to shareholders that attend the AGM?</p>	<p>Yes, the Minutes of AGM will be published on the corporate website. In addition, pursuant to Paragraph 9.21 of the Listing Requirements, effective from 1 July 2016, all public listed companies are required to publish a summary of the key matters discussed at their AGMs on their website, as soon as practicable, after the conclusion of their AGMs.</p> <p>Shareholders are also permitted to access the minutes of the AGM and EGM at the registered office of the Company pursuant to Section 342(3) of the Companies Act 2016.</p>
15.	<p>ONG KOK PAK (Shareholder)</p> <p>It would be much appreciated if the Audit committee Chairman could comment on the selection of the independent external auditor. Will the company consider implementing an audit firm rotation policy, which changes audit firm when the firm has been with us for more than 7 years?</p>	<p>Datuk Ooi Teik Huat, the Chairman of the Board Audit Committee ("BAC") replied that the appointment and re-appointment of auditors are legislated under the Companies Act, 2016 and is subject to the shareholders' approval at the AGM annually.</p> <p>Currently, there is no legislation in Malaysia that requires a company to change auditors at regular interval.</p>

Key Matters Discussed - Corporate Governance		Response from the Directors/Management
		<p>At DRB-HICOM, the BAC conducted an annual assessment to evaluate the suitability, objectivity and independence of the external auditors, Ernst & Young PLT ("EY") before recommending to the Board for consideration on the re-appointment of EY.</p> <p>Pursuant to the Malaysian Institute of Accountants guidelines, it is mandatory for the engagement partner of the audit firm to be rotated every seven years and is currently being practised by the external auditors, EY.</p>
16.	<p>ONG KOK PAK (Shareholder)</p> <p>Would be much appreciated if the external auditors could speak at this AGM to give their opinion on the financial statements and confirm that the company financial statements are free from any errors and fraud.</p>	<p>Mr N.S Lingam, Partner of EY replied that in arriving at EY's audit opinion, EY has complied with the approved Auditing Standards in Malaysia. In addition, EY ensured that the Company's Audited Financial Statements for FYE 2020 complied with the approved Accounting Standards and requirements of the Companies Act, 2016.</p> <p>In forming EY's audit opinion, EY assured that there was sufficient audit evidence been obtained and also in the course of audit, EY has not come across any fraud-related matter that needs to be brought to the attention or highlight to the Board.</p>

DRB-HICOM BERHAD

31ST ANNUAL GENERAL MEETING

WEDNESDAY, 23 JUNE 2021 AT 10.00 A.M.

	VOTE FOR			VOTE AGAINST		
	NO OF RECORDS	VOTES	%	NO OF RECORDS	VOTES	%
ORDINARY RESOLUTION 1	944	1,501,497,804	99.9979	38	31,741	0.0021
ORDINARY RESOLUTION 2	863	1,500,513,533	99.9373	109	942,060	0.0627
ORDINARY RESOLUTION 3	814	1,407,318,175	93.7310	155	94,126,278	6.2690
ORDINARY RESOLUTION 4	842	1,475,417,192	98.2658	129	26,038,361	1.7342
ORDINARY RESOLUTION 5	770	1,501,122,064	99.9795	193	308,131	0.0205
ORDINARY RESOLUTION 6	740	1,500,968,059	99.9727	218	410,594	0.0273
ORDINARY RESOLUTION 7	903	1,500,788,336	99.9555	70	668,717	0.0445
ORDINARY RESOLUTION 8	825	1,168,682,879	77.8380	147	332,747,584	22.1620
ORDINARY RESOLUTION 9	869	420,273,016	99.9691	106	129,796	0.0309



Date: 23 June 2021