

DYNAMIC COLOURS LIMITED
Company Registration Number 199304233Z
(the "Company")
(Incorporated in the Republic of Singapore)

MINUTES OF ANNUAL GENERAL MEETING

Date : 25 April 2019

Time : 10.30 a.m.

Place : Emerald Suite, Orchid Country Club,
1 Orchid Club Road, Singapore 769162

Present : Please see Attendance List attached hereto

Chairman : Mr Yeo Hock Leng

Mr Yeo Hock Leng, the Chairman of the Company presided as Chairman of today's Annual General Meeting ("**AGM**"). He welcomed all present at the AGM.

QUORUM

As the quorum was present, the Chairman declared the AGM open. The Chairman requested the Company's CFO, Mr Arthur Tan ("**Arthur**") to conduct the AGM on his behalf.

NOTICE

With the consent of the Meeting, the Notice convening the AGM was taken as read.

Arthur informed the Meeting that the resolutions put forth at the AGM would be voted on by way of a poll. He further informed the Meeting that Entrust Advisory Pte. Ltd. had been appointed as Scrutineer and called upon the representative from Entrust Advisory Pte. Ltd. to explain the polling procedures. The poll voting would be conducted after all the resolutions at the AGM had been proposed and seconded.

ORDINARY BUSINESS

DIRECTORS' STATEMENT AND AUDITED FINANCIAL STATEMENTS – RESOLUTION 1

The Meeting proceeded to receive and consider the Directors' Statement and Audited Financial Statements for the year ended 31 December 2018 and the Auditors' Report thereon.

The following motion was proposed and seconded and it was put to vote on a poll:

"That the Directors' Statement and Audited Financial Statements of the Company for the year ended 31 December 2018 and the Auditors' Report thereon be and are hereby received and adopted".

DYNAMIC COLOURS LIMITED

Company Registration Number 199304233Z

Minutes of Annual General Meeting on 25 April 2019 – Page 2

FINAL DIVIDEND - RESOLUTION 2

The Directors had recommended the payment of a final tax exempt (one-tier) dividend of 0.5 Singapore cents per ordinary share for the financial year ended 31 December 2018 and the dividend if approved, will be paid on 17 May 2019.

The following motion was proposed and seconded and it was put to vote on a poll:

“That a final tax exempt (one-tier) dividend of 0.5 Singapore cents per ordinary share for the financial year ended 31 December 2018 be and is hereby approved and to be paid on 17 May 2019”.

RE-ELECTION OF DIRECTOR - RESOLUTION 3

The Director who was subject to retirement pursuant to Regulation 106 of the Company's Constitution was Mr Chong Yee Siew Sebastian. Mr Chong had signified his consent to continue in office.

The Meeting noted that if Mr Chong is re-elected, he will remain as Chairman of the Nominating and Remuneration Committees and will be considered independent for the purpose of Rule 704(8) of Listing Manual of the Singapore Exchange Securities Trading Limited.

The following motion was proposed and seconded and it was put to vote on a poll:

“That Mr Chong Yee Siew Sebastian who retires in accordance with the Company's Constitution, and being eligible for re-election, be and is hereby re-elected as a Director of the Company.”

RE-ELECTION OF DIRECTOR - RESOLUTION 4

The Director who was subject to retirement pursuant to Regulation 106 of the Company's Constitution was Mr Yeo Hock Leng. Mr Yeo had signified his consent to continue in office.

As the Agenda concerned the Chairman's re-election, the Chairman passed the chair to Mr Law Cheong Yan to take the meeting through Resolution 4 as it was related to the Chairman's re-election.

The Meeting noted that if Mr Yeo is re-elected, he will remain as Executive Chairman and Group Managing Director.

The following motion was proposed and seconded and it was put to vote on a poll:

“That Mr Yeo Hock Leng who retires in accordance with the Company's Constitution, and being eligible for re-election, be and is hereby re-elected as a Director of the Company.”

DYNAMIC COLOURS LIMITED

Company Registration Number 199304233Z

Minutes of Annual General Meeting on 25 April 2019 – Page 3

Mr Yeo Hock Leng resumed as Chairman of the meeting and Arthur resumed the conduct of the meeting on his behalf.

DIRECTORS' FEES FOR THE YEAR ENDING 31 DECEMBER 2018 – RESOLUTION 5

The Directors had recommended the payment of S\$225,000 to all Non-Executive Directors as Directors' fees for the financial year ending 31 December 2019, to be paid quarterly in arrears.

The following motion was proposed and seconded and it was put to vote on a poll:

"That the Directors' fees of S\$225,000 for the financial year ending 31 December 2019, payable quarterly in arrears, be and is hereby approved".

APPOINTMENT OF AUDITORS – RESOLUTION 6

Resolution 6 was to re-appoint Messrs BDO LLP as Auditors of the Company and to authorise the Directors to fix their remuneration.

Messrs BDO LLP has expressed its willingness to continue in office.

The following motion was proposed and seconded and it was put to vote on a poll:

"That Messrs BDO LLP, Public Accountants and Chartered Accountants Singapore, be and is hereby re-appointed as Auditors of the Company until the next Annual General Meeting."

SPECIAL BUSINESS

AUTHORITY TO ALLOT AND ISSUE SHARES – RESOLUTION 7

Resolution 7 was to authorise the Directors to allot and issue shares in the capital of the Company.

The following motion was proposed and seconded and it was put to vote on a poll:

"That, pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806(2) of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "Listing Manual"), authority be and is hereby given to the Directors to:-

- (a) allot and issue shares in the Company; and
- (b) issue convertible securities and any shares in the Company pursuant to convertible securities

(whether by way of rights, bonus or otherwise) at any time and upon such terms and conditions and for such purposes and to such persons as the Directors shall in their absolute discretion deem fit, provided that the aggregate number of shares (including any shares to be issued pursuant to the convertible securities) in the Company to be issued pursuant to

DYNAMIC COLOURS LIMITED

Company Registration Number 199304233Z

Minutes of Annual General Meeting on 25 April 2019 – Page 4

such authority shall not exceed fifty per cent. (50%) of the total number of issued shares excluding treasury shares, of which the aggregate number of shares and convertible securities issued other than on a pro-rata basis to the existing shareholders of the Company shall not exceed ten per cent. (10%) of the total number of issued shares excluding treasury shares. Unless revoked or varied by the Company in general meeting, such authority shall continue in full force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting is required by law to be held, whichever is earlier, except that the Directors shall be authorised to allot and issue new shares pursuant to the convertible securities notwithstanding that such authority has ceased.

For the purposes of this Resolution and Rule 806(3) of the Listing Manual, the total number of issued shares excluding treasury shares is based on the Company's total number of issued shares excluding treasury shares at the time this Resolution is passed after adjusting for:

- (i) new shares arising from the conversion or exercise of convertible securities;
- (ii) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time of the passing of this Resolution, provided the options or awards were granted in compliance with the rules of the Listing Manual; and
- (iii) any subsequent bonus issue, consolidation or subdivision of shares."

Arthur informed the Meeting that all resolutions at the AGM had been proposed and seconded and the completed voting slips were collected by the polling agent for tabulation.

At this juncture, Mr Lim, a shareholder of the Company, referred to page 77 of the Annual Report (Statements of Financial Position) enquired whether the change of presentation was due to reclassification of the financial figures.

Arthur explained that there is no material reclassification of the financial figures, the change in presentation was due to the adoption of the new Singapore Financial Reporting Standards (International) ("**SFRS(I)**") effective from FY2018 whereby under the SFRS(I), the Company has the option to reclassify its cumulative foreign exchange reserve to the retained earnings.

Ms Irene Khoo ("**Ms Khoo**"), the Engagement Partner from BDO LLP further explained that all listed companies in Singapore are required to adopt the SFRS(I) effective from 1 January 2018, the basis of preparation of the Audited Financial Statements for the financial year ended 31 December 2018 ("**AFS2018**") was disclosed under Note 2.1 to the AFS2018 in the Annual Report, and the effect of full convergence to SFRS(I) was disclosed under Note 32 to the AFS2018.

Ms Khoo added that the Group has elected the optional exemption in SFRS(I)1 to reset its cumulative Foreign Currency Translation Reserve to the retained earnings and the effect of the adjustment was fully disclosed under Note 32 to the AFS2018.

Mr Lim further enquired the reason for the decrease in dividend rate from 1.5 Singapore cents per ordinary share in FY2017 to 0.5 Singapore cents per ordinary share in FY2018.

DYNAMIC COLOURS LIMITED

Company Registration Number 199304233Z

Minutes of Annual General Meeting on 25 April 2019 – Page 5

Arthur explained that the lower dividend declared for FY2018 was due to the lower profit in FY2018 in comparison with FY2017.

Mr Lim commented that the percentage drop in the revenue is not parallel with the drop in dividend rate. Arthur explained that the amount of dividend was arrived at after careful consideration and also it was based on the Company's Profit After Tax and not revenue.

Mr Lim further commented that the profit after tax was linked to the Company's expenses and how well it is being managed. Arthur responded that besides managing the Company's expenses, uncontrollable macroeconomic situation and stiff competition also affects the Company's revenue. Arthur further shared with the Shareholders the rationale for the increased expenses:-

- Distribution Expenses –The Company's operates in a very competitive market and to remain competitive and to secure more sales, the Company has to invest in capable people to strengthen its sales team.
- Administrative Expenses – Compliance requirements has increased and to keep up with all those updates and remain relevant, the Company has to build up its management team to keep abreast of the changes.
- Other operating expenses – These expenses were costs attributable to the corresponding increase with the other income such as rental and scrap income.

In response to Mr Lim's query on proposed Director's fee for FY2019, Arthur informed the shareholders that the proposed Directors' fee for FY2019 remained the same as with the previous year.

Ms Goh, a shareholder of the Company, requested the Company to share with Shareholders the Company's future business outlook and also enquired whether the Company expects to increase Directors' fee in the coming years.

Ms Serene Goh ("**Serene**") informed the Shareholders that the Company has been facing fierce competition from competitors and some of the competitors were willing to reduce their margin to get a bigger market share and this had affected the Company's sales volume and profit margin.

As for Directors' fees, Serene responded that the fees had been increased to S\$225,000 with effect from 2018 on the understanding that it would likely be maintained for 3 years (including 2018).

Ms Goh further enquired about the relocation of Suzhou Huiye Chemical & Light Industry Co. Ltd. and Suzhou Huiye Plastic Industry Co. Ltd. ("**SuzhouHuiye**") and any significant impact to the Company as well as the Company's future plan in China.

In response to Ms Goh's query, Arthur informed the shareholders that other than what was announced on SGXNet on 21 December 2018, as at the date of today's meeting, the Group has not received any formal notifications from the Chinese authorities on the proposed relocation and is therefore unable at this time to assess and to share the impact of the proposed relocation on the Group. The Company will make further announcements as and

DYNAMIC COLOURS LIMITED

Company Registration Number 199304233Z

Minutes of Annual General Meeting on 25 April 2019 – Page 6

when further information is available from the Chinese authorities and/or if there are any material updates or developments in relation thereto.

The meeting was adjourned at 10.55 a.m. to enable the polling agent to tabulate the poll results and to reconvene when the poll results are available.

The Meeting was resumed at 11.21 am and the poll results were presented as follows:

Ordinary Resolution No.	Total number of Shares represented by votes for and against the relevant resolution	For		Against	
		Number of shares	As a percentage of total number of votes for and against the resolution (%)	Number of shares	As a percentage of total number of votes for and against the resolution (%)
<u>Resolution 1</u> Directors' Statement and Audited Financial Statements for the year ended 31 December 2018	153,763,058	153,762,058	99.999	1,000	0.001
<u>Resolution 2</u> Payment of final dividend	153,763,058	153,762,058	99.999	1,000	0.001
<u>Resolution 3</u> Re-election of Mr Chong Yee Siew Sebastian	153,763,058	153,763,058	100.000	0	0
<u>Resolution 4</u> Re-election of Mr Yeo Hock Leng	153,763,058	153,762,058	99.999	1,000	0.001
<u>Resolution 5</u> Payment of Directors' fees of S\$225,000 for the year ending 31 December 2019, to be paid quarterly in arrears	153,763,058	149,104,058	96.970	4,659,000	3.030

DYNAMIC COLOURS LIMITED

Company Registration Number 199304233Z

Minutes of Annual General Meeting on 25 April 2019 – Page 7

Ordinary Resolution No.	Total number of Shares represented by votes for and against the relevant resolution	For		Against	
		Number of shares	As a percentage of total number of votes for and against the resolution (%)	Number of shares	As a percentage of total number of votes for and against the resolution (%)
<u>Resolution 6</u> Re-appointment of BDO LLP as Auditors	153,763,058	153,762,058	99.999	1,000	0.001
<u>Resolution 7</u> Authority to allot and issue shares pursuant to Section 161 of the Companies Act, Cap. 50	153,763,058	153,762,058	99.999	1,000	0.001

Based on the results of the AGM, the Chairman declared that all resolutions of the AGM were carried.

CONCLUSION

There being no other business, the Chairman declared the meeting closed at 11.23 am and thanked all present at the AGM for their attendance.

Certified as a True Record of Minutes

YEO HOCK LENG
Chairman of Meeting