


DIVERSIFIED GATEWAY SOLUTIONS BERHAD
(Registration No. 200401036851 (675362-P))
(Incorporated in Malaysia)

SUMMARY OF KEY MATTERS DISCUSSED AT THE EXTRAORDINARY GENERAL MEETING (“EGM”) OF DIVERSIFIED GATEWAY SOLUTIONS BERHAD (“DGSB” OR “COMPANY”) CONDUCTED ON A FULLY VIRTUAL BASIS THROUGH LIVE STREAMING AND ONLINE REMOTE VOTING HELD ON 31 MARCH 2022

No.	Questions raised by shareholders/proxy	The Company’s responses
1.	<p>Irrespective of Covid-19/MCOs, our company has gone one full circle in trying to regularize its condition as an affected listed issuer pursuant to Rule 8.03A (3)(c) of the Listing Requirements (“LR”). But has made zero progress and was lucky to stop earlier a bad acquisition. Much time, effort and resources had been wasted. Now we go back to acquire quite similar type of business as what we disposed off previously.</p> <p>How does DGSB ensure that this is the right core business to acquire?</p>	<p>Regularizing the Company’s condition as an affected listed issuer under Rule 8.03A of the LR has been the Company’s priority in the last 2 years. Despite the tough market conditions and notwithstanding the extremely difficult operating environment during the Covid-19 pandemic, we were able to make inroads into proposals for the best interest, both in terms of financial viability and business sustainability, on behalf of the Company.</p> <p>The economic landscape has shifted significantly during the last 24 months, and the demand for technology and technology-related businesses have become mainstream business. Data points are growing and online transactions counts in areas like e-payments and e-commerce are clocking up. Information and Communications Technology (“ICT”) is no longer for support functions but is required for business revenue generation in most organizations. Further, the pandemic and worsening global supply chain disruption have affected diversification plans in general, including those of ourselves, requiring businesses to go back to drawing boards and for many, focus on the expansion of incumbent operations instead.</p> <p>The confluence of above is the reason why we are of the opinion that the ICT business will be the main business driver for DGSB in the short and medium timeframe. We are confident that the existing leverages and synergies from the proposed acquisitions of Excel Commerce Solutions Sdn Bhd (“Excel”) and Finther Tecnologica Sdn Bhd (“Finther”) (“Proposed Acquisitions”) will accelerate the potential growth of the businesses of DGSB entities in Malaysia and to fuel our proposed regional expansion cautiously as the pandemic fades.</p> <p>The question from the shareholder also suggests that we are proposing to acquire companies which appear to be in a similar industry as the business we disposed off previously – we believe this refers to ISS Thailand which was disposed off by DGSB in January 2020.</p> <p>To clarify, ISS Thailand’s business was in Business Performance Services, principally SAP software consulting and implementation services only, whereas both Excel and Finther are in the Digital Infrastructure & Integration Services, which is same business segment as DGSB’s existing 100% owned subsidiary, Diversified Gateway Berhad (“DGB”).</p>

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2.	Is there any plan in future to increase holding in Excel and Finther since Company proposed to acquire 51% equity interest in the said companies only?	The Company proposed to acquire 51% equity interest from the promoters of Excel and Finther because it is the most comfortable composition for the parties under the current leadership-management arrangement. From DGSB’s perspective, the contribution of and value from the respective promoters remain important, and we have reached an understanding that this long-term partnership should bring our enlarged platforms to better multiplication and greater heights before consideration by DGSB to acquire more stakes from the promoters.
3.	Explanation on the proposed new name and logo	<p>The Company’s proposed new name is an excerpt of the words emphasizing our culture and slogan while at the same time honouring our original name.</p> <div data-bbox="891 671 1279 790" style="text-align: center;">  <p>DiVFEX Diversity • Focus • Excellence</p> </div> <p>Diversity – The full spectrum of ICT products and services being offered @ Single Stack Solution Provider.</p> <p>Focus – The consistency and deep dive propensity by the Company @ Focus in each assignment.</p> <p>Excellence – Delivering unparalleled level of service to the customers @ We treat every customer with priority & respect.</p>
4.	What is the business outlook of DGSB Group for next 3 to 6 months?	The Group’s business outlook is expected to improve in the next 3 to 6 months in tandem with better market outlook and the Group has been receiving project requirements from the prospective customers.
5.	Please explain why Company is also disposing its 70% equity interests in QBI Packaging Sdn Bhd and Makan Channel Sdn Bhd (“Proposed Disposal”). Does it mean that the Company is quitting from the food technology related business which was, in our previous acquisition, touted as having	The objective of the investment into QBI in 2019 was the planned diversification into the food manufacturing and technology integration services for the food industry with the initial plans laid for manufacturing our own sweetened creamer and ghee products. However, the onset of the COVID-19 pandemic and resulting waves of MCO imposed by the Government beginning March 2020 had delayed the commissioning of the new creamer line and negatively impacted the rollout of our own brand of ghee. This has led to longer gestation period for the ghee products as well as the commercial manufacturing and rollout of the new sweetened creamer business.

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	great business potential? How will such a sector disposal impact the Company and can the current acquisition more than make up for it and when?	<p>Given the Board’s priority to focus the Group’s resources on regularizing the Affected Listed Corporation (“ALC”) condition, continuing with the food manufacturing segment in the immediate term will not help the Company’s exit from the ALC condition, hence the Board’s strategic decision to divest from food manufacturing to concentrate on our core ICT business.</p> <p>Through the Proposed Acquisitions of Excel and Finther, the Group will focus on its core digital infrastructure business with the provision of ICT solutions, to improve the Group’s financial performance by adding another revenue stream which is complementary in nature and will bring about synergistic benefits to the Group, horizontally and vertically. The Proposed Acquisitions, whose businesses are complementary to the Group’s existing digital infrastructure business, will generate sufficient revenue and earnings to enable the Company to meet the conditions for regularising the ALC condition.</p>
6.	When is the Company going to turn around after so many years of losses? It looks like there is no indication to show the Company is turning around.	<p>The Company has recorded losses for the past 2 financial years due to the impact of COVID-19 pandemic and the waves of MCO imposed by the Government.</p> <p>With the opening up of travel and the economy and the acquisitions of Excel and Finther to refocus on the Group’s core ICT business, the Group is expected to turn around in the financial year ending 30 June 2023.</p>
7.	With the Proposed Acquisitions and Proposed Disposal of today’s EGM, what is the new core business of DGSB or can the Chairman enlighten us on the new directions of the Company?	<p>Upon completion of the Proposed Acquisitions and Proposed Disposal, the Group will realign the business direction towards its core digital infrastructure business with the provision of ICT solutions, being a single stack solutions provider for the full ICT spectrum and partnering with companies with a combined pool of skilled engineers, platforms with ready coverage and end-to-end products and services offerings to the customers. The enlarged Group’s ICT products and services will improve the Group’s competitiveness significantly and grow its business both vertically in taking on new products and services, and horizontally with regional expansion.</p>
8.	Is DGSB facing delisting risk? How is the prospect of DGSB 5 years down the road?	<p>No, the Company is not facing delisting risk. Following the completion of the Proposed Acquisitions and Proposed Disposal, the Company will re-evaluate its condition and formulate a regularisation plan to be submitted to Bursa Malaysia Securities Berhad for its approval before the deadline.</p>

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9.	When can the Company starts to pay dividend?	The Company will pay dividends to reward the shareholder once it turns profitable, hopefully by the financial year ending 30 June 2023.
10.	Thanks for the Board’s wise decision to abort the glove business acquisition.	The Board had made a very difficult decision in aborting the acquisition after assessing the challenges ahead for the glove industry. The Board expresses its gratitude to the shareholders for their patience and support to the Company and assure them that the Board is working towards meeting the regularization objectives and putting the Company back on track.