

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

If you are in any doubt as to the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

Bursa Malaysia Securities Berhad ("**Bursa Securities**") has only perused the contents of Part A of this Circular/Statement on a limited review basis pursuant to the provisions of the Practice Note 18 of the Main Market Listing Requirements of Bursa Securities.

Bursa Malaysia Securities Berhad ("**Bursa Securities**") has not perused the contents of Part B of this Circular/Statement in respect of the proposed new authority for share buy-back prior to its issuance as it is exempted pursuant to the provisions of Practice Note 18 of the Main Market Listing Requirements of Bursa Securities.

Bursa Securities takes no responsibility for the contents of this Circular/Statement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular/Statement.

Shareholders of DXN Holdings Bhd. should rely on their own evaluation to assess the merits and risks of the Proposed New Shareholders' Mandate and Proposed New Shareholders' Mandate for Share Buy-Back.



**DXN HOLDINGS BHD.**

Registration No.: 199501033918 (363120-V)  
(Incorporated in Malaysia)

**PART A**

**CIRCULAR TO SHAREHOLDERS IN RELATION TO THE PROPOSED NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING IN NATURE ("PROPOSED NEW SHAREHOLDERS' MANDATE")**

**AND**

**PART B**

**STATEMENT TO SHAREHOLDERS IN RELATION TO THE PROPOSED AUTHORITY FOR THE COMPANY TO BUY-BACK ITS OWN SHARES ("PROPOSED NEW SHAREHOLDERS' MANDATE FOR SHARE BUY-BACK")**

The resolutions in respect of the above proposals will be tabled as Special Business at the 27<sup>th</sup> Annual General Meeting ("**AGM**") of DXN Holdings Bhd. ("**the Company**"). The notice convening the 27<sup>th</sup> AGM of the Company together with the Proxy Form are set out in the Annual Report 2023.

If you are unable to attend and vote in person at the 27<sup>th</sup> AGM, you are entitled to appoint a proxy by completing the Proxy Form for the 27<sup>th</sup> AGM and deposit it at Boardroom Share Registrars Sdn. Bhd. at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor at least forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.

The lodging of the Proxy Form will not preclude you from attending and voting at the meeting if you subsequently wish to do so.

Date and time of the 27 <sup>th</sup> AGM	: Monday, 21 August 2023 at 10.00 am
Venue of the 27 <sup>th</sup> AGM	: DXN Cyberville, Jalan Teknokrat 1, Cyberjaya, 63000 Cyberjaya, Selangor, Malaysia
Last date and time for lodging of the Proxy Form	: Saturday, 19 August 2023 at 10.00 am (Prior to 10.00 am)

This Circular and Statement are dated 30 June 2023

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## DEFINITIONS

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Except where the context otherwise requires, the following definitions shall apply throughout this Circular:

Act	: Companies Act 2016, as amended from time to time and any re-enactment thereof
AGM	: Annual General Meeting
Bursa Securities	: Bursa Malaysia Securities Berhad
Board	: The Board of Directors of DXN
Code	: Malaysian Code on Take-Overs and Mergers 2016 including any amendments that may be made from time to time
Director(s)	: Shall have the meaning given in Section 2 of the Capital Markets and Services Act 2007 and includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a Director or a chief executive of our Group
DXN or the Company	: DXN Holdings Bhd.
DXN Group or Group	: DXN and its subsidiaries and sub-subsidiaries, collectively, as listed in Item 2.2 (including all future subsidiaries which are acquired/incorporated by DXN before the next AGM of our Company) as defined in the Act.
ESOS	: Employees Share Option Plan
EPS	: Earnings per Share
Listing Requirements or MMLR	: Main Market Listing Requirements of Bursa Securities, as amended from time to time and any re-enactment thereof
LPD	: 31 May 2023, being the latest practicable date prior to the printing of this Circular
Major Shareholder(s)	: A person who has an interest or interests in one or more voting shares in the Company and the number or aggregate number of those shares, is: (a) 10% or more of the total number of voting shares in the Company; or (b) 5% or more of the total number of voting shares in the Company where such person is the largest shareholder of the Company  For the purpose of this definition, "interest" shall have meaning of "interest in shares" given in Section 8 of the Act. A major shareholder includes any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon
NA	: Net assets
Person(s) Connected	: Shall have the same meaning given in Paragraph 1.01 of the Listing Requirements
Proposed New Shareholders' Mandate for Share Buy-Back	: Proposed authority to buy-back its own shares by the Company of up to maximum of ten per centum (10%) of total number issued shares of the Company
Proposed New Shareholders' Mandate	: Proposed new shareholders' mandate for Recurrent Related Party Transactions of a revenue or trading in nature to be entered into by the Group from the date of the upcoming 27 <sup>th</sup> AGM to the 28 <sup>th</sup> AGM
Purchased Shares	: Shares that have been purchased by the Company pursuant to the Proposed Share Buy-Back

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**DEFINITIONS (cont'd)**

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Recurrent Related Party Transactions or RRPTs	: Related Party Transaction(s) involving recurrent transactions of a revenue or trading in nature that are necessary for the day-to-day operations and are in the ordinary course of business of the Group
Related Party(ies)	: Director(s), Major Shareholder(s) and/or Person(s) Connected with such Director or Major Shareholder
RM and sen	: Ringgit Malaysia and sen, respectively, the lawful currency of Malaysia
SC	: Securities Commission Malaysia
Shares	: Ordinary shares
Substantial Shareholder	: Shall have the meaning given in Section 136 of the Act
Treasury Shares	: Purchased Shares which are or will be retained in treasury by the Company and shall have the meaning given under Section 127 of the Act

Words importing the singular shall, where applicable include the plural and vice versa, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa.

References to persons shall include corporations, unless otherwise specified. Any reference to a time of day in this Statement is a reference to Malaysia time, unless otherwise stated. Any reference in this Statement to any legislation is a reference to that legislation as for the time being amended or re-enacted. Certain figures in this Statement have been subject to rounding adjustments

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### **APPENDIX I – FURTHER INFORMATION**

**PART A**

**PROPOSED NEW SHAREHOLDERS' MANDATE FOR RECURRENT  
RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING IN  
NATURE**



## **DXN HOLDINGS BHD.**

Registration No.: 199501033918 (363120-V)  
(Incorporated in Malaysia)

Registered Office:  
170-09-01, Livingston Tower, Jalan Argyll  
10050 George Town, Pulau Pinang

30 June 2023

### **Board of Directors:**

Datuk Lim Siow Jin (Non-Independent Executive Chairman)  
Dato' Lim Boon Yee (Non-Independent Non-Executive Director)  
Vibhav Panandiker (Non-Independent Non-Executive Director)  
Teoh Hang Ching (Executive Director & Chief Executive Officer)  
Datuk Noripah Binti Kamso (Senior Independent Non-Executive Director)  
Abraham Verghese A/L T V Abraham (Independent Non-Executive Director)  
YM Tunku Afwida Binti Tunku A. Malek (Independent Non-Executive Director)  
Stefan Heitmann (Independent Non-Executive Director)  
Ong Huey Min (Independent Non-Executive Director)

### **To: The Shareholders of DXN**

Dear Sir/Madam

### **PROPOSED NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING IN NATURE**

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#### **1. INTRODUCTION**

Bursa Securities had, vide its letter dated 12 May 2023, granted the Company an extension of time to obtain shareholders' ratification/mandate for RRPTs entered / to be entered into by the DXN Group with its related parties from the listing date on 19 May 2023 ("**Listing Date**") up to the forthcoming AGM or Extraordinary General Meeting, whichever is held earlier.

On 23 June 2023, the Company made announcement to Bursa Securities that the Company proposed to seek its shareholders' approval for the Proposed New Shareholders' Mandate for the DXN Group under Paragraph 10.09 and Practice Note 12 of the Listing Requirements at the forthcoming 27<sup>th</sup> AGM of the Company to be convened.

The Proposed New Shareholders' Mandate, if approved by the DXN shareholders at the forthcoming AGM, will take effect from the date of the passing of the proposed ordinary resolutions at the forthcoming AGM and shall continue to be in force until:

- (i) the conclusion of the next AGM of the Company following the forthcoming AGM at which the Proposed New Shareholders' Mandate is passed, at which time it will lapse, unless the authority is renewed by a resolution passed at the next AGM; or

- (ii) the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 340(2) of the Act (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (iii) revoked or varied by resolutions passed by the shareholders of the Company in a general meeting;

whichever is the earlier.

Thereafter, the approval from shareholders will be sought for a renewal of the Proposed Shareholders' Mandate for RRPT at each subsequent AGM of the Company.

The purpose of this Circular is to provide shareholders with the relevant information on the Proposed New Shareholders' Mandate and to seek the shareholders' approval for the ordinary resolution to be tabled at the forthcoming 27<sup>th</sup> AGM of the Company which will be convened and held at DXN Cyberville, Jalan Teknokrat 1, Cyberjaya, 63000 Cyberjaya, Selangor, Malaysia on Monday, 21 August 2023 at 10.00 am.

**YOU ARE ADVISED TO READ AND CONSIDER THE CONTENTS OF THIS CIRCULAR INCLUDING THE APPENDIX CAREFULLY BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED NEW SHAREHOLDERS MANDATE TO BE TABLED AT THE FORTHCOMING 27<sup>TH</sup> AGM.**

## **2. DETAILS OF THE PROPOSED NEW SHAREHOLDERS' MANDATE**

### **2.1 Provisions under the Listing Requirements**

Paragraph 10.09(2) of the Listing Requirements provides that a listed issuer may seek a shareholders' mandate in respect of recurrent transactions with related parties which are of a revenue or trading nature and are necessary for its day-to-day operations subject to the following:-

- (i) the transactions are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public;
- (ii) the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year where in relation to a listed issuer with a share capital of RM60 million and above:
  - (a) the consideration, value of the assets, capital outlay or costs of the RRPT is RM1 million or more; or
  - (b) the percentage ratio of such RRPT is 1% or more,

whichever is the higher;

- (iii) the issuance of circular to shareholders for shareholders' mandate shall include information as may be prescribed by the Bursa Securities;
- (iv) in a meeting to obtain the shareholders' mandate, the interested director, interested major shareholder or interested person connected with a director or major shareholder; and where it involves the interest of a person connected with a director or major shareholder, such director or major shareholder, must not vote on the resolution approving the transactions. An interested director or interested major shareholder must ensure that persons connected with him abstain from voting on the resolution approving the transactions; and



- (v) the listed issuer immediately announces to Bursa Securities when the actual value of a RRPT entered into by the listed issuer, exceeds the estimated value of the RRPT disclosed in the circular by 10% or more and must include the information as may be prescribed by Bursa Securities in its announcement.

## 2.2 Background information

DXN is an investment holding and provision of management services whilst the principal activities of its subsidiaries and sub-subsidiaries are more particularly, as set out below:-

<b>Name of companies</b>	<b>Country of Incorporation</b>	<b>Interest held</b>	<b>Principal activities</b>
Amazing Discovery Sdn. Bhd. ( <b>"Amazing Discovery"</b> )	Malaysia	100%	Operating a glamping resort, namely Boulder Valley
Bio Synergy Laboratories Sdn. Bhd. ( <b>"Bio Synergy"</b> )	Malaysia	100%	Research and development, analytical lab tests, experimental work in relation to pharmaceutical and biological products and trading of cosmetics and chemical materials
DXN Agro Park Sdn. Bhd. ( <b>"DXN Agro Park"</b> )	Malaysia	100%	Operating a tourism village complex, namely Ayer Hangat Village Langkawi
DXN Agrotech Sdn. Bhd. ( <b>"DXN Agrotech"</b> )	Malaysia	100%	Agricultural and forest plantation, processing of virgin palm oil, operating of a marine sanctuary and provision of tour activities
DXN Biofuels Sdn. Bhd. ( <b>"DXN Biofuels"</b> )	Malaysia	100%	Designing, constructing, owning and operating a biodiesel processing plant, including processing, manufacturing, selling, distributing and trading of biodiesel products and other related businesses
DXN Biogreen Sdn. Bhd. ( <b>"DXN Biogreen"</b> )	Malaysia	100%	Research and development in aquaponics farming, cultivation, processing and trading of agricultural and horticultural crops and plants
DXN Biotech Consultants Sdn. Bhd. ( <b>"DXN Biotech"</b> )	Malaysia	100%	Research and development and experimental work in relation to biotechnology, bio-chemical and agricultural products and trading of agricultural products
DXN Cafe Sdn. Bhd. ( <b>"DXN Cafe"</b> )	Malaysia	100%	Operating a cafe
DXN Industries (M) Sdn. Bhd. ( <b>"DXN Industries"</b> )	Malaysia	100%	Manufacture and distribution of health food supplements and other products
DXN Materials Sdn. Bhd. ( <b>"DXN Materials"</b> )	Malaysia	100%	Property holding

<b>Name of companies</b>	<b>Country of Incorporation</b>	<b>Interest held</b>	<b>Principal activities</b>
DXN Marketing Sdn. Bhd. (“ <b>DXN Marketing</b> ”)	Malaysia	100%	Sales of health supplements and other products on direct sales basis
DXN Pharmaceutical Sdn. Bhd. (“ <b>DXN Pharma</b> ”)	Malaysia	100%	Manufacture of health food supplements and other products
DXN Safari Eco Park Sdn. Bhd. (“ <b>DXN Safari</b> ”)	Malaysia	100%	Plantation and cultivation of rubber trees and cash crops
DXN Solutions Sdn. Bhd. (“ <b>DXN Solutions</b> ”)	Malaysia	100%	Information technology adviser and consultant and trading in computer hardware and software equipment
PT. Daehsan Indonesia (“ <b>Daehsan Indonesia</b> ”) <sup>(1)</sup>	Indonesia	100%	Trading and distribution of food and beverages, food supplements and consumer products on direct sales basis
PT. Suryasoft Konsultama (“ <b>Suryasoft</b> ”) <sup>(2)</sup>	Indonesia	100%	Provision of information technology (“IT”) services including IT system, IT consultancy, customized software development systems
PT. Daxen Agrotech Nusantara (“ <b>Daxen Agrotech</b> ”) <sup>(3)</sup>	Indonesia	100%	Inactive
Daxen Logistic, LLC (“ <b>Daxen Logistic</b> ”) <sup>(4)</sup>	United States of America	100%	Inactive
DXN Marketing Bangladesh Ltd. (“ <b>DXN Bangladesh</b> ”) <sup>(5)</sup>	Bangladesh	100%	Manufacturing, marketing, sales and distribution of health food, non-alcoholic drinks and associated products
Esen Lifesciences Private Limited (“ <b>Esen Lifesciences</b> ”) <sup>(6)</sup>	India	100%	Manufacturing of health food supplements, Spirulina cereal and Cordyceps cereal products.
DXN International Holding Limited (“ <b>DXN BVI</b> ”)	British Virgin Islands	100%	Investment holding and provision of management services
DXN Corporation (Ningxia) Co., Ltd. (“ <b>DXN Corporation Ningxia</b> ”)	China	100%	Investment holding, research and development and experimental works in relation to biotechnology. Processing and trading of food and beverages
Dexin Manufacturing Nepal Private Limited (“ <b>Dexin Nepal</b> ”)	Nepal	100%	Inactive
DXN Bangladesh Industries Pvt. Ltd. (“ <b>DXN Bangladesh Industries</b> ”) <sup>(7)</sup>	Bangladesh	100%	Inactive
DXN Korea Co., Ltd. (“ <b>DXN Korea</b> ”)	Korea	100%	Inactive
PT. Daxen Agri Pratama (“ <b>Daxen Agri</b> ”) <sup>(8)</sup>	Indonesia	90%	Inactive

Name of companies	Country of Incorporation	Interest held	Principal activities
PT. Daxen KJP Agro (“ <b>Daxen KJP</b> ”) <sup>(9)</sup>	Indonesia	81%	Manufacturing of virgin coconut oil. It ceased operations on 15 December 2022
DXN Food Tech Sdn. Bhd. (“ <b>DXN Food Tech</b> ”) <sup>(10)</sup>	Malaysia	80%	Confectionery and biscuits manufacturer
DXN Mycotech Sdn. Bhd. (“ <b>DXN Mycotech</b> ”) <sup>(11)</sup>	Malaysia	70%	Property investment
Daehsan Europe Export-import Korlátolt Felelősségű Társaság (“ <b>Daehsan Hungary</b> ”)	Hungary	100% owned by DXN BVI	Investment holding, trading and distribution of food and beverages, food supplements and consumer products
Daxen Agritech India Private Limited (“ <b>Daxen Agritech</b> ”) <sup>(12)</sup>	India	100% owned by DXN BVI	Manufacturing of health food, traditional medicine, all kinds of confectioneries and other food products and carry on the business of agro farming in the field of mushrooms
Daxen Mexico, S.A. DE C.V. (“ <b>Daxen Mexico</b> ”) <sup>(13)</sup>	Mexico	100% owned by DXN BVI	Inactive
DXN International Private Ltd. (“ <b>DIPL</b> ”)	Labuan, Malaysia	100% owned by DXN BVI	Investment holding and trading and distribution of food and beverages, food supplements and consumer products on direct sales basis
DXN International (Australia) Pty. Ltd. (“ <b>DXN Australia</b> ”)	Australia	100% owned by DXN BVI	Trading and distribution of food and beverages, food supplements and consumer products on direct sales basis
DXN Bolivia S.R.L. (“ <b>DXN Bolivia</b> ”) <sup>(14)</sup>	Bolivia	100% owned by DXN BVI	Trading and distribution of food and beverages, food supplements and consumer products on direct sales basis
DXN International Chile S.p.A. (“ <b>DXN Chile</b> ”)	Chile	100% owned by DXN BVI	Inactive
DXN Colombia SAS (“ <b>DXN Colombia</b> ”)	Colombia	100% owned by DXN BVI	Trading and distribution of food and beverages, food supplements and consumer products on direct sales basis
DXN International (Hong Kong) Limited (“ <b>DXN HK</b> ”) <sup>(15)</sup>	Hong Kong Special Administrative Region, China	100% owned by DXN BVI	Direct selling health care products
DXN Mauritania SARL (“ <b>DXN Mauritania</b> ”)	Mauritania	100% owned by DXN BVI	Trading and distribution of food and beverages, food supplements and consumer products on direct sales basis
DXN Mexico, S.A. DE C. V. (“ <b>DXN Mexico</b> ”) <sup>(16)</sup>	Mexico	100% owned by DXN BVI	Manufacturing and distribution of food and beverages, food supplements and consumer products

Name of companies	Country of Incorporation	Interest held	Principal activities
Golden Health Trading Limited (“ <b>Golden Health Trading</b> ”)	Hong Kong Special Administrative Region, China	100% owned by DXN BVI	Provision of marketing consultancy services and general trading
DXN International Peru S.A.C. (“ <b>DXN Peru</b> ”) <sup>(17)</sup>	Peru	100% by DXN BVI	Trading and distribution of food and beverages, food supplements and consumer products on direct sales basis
DXN (Singapore) Pte Ltd (“ <b>DXN Singapore</b> ”)	Singapore	100% by DXN BVI	Direct sales and trading in health products and provision of related services and investment holding
DXN International (UK) Limited (“ <b>DXN UK</b> ”)	United Kingdom	100% by DXN BVI	Inactive
DXN-Niger SA (“ <b>DXN Niger</b> ”)	Niger	100% by DXN BVI	Inactive
DXN International Pakistan (Private) Limited (“ <b>DXN Pakistan</b> ”) <sup>(18)</sup>	Pakistan	99.9% by DXN BVI	Trading and distribution of food and beverages, food supplements and consumer products
PT. Daxen Indonesia (“ <b>Daxen Indonesia</b> ”) <sup>(19)</sup>	Indonesia	99% by DXN BVI	Manufacturing of traditional medicines, cosmetics and beverages
DXN International (Thailand) Co., Ltd. (“ <b>DXN Thailand</b> ”) <sup>(20)</sup>	Thailand	49% by DXN BVI	Trading and distribution of food and beverages, food supplements and consumer products on direct sales basis
FE LLC “DAXEN UBZ” (“ <b>Daxen Uzbekistan</b> ”)	Uzbekistan	100% by DXN Singapore	Importation and distribution of food and beverages, food supplements and consumer products
“DAXEN” LLC (“ <b>Daxen Mongolia</b> ”)	Mongolia	100% by DXN Singapore	Trading and distribution of food and beverages, food supplements and consumer products
DXN Trading Ecuador CIA. LTDA. (“ <b>DXN Ecuador</b> ”) <sup>(21)</sup>	Ecuador	100% by DXN Singapore	Trading and distribution of food and beverages, food supplements and consumer products on direct sales basis
DXN International Panama S.A. (“ <b>DXN Panama</b> ”)	Panama	100% by DXN Singapore	Trading and distribution of food and beverages, food supplements and consumer products on direct sales basis
DXN Argentina S.R.L. (“ <b>DXN Argentina</b> ”) <sup>(22)</sup>	Argentina	100% by DXN Singapore	Inactive
DXN Marketing (Brasil) LTDA (“ <b>DXN Brazil</b> ”) <sup>(23)</sup>	Brazil	100% by DXN Singapore	Inactive
LLC “DXN RUS” (“ <b>DXN Russia</b> ”) <sup>(24)</sup>	Russia	100% by DXN Singapore	Inactive
Daxen Morocco LLC (“ <b>Daxen Morocco</b> ”) <sup>(25)</sup>	Morocco	100% by Daehsan Hungary	Trading and distribution of food and beverages, food supplements and consumer products on direct sales basis

<b>Name of companies</b>	<b>Country of Incorporation</b>	<b>Interest held</b>	<b>Principal activities</b>
Daxen Slovakia s.r.o. (" <b>Daxen Slovakia</b> ") <sup>(26)</sup>	Slovakia	100% by Daehsan Hungary	Trading and distribution of food and beverages, food supplements and consumer products on direct sales basis
Daxen, Inc. (" <b>Daxen USA</b> ")	United States of America	100% by Daehsan Hungary	Trading and distribution of food and beverages, food supplements and consumer products on direct sales basis
DXN Greece EPE (" <b>DXN Greece</b> ") <sup>(27)</sup>	Greece	100% by Daehsan Hungary	Trading and distribution of food and beverages, food supplements and consumer products on direct sales basis
DXN International CZ s.r.o. (" <b>DXN Czech</b> ") <sup>(28)</sup>	Czech Republic	100% by Daehsan Hungary	Trading and distribution of food and beverages, food supplements and consumer products on direct sales basis
DXN Italy SRL (" <b>DXN Italy</b> ")	Italy	100% by Daehsan Hungary	Trading and distribution of food and beverages, food supplements and consumer products on direct sales basis
DXN International Poland Sp.z.o.o (" <b>DXN Poland</b> ")	Poland	100% by Daehsan Hungary	Trading and distribution of food and beverages, food supplements and consumer products on direct sales basis
DXN Internacional Spain S.L. Unipersonal (" <b>DXN Spain</b> ")	Spain	100% by Daehsan Hungary	Trading and distribution of food and beverages, food supplements and consumer products on direct sales basis
DXN Marketing Private İthalat Ve Pazarlama Limited Şirketi (" <b>DXN Turkey</b> ")	Turkey	100% by Daehsan Hungary	Trading and distribution of food and beverages, food supplements and consumer products on direct sales basis
DXN Bulgaria Ltd. (" <b>DXN Bulgaria</b> ")	Bulgaria	100% by Daehsan Hungary	Inactive
DXN Agrotech (Ningxia) Co., Ltd. (" <b>DXN Agrotech Ningxia</b> ")	China	100% by DXN Corporation Ningxia	Research, cultivation, manufacture and trading of mushroom and Spirulina
DXN Biotechnology (Ningxia) Co., Ltd. (" <b>DXN Biotechnology Ningxia</b> ")	China	100% by DXN Corporation Ningxia	Inactive
DXN International Trading (Ningxia) Co., Ltd. (" <b>DXN Trading Ningxia</b> ")	China	100% by DXN Corporation Ningxia	Trading and distribution of food and beverages, food supplements, cosmetics and consumer products
DXN Healthtech (Guangzhou) Co., Ltd. (" <b>DXN Healthtech Guangzhou</b> ") <sup>(29)</sup>	China	60% by DXN Corporation Ningxia	Inactive
Florin (Fujian) Integrated Agricultural Science and Technology Co., Ltd. (" <b>Florin Fujian</b> ") <sup>(30)</sup>	China	82.82% by DXN Corporation Ningxia	Investment holding

<b>Name of companies</b>	<b>Country of Incorporation</b>	<b>Interest held</b>	<b>Principal activities</b>
DXN Clinics Private Limited (“ <b>DXN Clinics</b> ”) <sup>(31)</sup>	India	99.99% by DXN Manufacturing India	Consultation and treatment services using Ganotherapy
DXN Manufacturing (India) Private Limited (“ <b>DXN Manufacturing India</b> ”) <sup>(32)</sup>	India	100% by DIPL	Manufacturing of health food, traditional medicine, all kinds of confectioneries and food products
DXN Global Marketing Nigeria Limited (“ <b>DXN Nigeria</b> ”) <sup>(33)</sup>	Nigeria	100% by DXN Italy	Trading and distribution of food and beverages, food supplements and consumer products on direct sales basis
DXN Marketing India Private Limited (“ <b>DXN Marketing India</b> ”) <sup>(34)</sup>	India	50% by Daxen Agritech	Trading and distribution of food and beverages, food supplements and consumer products on direct sales basis
Anxi Gande Foluohua Integrated Agricultural Science and Technology Co. Ltd.	China	82.82% by Florin Fujian	Tea plantation, processing, research and development, wholesale trading and retailing of tea, pre-packaged food and beverages and other products

**Notes:**

- (1) Our Company holds 99.9% equity interest in Daehsan Indonesia while DXN BVI holds the remaining equity interest in Daehsan Indonesia which is less than 0.01%.
- (2) Our Company and DXN BVI hold 99.0% and 1.0% equity interest respectively in Suryasoft.
- (3) Our Company and DXN BVI hold 90.0% and 10.0% equity interests respectively in Daxen Agrotech.
- (4) The entire 100.0% equity interest in Daxen Logistic is held on trust by the shareholders of Daxen Logistic for our Company.
- (5) Our Company and DXN BVI hold 99.0% and 1.0% equity interests respectively in DXN Bangladesh.
- (6) Our Company holds 99.9% in Esen Lifesciences while DXN Manufacturing India holds the remaining equity interest in Esen Lifesciences which is less than 0.1%.
- (7) Our Company holds 99.8% in DXN Bangladesh Industries while DXN BVI holds the remaining equity interest of 0.2%.
- (8) The remaining 10.0% equity interest in Daxen Agri is held by PT Kirana Investama Nusantara.
- (9) The remaining 10.0% equity interest in Daxen KJP is held by PT KJP Cipta Desa Sejahtera.
- (10) The remaining 20.0% equity interest in DXN Food Tech is held by Leong Why Sheng, the nephew of Datin Leong Bee Ling.
- (11) The remaining 30.0% equity interest in DXN Mycotech is held by Norikmazaton Binti Mohd Zali.
- (12) DXN BVI and our Company hold 99.0% and 1.0% equity interests respectively in Daxen Agritech.
- (13) DXN BVI and our Company hold 99.0% and 1.0% equity interests respectively in Daxen Mexico.
- (14) DXN BVI and DXN Peru hold 99.9% and 0.1% equity interests respectively in DXN Bolivia.
- (15) DXN BVI holds 99.9% equity interest in DXN HK while our Company holds the remaining equity interest in DXN HK which is less than 0.1%.
- (16) DXN BVI holds 99.9% equity interest in DXN Mexico while our Company holds the remaining equity interest in DXN Mexico which is less than 0.1%.
- (17) DXN BVI and our Company hold 98.9% and 1.1% equity interests respectively in DXN Peru.

- (18) DXN BVI holds 99.9% equity interest in DXN Pakistan while DLBY and Lim Yew Lin hold the remaining equity interest in DXN Pakistan which is less than 0.1%.
- (19) The remaining 1.0% equity interest in Daxen Indonesia is held by Novita Kristin Djunaedi, the director of Daxen Indonesia.
- (20) The remaining 51.0% equity interest in DXN Thailand is held by Anong Phoungtong and Nongluck Wongworn with shareholdings of 26.0% and 25.0% respectively. Our Company regards DXN Thailand as subsidiary by virtue of having board control and being the single largest shareholder in the company. The remaining voting rights in this entity is held by individual investors and there is no indication that the other shareholders will exercise their votes collectively.
- (21) DXN Singapore holds 99.9% equity interest in DXN Ecuador while DXN Bolivia holds the remaining equity interest in DXN Ecuador which is less than 0.1%.
- (22) DXN Singapore and our Company hold 95.0% and 5.0% equity interests respectively in DXN Argentina.
- (23) DXN Singapore holds 99.99% equity interest in DXN Brazil while DXN Peru holds the remaining equity interest in DXN Brazil which is less than 0.01%.
- (24) DXN Singapore and our Company hold 99.0% and 1.0% equity interests respectively in DXN Russia.
- (25) Daehsan Hungary and Daxen Slovakia hold 99.0% and 1.0% equity interests respectively in Daxen Morocco.
- (26) Daehsan Hungary and DXN Peru hold 97.5% and 2.5% equity interests respectively in Daxen Slovakia.
- (27) Daehsan Hungary holds 99.3% equity interest in DXN Greece while DXN Peru holds the remaining equity interest in DXN Greece which is less than 0.7%.
- (28) Daehsan Hungary and DXN Peru hold 96.0% and 4.0% equity interests respectively in DXN Czech.
- (29) The remaining 40.0% equity interest in DXN Healthtech Guangzhou is held by Lin Jiming and Zhang Jingjun with shareholdings of 27.3% and 12.7% respectively.
- (30) The remaining 20.0% equity interest in Florin Fujian is held by Fujian Anxi Jinjiang Source Tea Technology Co., Ltd.
- (31) The remaining equity interest in DXN Clinics which is less than 0.1% is held by TH Strategic Investment Pvt Ltd.
- (32) DIPL holds 99.9% equity interest in DXN Manufacturing India while DXN BVI holds the remaining equity interest in DXN Manufacturing India which is less than 0.1%.
- (33) DXN Italy and DIPL hold 99.0% and 1.0% equity interests respectively in DXN Nigeria.
- (34) The remaining 50.0% equity interest in DXN Marketing India is held by Jacob Antony and Jipna Jijith with shareholdings of 24.5% and 25.5% respectively. Our Company regards DXN Marketing India as subsidiary by virtue of having board control and being the single largest shareholder in this company. The remaining voting rights in this entity are held by individual investors and there is no indication that the other shareholders will exercise their votes collectively.

### 2.3 The principal activities of the other related transacting parties

The principal activities of the other related transacting parties which are not part of DXN Group that are involved in the RRPT with the DXN Group are set out below:-

Related transacting parties	Principal activities
DCT Tours Sdn. Bhd. ( <i>formerly known as DXN Comfort Tours Sdn. Bhd.</i> ) (" <b>DCT Tours</b> ")	Travel agents and tour operators, provides flights and hotel booking services, inbound and outbound tour packages
Nores Holdings Sdn Bhd (" <b>Nores Holdings</b> ")	Investment holding
Nores Industries Sdn. Bhd. (" <b>Nores Industries</b> ")	Manufacturing of beverages and food
Nores Marketing Sdn. Bhd. (" <b>Nores Marketing</b> ")	Marketing of beverages and food

<b>Related transacting parties</b>	<b>Principal activities</b>
Tastiway Sdn Bhd. (“ <b>Tastiway</b> ”) <sup>(1)</sup>	Manufacture and distribution of food and beverage ingredients
Tastiway Marketing Sdn Bhd (“ <b>Tastiway Marketing</b> ”) <sup>(1)</sup>	Distribution of health care and food products
SLM Packaging Sdn Bhd (“ <b>SLM Pckaging</b> ”) <sup>(1)</sup>	Printing and packaging
Kholin Sdn Bhd (“ <b>Kholin</b> ”) <sup>(1)</sup>	Manufacturing of cosmetic and skin care products
Lim Yew Lin (Sole Proprietorship)	Management Services
LSJ Global Sdn. Bhd. ( <i>formerly known as DXN Global Sdn. Bhd.</i> ) (“ <b>LSJ Global</b> ”) <sup>(2)</sup>	Engaged in investment holding activities
LSJ Land Sdn. Bhd. ( <i>formerly known as DXN Land Sdn. Bhd.</i> ) (“ <b>LSJ Land</b> ”) <sup>(2)</sup>	Property development and investment holding
LSJ Plantation Sdn. Bhd. ( <i>formerly known as DXN Plantation Sdn. Bhd.</i> ) (“ <b>LSJ Plantation</b> ”) <sup>(2)</sup>	Timber logging, agricultural farming and crops plantation, trading timber and its related products and all kinds of agricultural produce and crops
Yiked-LSJ Stargate Sdn. Bhd. ( <i>formerly known as Yiked-DXN Stargate Sdn. Bhd.</i> ) (“ <b>Yiked</b> ”) <sup>(2)</sup>	Property development and property investment, buying, selling, renting and operating of self-owned or leased real estate – residential buildings
Richmont Sapphire Sdn. Bhd. (“ <b>Richmont Sapphire</b> ”) <sup>(2)</sup>	Property development
Datuk Lim Siow Jin (“ <b>DLSJ</b> ”)	-
Datin Leong Bee Ling (“ <b>DLBL</b> ”)	-
LSJ Biotech Private Limited ( <i>formerly known as Daehsan Biotech Private Limited</i> ) (“ <b>LSJ Biotech</b> ”)	Manufacturing, trading, export and import and dealing in Ganoderma mushroom, Cordyceps mushroom and similar mushroom products and producing RG and GL capsules and powder
Zaman Biotech Sdn. Bhd. (“ <b>Zaman Biotech</b> ”)	General trading
Stargate Land Sdn. Bhd. ( <i>formerly known as DXN Development Sdn. Bhd.</i> ) (“ <b>Stargate Land</b> ”)	Construction and property development and trading in construction material

**Notes:**

<sup>(1)</sup> Tastiway, Tastiway Marketing, SLM Packaging and Kholin are collectively referred to as “**Tastiway Group**”.

<sup>(2)</sup> LSJ Global, LSJ Land, LSJ Plantation, Yiked and Richmont Sapphire are collectively referred to as “**LSJ Global Group**”.

The details of the direct and indirect interests of the Directors and Major Shareholders and Person Connected with them in DXN are indicated in Section 2.4 below.

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## 2.4 Nature of RRPT and Class of Related Parties

The details of the nature and estimated annual value of the RRPT in respect of which the Company is seeking mandate from its shareholders as contemplated under the Proposed New Shareholders' Mandate are as follows:

Transacting Parties	Nature of Transaction	Estimated aggregate value of the transactions from the forthcoming AGM on 21 August 2023 to the next AGM in 2024 <sup>(1)</sup> (RM' 000)	Related Parties
DXN Group and DCT Tours	Purchase of air tickets and related travel expenses by DXN Group from DCT Tours	700	<p><b>Interested Director:</b></p> <ul style="list-style-type: none"> <li>● Dato' Lim Boon Yee ("DLBY")</li> </ul> <p>[See Note (2) for further details of the relationship with our Directors, major shareholders and/or persons connected to them.]</p>
DXN Group and Nores Industries	Payment of labour charges for packing of products by Nores Industries to DXN Industries	7,000	<p><b>Interested Major Shareholder and Director:</b></p> <ul style="list-style-type: none"> <li>● Datuk Lim Siow Jin ("DLSJ")</li> </ul> <p><b>Interested Director:</b></p> <ul style="list-style-type: none"> <li>● DLBY</li> </ul> <p>[See Note (3) for further details of the relationship with our Directors, major shareholders and/or persons connected to them.]</p>
DXN Group and the Tastiway Group (Tastiway, Tastiway Marketing, SLM Packaging and Kholin)	Sale of Gano liquid mycelium, Spirulina powder, Reishi Gano ("RG") powder, Gano Lucelium ("GL") powder, RG & GL mixed powder, vinegar, talcum powder and Cordypine cups from our Group to the Tastiway Group	200	<p><b>Interested Major Shareholder and Director:</b></p> <ul style="list-style-type: none"> <li>● DLSJ</li> </ul> <p><b>Interested Director:</b></p> <ul style="list-style-type: none"> <li>● DLBY</li> </ul> <p>[See Note (4) for further details of the relationship with our Directors, major shareholders and/or persons connected to them.]</p>
	Purchase of Zhi-Mint products, menthol, peppermint oil, aluminium foil packaging, fresh perfume and sanitiser liquid by our Group from the Tastiway Group	24,000	

2.4 Nature of RRPT and Class of Related Parties (cont'd)

Transacting Parties	Nature of Transaction	Estimated aggregate value of the transactions from the forthcoming AGM on 21 August 2023 to the next AGM in 2024 <sup>(1)</sup> (RM' 000)	Related Parties
	Payment of labour charges for packing of our products by DXN Industries to Tastiway	6,000	
	Rental of 40-foot reefer container by DXN Pharma from Tastiway	300	
DXN Group and "Lim Yew Lin" sole proprietorship	Payment of insurance premium by DXN Group to "Lim Yew Lin" sole proprietorship	4,500	<b>Interested Major Shareholder and Director:</b> ● DLSJ  <b>Interested Director:</b> ● DLBY  [See Note (5) for further details of the relationship with our Directors, major shareholders and/or persons connected to them.]
DXN Group and the LSJ Global Group (LSJ Globaland Yiked)	Rental payable by DXN Group (tenants) to the LSJ Global Group (landlords)  [See Note (6)(b) for the salient terms of the tenancy agreements between DXN Group and the LSJ Global Group]	1,100	<b>Interested Major Shareholder:</b> ● LSJ Global  <b>Interested Directors:</b> ● DLSJ ● DLBY  [See Note (6)(a) for further details of the relationship with our Directors, major shareholder and/or persons connected to them.]
DXN Group and DLSJ	Rental payable by DXN Marketing to DLSJ in respect of the rental at Unit F1-002, Happy Apartment, Jalan 17/22, 46400 Petaling Jaya, Selangor  [See Note (7)(a) for the salient terms of the tenancy agreements between DXN Marketing and DLSJ]	24	<b>Interested Major Shareholder and Director:</b> ● DLSJ

2.4 Nature of RRPT and Class of Related Parties (cont'd)

Transacting Parties	Nature of Transaction	Estimated aggregate value of the transactions from the forthcoming AGM on 21 August 2023 to the next AGM in 2024 <sup>(1)</sup> (RM' 000)	Related Parties
DXN Group and DLSJ	Rental payable by DXN Marketing to DLSJ in respect of the rental at Unit B1-05-03, Bukit Utama Condominium, Changkat Bukit Utama, 47800 Petaling Jaya, Selangor  [See Note (7)(b) for the salient terms of the tenancy agreements between DXN Marketing and DLSJ]	40	<b>Interested Major Shareholder and Director:</b> ● DLSJ
DXN Group and DLBL	Rental payable by DXN Group to DLBL in respect of the two units of 3-storey shop offices at 189 and 190, Jalan BSG 5, Bandar Stargate, Lebuhraya Sultanah Bahiyah, 05400 Alor Setar, Kedah  [See Note (8)(b) for the salient terms of the tenancy agreements between our Group and DLBL.]	40	<b>Interested Major Shareholder:</b> ● DLBL  <b>Interested Directors:</b> ● DLSJ ● DLBY  [See Note (8)(a) for further details of the relationship with our Directors, major shareholder and/or persons connected to them.]
DXN Group and LSJ Biotech	Purchase of finished goods being RG and GL 90 and 30 capsules and powders by DXN Marketing India from LSJ Biotech	20,000	<b>Interested Major Shareholder and Director</b> ● DLSJ  [See Note (9) for further details of the relationship with our Directors, major shareholders and/or persons connected to them.]
DXN Group and LSJ Biotech	Sale of GL powder, empty vegetable capsules and machineries from Daxen Agritech to LSJ Biotech	3,500	<b>Interested Major Shareholder and Director:</b> ● DLSJ  [See Note (10) for further details of the relationship with our Directors, major shareholders and/or persons connected to them.]

2.4 Nature of RRPT and Class of Related Parties (cont'd)

Transacting Parties	Nature of Transaction	Estimated aggregate value of the transactions from the forthcoming AGM on 21 August 2023 to the next AGM in 2024 <sup>(1)</sup> (RM' 000)	Related Parties
Bio Synergy and related parties including Nores Industries, Nores Marketing, Tastiway, Kholinand SLM Packaging	Sale of laboratory tests on F&Bs from Bio Synergy to related parties including Nores Industries, Nores Marketing, Tastiway, Kholin and SLM Packaging	350	<b>Interested Directors:</b> ● DLSJ ● DLBY  [See Notes (3) and (4) for further details of the relationship with our Directors, major shareholders and/or persons connected to them.]
DXN Solutions and related parties including DCT Tours, Stargate Land, Nores Marketing and the Tastiway Group	Sale of computer hardware, provision of domain and email hosting subscription as well as website service by DXN Solutions to related parties including DCT Tours, Stargate Land, Nores Marketing and the Tastiway Group	25	<b>Interested Directors</b> ● DLSJ ● DLBY  [See Notes (2), (3), (4) and (11) for further details of the relationship with our Directors, major shareholders and/or persons connected to them.]
DXN Group and LSJ Plantation	Sale of various seeds and saplings by our Group to LSJ Plantation	500	<b>Interested Major Shareholder and Director:</b> ● DLSJ  [See Note (12) for further details of the relationship with our Directors, major shareholders and/or persons connected to them.]
	Purchase of bamboo salt and black ginger seedling by DXN Industries from LSJ Plantation	4,000	
DXN Marketing and Nores Holdings	Rental payable by DXN Marketing to Nores Holdings in respect of a vacant land held under H.S(D) 21026, PT 2597, Bandar Alor Setar, Daerah Kota Setar, Kedah  [See Note (13)(b) for the salient terms of the tenancy agreement between DXN Marketing and Nores Holdings]	45	<b>Interested Major Shareholder and Director:</b> ● DLSJ  <b>Interested Director:</b> ● DLBY  [See Note (13)(a) for further details of the relationship with our Directors, major shareholders and/or persons connected to them.]

## 2.4 Nature of RRPT and Class of Related Parties (cont'd)

### Notes:

- (1) From the date of forthcoming AGM up to date of the next AGM. The estimated value for mandate is based on management forecast of transaction value that have been undertaken and anticipated. The estimated value is subject to changes.
- (2) DLBY, our Non-Independent Non-Executive Director, is the director and a shareholder of DCT Tours holding 10.0% equity interest in DCT Tours. He is the brother of DLSJ, our Non-Independent Executive Chairman and our major shareholder by virtue of his interest in LSJ Global and his beneficial ownership representing approximately 0.3% equity interest in our Company that is held on trust by LSJ Global.
- (3) Lim Chea Lin and Lee Chiew Khim are the directors and shareholders of Nores Industries and Nores Marketing. Lim Chea Lin and Lee Chiew Khim each hold 30.0% equity interest in Nores Industries, and 40.0% equity interest respectively in Nores Marketing. Lim Chea Lin is the sister of DLSJ and DLBY, our Non-Independent Executive Chairman and Non-Independent Non-Executive Director respectively. DLSJ is also our major shareholder by virtue of his interest in LSJ Global and his beneficial ownership representing approximately 0.3% equity interest in our Company that is held on trust by LSJ Global. Lee Chiew Khim is the spouse of Lim Chea Lin and the brother in-law of DLSJ and DLBY.
- (4) Lim Beng Lee and Khor Yuan Ning are the directors and shareholders of Tastiway, which is the holding company of Tastiway Marketing, SLM Packaging and Kholin. Lim Beng Lee and Khor Yuan Ning each hold 50.0% equity interest in Tastiway. Lim Beng Lee is the brother of DLSJ and DLBY, our Non-Independent Executive Chairman and Non-Independent Non-Executive Director respectively. DLSJ is also our major shareholder by virtue of his interest in DXN Global and his beneficial ownership representing approximately 0.3% equity interest in our Company that is held on trust by LSJ Global. Khor Yuan Ning is the spouse of Lim Beng Lee and the sister in-law of DLSJ and DLBY.
- (5) Lim Yew Lin is the owner of "Lim Yew Lin" sole proprietorship. Lim Yew Lin is the sister of DLSJ and DLBY, our Non-Independent Executive Chairman and Non-Independent Non-Executive Director respectively. DLSJ is also our major shareholder by virtue of his interest in LSJ Global and his beneficial ownership representing approximately 0.3% equity interest in our Company that is held on trust by LSJ Global. Lim Yew Lin is the Chief Financial Officer of our Company.
- (6) **LSJ Global**
  - (a) LSJ Global is our major shareholder. DLSJ and DLBY are the major shareholders of LSJ Global holding 49.9% and 50.0% equity interest respectively in LSJ Global and our indirect major shareholders by virtue of their interests in LSJ Global. DLSJ and DLBY are directors of LSJ Global and our Non-Independent Executive Chairman and Non-Independent Non-Executive Director respectively. Lim Yew Lin, our Chief Financial Officer and Company Secretary is also a director of LSJ Global.
  - (b) The salient terms of the tenancy agreements between our Group and the LSJ Global Group are as follows:
    - (i) in respect of the tenancy agreement dated 12 October 2015 which was subsequently renewed by the letters of extension dated 29 September 2017, 9 October 2019, 14 December 2020 and 28 February 2021, and the renewal tenancy agreement dated 14 February 2022 which was subsequently further renewed by the letter of extension dated 14 March 2023 between DXN and Yiked for the rental of the premise at 2nd Floor of Nos. 109 to 116, Jalan BSG 2, Bandar Stargate, Lebuhraya Sultanah Bahiyah, 05400 Alor Setar, Kedah ("**Lot 109 to 116**"), and 1st Floor of Nos. 111 to 112, Jalan BSG 2, Bandar Stargate, Lebuhraya Sultanah Bahiyah, 05400 Alor Setar, Kedah, the tenure of the tenancy is for one year commencing from 1 March 2023 to 29 February 2024. The monthly rental rate is RM12,500;
    - (ii) in respect of the tenancy agreement dated 1 March 2019 which was subsequently renewed by the letters of extension dated 28 February 2021, 4 January 2022 and 16 March 2023 between DXN Pharma and LSJ Global for the rental of premise known as GM 1613, Lot 2269, Tempat Bukit Tok Iting, Mukim Binjal, Daerah Kubang Pasu, Kedah, the tenure of the tenancy is for one year commencing from 1 March 2023 to 29 February 2024. The monthly rental rate is RM10,500;
    - (iii) in respect of the tenancy agreement dated 8 July 2020 which was subsequently renewed by the letter of extension dated 30 June 2021 and the renewal tenancy agreement dated 14 February 2022 between DXN Pharma and Yiked for the rental of the premise at Nos. 232 – 235, Jalan BSG 10, Bandar Stargate, Lebuhraya Sultanah Bahiyah, 05400 Alor Setar, Kedah, the tenure of the tenancy is for eight months commencing from 1 March 2022 to 28 February 2023. The monthly rental rate was RM5,200;

## 2.4 Nature of RRPT and Class of Related Parties (cont'd)

- (iv) in respect of the tenancy agreement dated 16 January 2020 which was subsequently renewed by the letters of extension dated 14 December 2020 and 28 February 2021, and the renewal tenancy agreement dated 14 February 2022 which was subsequently further renewed by the letter of extension dated 14 March 2023 between DXN Industries and Yiked for the rental of the premise at Ground Floor of Nos. 115 and 116, Jalan BSG 2, Bandar Stargate, Lebuhraya Sultanah Bahiyah, 05400 Alor Setar, Kedah, the tenure of the tenancy is for one year commencing from 1 March 2023 to 29 February 2024. The monthly rental rate is RM2,500;
  - (v) in respect of the tenancy agreement dated 12 October 2015 which was subsequently renewed by the letters of extension dated 2 October 2017, 9 October 2019, 14 December 2020 and 28 February 2021, the renewal tenancy agreement dated 14 February 2022 which was subsequently further renewed by the letter of extension dated 14 March 2023 between DXN Marketing and Yiked for the rental of the premise at Ground Floor of Nos. 112, 113 and 114, and 1st Floor of Nos. 110 and 114 -116, Jalan BSG 2, Bandar Stargate, Lebuhraya Sultanah Bahiyah, 05400 Alor Setar, Kedah, the tenure of the tenancy is for one year commencing from 1 March 2023 to 29 February 2024. The monthly rental rate is RM11,800;
  - (vi) in respect of the tenancy agreement dated 7 August 2020 which was subsequently renewed by the letter of extension dated 31 May 2021 between DXN Biotech and Yiked for the rental of the premise at Nos. 230 & 231, Jalan BSG 10, Bandar Stargate, Lebuhraya Sultanah Bahiyah, 05400 Alor Setar, Kedah, the tenure of the tenancy was for one year commencing from 1 June 2021 to 28 February 2022. The monthly rental rate was RM2,500. We ended the tenancy of this premise starting from August 2021;
  - (vii) in respect of the tenancy agreement dated 12 April 2021 which was subsequently renewed by the tenancy agreement dated 14 February 2022 and further renewed by the letter of extension dated 14 March 2023 between DXN Food Tech and Yiked for the rental of the premise at No. 228, Jalan BSG 9, Bandar Stargate, Lebuhraya Sultanah Bahiyah, 05400 Alor Setar, Kedah, the tenure of the tenancy is for one year commencing from 1 March 2023 to 29 February 2024. The monthly rental rate is RM2,500;
  - (viii) in respect of the tenancy agreement dated 5 April 2021 between DXN Cafe and Yiked for the rental of the premise at Ground Floor of Nos. 109 and 110, Jalan BSG 2, Bandar Stargate, Lebuhraya Sultanah Bahiyah, 05400 Alor Setar, Kedah ("**Lot 109 and 110**"), the tenure of the tenancy is for one year commencing from 1 March 2021 to 28 February 2022. Subsequently, DXN Cafe entered into a tenancy agreement dated 14 February 2022 with Yiked for the renewal of the rental for Lots 109 and 110 and the inclusion of the rental of the premise at Ground Floor of No. 111, Jalan BSG 2, Bandar Stargate, Lebuhraya Sultanah Bahiyah, 05400 Alor Setar, Kedah ("**Lot 111**"), both for a tenure of one year commencing from 1 March 2022 to 28 February 2023. The tenancies for Lots 109, 110 and 111 have been renewed vide a letter of extension dated 14 March 2023 for a further period of one year commencing from 1 March 2023 to 29 February 2024. The monthly rental rate for Lot 109 and 110 is RM2,500 while the monthly rental rate for Lot 111 is RM600;
  - (ix) in respect of the tenancy agreement dated 28 December 2021 which was subsequently renewed by the letter of extension dated 14 March 2023 between Bio Synergy and Yiked for the rental of the premise at Nos. 213 to 220, Jalan BSG 9, Bandar Stargate, Lebuhraya Sultanah Bahiyah, 05400 Alor Setar, Kedah, the tenure of the tenancy is from the date of renovation up to 29 February 2024. The monthly rental rate is RM18,000. As at the LPD, renovation work has not commenced and hence, no payment has been made to Yiked in respect of this tenancy agreement; and
  - (x) in respect of the tenancy agreement dated 29 August 2022 which was subsequently renewed by the letter of extension dated 14 March 2023 between Yiked and DXN Pharma for the rental of the premise at Nos. 237-239, Jalan BSG 10, Bandar Stargate, Lebuhraya Sultanah Bahiyah, 05400 Alor Setar, Kedah, the tenure of the tenancy is for one year commencing from 1 March 2023 to 29 February 2024. The monthly rental rate is RM4,500.
- (7) The salient terms of the tenancy agreements between our Group and DLSJ are as follows:
- (a) in respect of the tenancy agreement dated 15 March 2019 which was subsequently renewed by the tenancy agreement dated 21 December 2021 between DXN Marketing and DLSJ for the rental of the premise at Unit F1-002, Happy Apartment, Jalan 17/22, 46400, Petaling Jaya, Selangor, the tenure is for three years commencing from 1 November 2021 to 31 October 2024. The monthly rental rate is RM2,500; and
  - (b) in respect of the tenancy agreement dated 14 September 2022 between DXN Marketing and DLSJ for the rental of the premise at Unit B1-05-03, Bukit Utama Condominium, Changkat Bukit Utama, 47800 Petaling Jaya, Selangor, the tenure is for two years commencing from 1 August 2022 to 31 July 2024. The monthly rental rate is RM3,200.

## 2.4 Nature of RRPT and Class of Related Parties (cont'd)

- (8) The relationship and transactions between our Group and DLBL are as follows:
- (a) DLBL is our major shareholder by virtue of her interest in LSJ Global and her beneficial ownership representing approximately 26.0% equity interest in our Company that is held on trust by LSJ Global. DLBL is also the spouse of DLSJ and the sister-in-law of DLBY, our Non-Independent Executive Chairman and Non-Independent Non-Executive Director respectively.
  - (b) The salient terms of the tenancy agreements between our Group and DLBL are as follows:
    - (i) in respect of the tenancy agreement dated 19 July 2022 between DXN Pharma and DLBL for the rental of the 3-storey shop office having postal address at 189, Jalan BSG 5, Bandar Stargate, Lebuhraya Sultanah Bahiyah, 05400 Alor Setar, Kedah, the tenure of the tenancy is for one year commencing from 1 July 2022 to 30 June 2023. The monthly rental rate is RM2,500.; and
    - (ii) in respect of the tenancy agreement dated 3 September 2019 between DXN Pharma and DLBL for the rental of the 3-storey shop office having postal address at 190, Jalan BSG 5, Bandar Stargate, Lebuhraya Sultanah Bahiyah, 05400 Alor Setar, Kedah, the tenure of the tenancy is for one year commencing from 1 July 2022 to 30 June 2023. The monthly rental rate is RM1,800.
- (9) DLSJ is our Non-Independent Executive Chairman and our major shareholder by virtue of his interest in LSJ Global and his beneficial ownership representing approximately 0.3% equity interest in our Company that is held on trust by LSJ Global. He is also the director and shareholder of LSJ Biotech holding 95.0% equity interest in LSJ Biotech.
- (10) DLSJ is our Non-Independent Executive Chairman and our major shareholder by virtue of his interest in LSJ Global and his beneficial ownership representing approximately 0.3% equity interest in our Company that is held on trust by LSJ Global. He is also the director and shareholder of Zaman Biotech holding 40.0% equity interest in Zaman Biotech.
- (11) DLBY is our Non-Independent Non-Executive Director and brother of DLSJ, our Non-Independent Executive Chairman and our major shareholder. DLBY and Datin Kee Yew Oi, the spouse of DLBY, are the directors and shareholders of Stargate Land holding 85.0% and 15.0% equity interest respectively in Stargate Land.
- (12) DLSJ is our Non-Independent Executive Chairman and our major shareholder by virtue of his interest in LSJ Global and his beneficial ownership representing approximately 0.3% equity interest in our Company that is held on trust by LSJ Global. He is also a director of LSJ Plantation as at the LPD.
- (13) The relationship between our Group and Nores Holdings are as follows:
- (a) Lim Chea Lin and Lee Chiew Khim are the directors and shareholders of Nores Holdings. Lim Chea Lin and Lee Chiew Khim each hold 40.0% equity interest respectively in Nores Holdings. Lim Chea Lin is the sister of DLSJ and DLBY, our Non-Independent Executive Chairman and Non-Independent Non-Executive Director respectively. DLSJ is also our major shareholder by virtue of his interest in LSJ Global and his beneficial ownership representing approximately 0.3% equity interest in our Company that is held on trust by LSJ Global. Lee Chiew Khim is the spouse of Lim Chea Lin and the brother in-law of DLSJ and DLBY.
  - (b) in respect of the tenancy agreement dated 12 May 2022 between DXN Marketing and Nores Holdings for the rental of a vacant land held under HS(D) 21026, PT 2597, Bandar Alor Setar, Daerah Kota Setar, Kedah, the tenure of the tenancy is for one year commencing from 1 May 2022 to 30 April 2023. The monthly rental rate is RM3,000.

## 2.5 Amount Due and Owing by Related Parties

As at the LPD, there was no amount due and owing by the Related Parties to the DXN Group that has exceeded the credit term for the RRPTs.

## 2.6 Guidelines and Review Procedures

The Group had established the guidelines and procedures to ensure that the RRPT contemplated under the Proposed New Shareholders' Mandate are undertaken on transaction prices and terms which are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of our minority shareholders:-

### (i) Methods for Determination of Transaction Price

- (a) The transaction prices and the terms and conditions are determined by current market forces under similar commercial terms and normal trade practices for transactions with third parties.
- (b) The Group shall ensure that at least 2 other contemporaneous transactions with unrelated third parties for similar products/services and/or quantities will be used as comparison, whenever possible, to determine whether the price and terms offered to/by the related parties are fair and reasonable and comparable to those offered to/by other unrelated third parties for the same or substantially similar type of products/services and/or quantities.
- (c) In the event that quotation or comparative pricing from unrelated third parties cannot be obtained, the Group's pricing for the products/services to be supplied/provided and/or purchased/received will be determined in accordance with the Group's usual business practices and policies, which are on terms not more favourable to the related parties than those extended to third parties/public and not to the detriment of minority shareholders of the Company.
- (d) The rental rates for the properties were determined based on the valuation report from professional valuer and/or conducting an internal market survey and comparison with the rental rate at the adjacent properties.

### (ii) Thresholds for Approval of RRPT

There are no specific thresholds for the approval of RRPT within the Group. All the RRPT will be reviewed by the Audit Committee and approved by the Board of Directors (excluding the interested Directors).

### (iii) Monitoring of RRPT

- (a) An updated list of related parties shall be circulated within the Group from time to time for reference and at the same time, the related party will be notified to ensure that all RRPT are undertaken in accordance with the policies.
- (b) All operating divisions and subsidiary companies shall review the existing information systems to ensure that information on Related Party Transactions are captured at source.
- (c) Records will be maintained by the Company for Audit Committee's review in order to capture all RRPT which are entered into pursuant to the shareholders' mandate.



- (d) The Audit Committee shall review the internal audit reports as and when required to ascertain that the guidelines and procedures established to monitor RRPT have been complied with.
- (e) The Board and the Audit Committee shall have overall responsibility for the determination of the review procedures with authority to sub-delegate to individuals or committees within the Company as they deem appropriate. If a member of the Board or Audit Committee has an interest, as the case may be, he will abstain from any decision making by the Board and the Audit Committee respectively in respect of the said transaction.
- (f) Additional quotations, if relevant, from third parties will be obtained and will be evaluated based on ranking on the price, delivery, services and other terms and conditions before entering into such transactions.

If it is determined that the guidelines and/or procedures stated in Section 2.6(1) of Part A in this Circular are inadequate and to ensure that:-

- (i) the RRPT will be conducted at arm's length and on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public; and
- (ii) such transactions are not to the detriment of the minority shareholders of the Company or prejudicial to the interests of the shareholders.

The Company will obtain a fresh shareholders' mandate based on new guidelines and procedures. The Audit Committee shall also have the discretion to request for limits to be imposed or for additional procedures to be followed if it considers such a request to be appropriate. In that event, such limits or procedures may be implemented without the approval of shareholders, provided that they are more stringent than the existing limits or procedures.

Pursuant to Paragraph 10.09 of the Listing Requirements, in a meeting to obtain the Proposed Shareholders' Mandate, the interested Director, interested Major Shareholder or interested persons connected with a Director and/or Major Shareholder; and where it involves the interest of an interested person connected with a director or major shareholder, such director or major shareholder, must not vote on the resolution approving the transactions.

### **3. STATEMENT BY AUDIT COMMITTEE**

The Audit Committee of the Company has seen and reviewed the procedure mentioned in Section 2.6 above and is of the view that:-

- (i) The procedures and processes are sufficient to ensure that the RRPT are carried out on terms that are not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders; and
- (ii) The Group has in place adequate procedures and processes to monitor, track and identify RRPT in a timely and orderly manner, and such procedures and processes are reviewed on a yearly basis or whenever the need arises.

## **4. RATIONALE FOR AND BENEFITS OF THE PROPOSED NEW SHAREHOLDERS' MANDATE**

### **4.1 Rationale for the Proposed Shareholders' Mandate**

The rationale for the Proposed New Shareholders' Mandate is to enable DXN Group to obtain general mandate from its shareholders for the RRPT. On the whole, the RRPT are considered by the Board to be beneficial to the DXN Group as they constitute recurrent transactions of a revenue or trading nature which are necessary for the day-to-day operations of DXN Group, and which contribute to the generation of their turnover.

It is envisaged that in the normal course of business of DXN Group, transactions in respect of goods or services with the Related Parties will occur with some degree of frequency from time to time and may arise at any time.

Some of these RRPT may be time-sensitive and it may be impractical to seek shareholders' approval on a case to case basis before entering into such RRPT.

The obtaining of the shareholders' mandate and the renewal thereof on an annual basis would eliminate the necessity to convene separate general meetings from time to time to seek shareholders' approval as and when such RRPT arise, thereby reducing administrative time and cost associated with the corporate objectives or adversely affecting the business opportunities available to DXN Group.

### **4.2 Benefits of the Proposed New Shareholders' Mandate**

Some of the benefits to be derived from the Proposed New Shareholders' Mandate of these RRPT are:-

- (i) flexibility and choice of parties to enter into such transactions, whether with Related Parties or Non-Related Parties;
- (ii) facilitate transactions with Related Parties which are in the ordinary course of business of DXN Group undertaken at arm's length basis, normal commercial terms and on terms which are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company;
- (iii) facilitate transactions with Related Parties in an expeditious manner to meet business needs for the supply and/or provision of goods and services which are necessary for its day-to-day operations, particularly business needs which are time sensitive in nature; and
- (iv) eliminate the need to announce and convene separate general meetings to seek shareholders' mandate for each transaction and as such, substantially reduce expenses, time and other resources associated with the making of announcements and convening of general meetings on an ad hoc basis, improve administrative efficiency considerably and allow financial and manpower resources to be channeled to attain more productive objectives.

In addition to the above benefits, the Related Parties had also proven to be reliable in its delivery of services and products as well as fulfilling the quality expectations of the DXN Group. Due to previous business dealings with the Related Parties, the Related Parties are familiar with the Group's operations and are able to meet the Group's business requirements even when short notice is given. This has allowed the Group to benefit from sudden business opportunities that had arisen.

## **5. EFFECTS OF THE PROPOSED NEW SHAREHOLDERS' MANDATE**

The Proposed New Shareholders' Mandate is not expected to have any effect on the total number issued shares, the substantial shareholders' shareholdings of the Company, the NA per share and gearing of the Group for the financial year ending 28 February 2024.

## 6. APPROVAL REQUIRED

The Proposed New Shareholders' Mandate is subject to the approval of the shareholders of DXN at the forthcoming 27<sup>th</sup> AGM.

## 7. DIRECTORS' AND MAJOR SHAREHOLDERS' INTEREST

The direct and indirect interest of the interested Major Shareholder and the interested Directors of DXN and Persons Connected with them as at LPD are summarised below:

Directors of DXN	Shareholdings			
	Direct		Indirect	
	No. of shares	%	No. of shares	%
Datuk Lim Siow Jin ("DLSJ")	-	-	3,390,465,105 <sup>(1)</sup>	68.013 <sup>(1)</sup>
Dato' Lim Boon Yee ("DLBY")	1,715,000	0.034	-	-

### Notes:

<sup>(1)</sup> Deemed interested by virtue of their shareholding in LSJ Global Sdn. Bhd. (formerly known as DXN Global Sdn. Bhd.) ("LSJ Global"), applying Section 8(4) of the Companies Act 2016. LSJ Global held 3,390,465,105 ordinary shares in the Company ("DXN Shares") as at 31 May 2023, out of which 14,140,105 DXN Shares are held on trust for Datuk Lim Siow Jin and 1,254,500,000 DXN Shares are held on trust for his spouse; Datin Leong Bee Ling.

The abovenamed Interested Directors had abstained and will continue to abstain from Board deliberation and voting **and will abstain from voting** in respect of their direct and indirect interests in DXN on the ordinary resolutions pertaining to the Proposed Shareholders' Mandate at the forthcoming 27<sup>th</sup> AGM.

Interested Directors and/or Major Shareholders and Persons Connected	Shareholdings			
	Direct		Indirect	
	No. of shares	%	No. of shares	%

### Director and/or Major Shareholders

LSJ Global	3,390,465,105	68.013	-	-
DLSJ	-	-	3,390,465,105 <sup>(1)</sup>	68.013 <sup>(1)</sup>
Datin Leong Bee Ling	-	-	3,390,465,105 <sup>(1)</sup>	68.013 <sup>(1)</sup>

### Persons Connected to Directors and/or Major Shareholders

Lim Yew Lin <sup>(2)</sup>	5,787,500	0.116	-	-
Lim Chea Lin <sup>(2)</sup>	4,666,000	0.094	-	-
Lee Chiew Khim <sup>(3)</sup>	5,100,000	0.102	-	-
Lim Beng Lee <sup>(4)</sup>	1,210,100	0.024	-	-
Khor Yuan Ning <sup>(5)</sup>	791,000	0.016	-	-
Kee Yew Oi <sup>(6)</sup>	-	-	-	-

### Notes:

<sup>(1)</sup> Deemed interested by virtue of their shareholding in LSJ Global Sdn. Bhd. (formerly known as DXN Global Sdn. Bhd.) ("LSJ Global"), applying Section 8(4) of the Companies Act 2016. LSJ Global held 3,390,465,105 ordinary shares in the Company ("DXN Shares") as at 31 May 2023, out of which 14,140,105 DXN Shares are held on trust for Datuk Lim Siow Jin and 1,254,500,000 DXN Shares are held on trust for his spouse; Datin Leong Bee Ling.

<sup>(2)</sup> Lim Yew Lin and Lim Chea Lin are the sister of both DLSJ and DLBY. Lim Yew Lin is the Chief Financial Officer of the Company.

<sup>(3)</sup> Lee Chiew Khim is the spouse of Lim Chea Lin.

- (4) Lim Beng Lee is the brother of DLSJ and DLBY.
- (5) Khor Yuan Ning is the spouse of Lim Beng Lee.
- (6) Datin Kee Yew Oi is the spouse of DLBY.

The abovenamed Interested **Major Shareholders and** persons connected shall abstain from voting and deliberating in respect of their direct and indirect shareholdings in the Company, if any, at the forthcoming 27<sup>th</sup> AGM on the resolutions approving the RRPT involving their interests which are comprised in the Proposed New Shareholders' Mandate.

The Directors and/or Major Shareholders have undertaken to ensure that all the Persons Connected to them will abstain from voting in respect of their direct and/or indirect interests in the Company **on deliberating or approving** the ordinary resolutions pertaining to the Proposed New Shareholders' Mandate at the forthcoming AGM.

Save as disclosed above, none of the other Directors or Major Shareholders of the Group and/or Persons Connected to them, have any interest, direct or indirect, in the Proposed New Shareholders' Mandate.

## 8. DIRECTORS' RECOMMENDATION

Having considered the rationale for the Proposed New Shareholders' Mandate and deliberated on the same, the Board, with the exception of Datuk Lim Siow Jin and Dato' Lim Boon Yee, is of the opinion that the Proposed New Shareholders' Mandate is in the best interest of the Group.

With the exception of Datuk Lim Siow Jin and Dato' Lim Boon Yee who are interested in the Proposed New Shareholders' Mandate in the manner disclosed in the table in Section 2.4 of Part A in this Circular, and have therefore abstained from making any recommendation in respect of the RRPT in which they are involved, the Board recommends that you vote in favour of the Ordinary Resolution on the Proposed New Shareholders' Mandate to be tabled at the forthcoming 27<sup>th</sup> AGM.

## 9. AGM

The 27<sup>th</sup> AGM, the notice of which is enclosed in the Annual Report of the Company for the financial year ended 28 February 2023, will be convened at DXN Cyberville, Jalan Teknokrat 1, Cyberjaya, 63000 Cyberjaya, Selangor, Malaysia on Monday, 21 August 2023 at 10.00 am for the purpose of considering and, if thought fit, passing with or without any modifications to the ordinary resolutions so as to give effect to the Proposed New Shareholders' Mandate under the Special Business in the 27<sup>th</sup> AGM.

If you are unable to attend the 27<sup>th</sup> AGM in person, you are requested to complete the enclosed Proxy Form in accordance with the instructions contained therein and forward it to Boardroom Share Registrars Sdn. Bhd. at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor at least forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof. The lodging of the Proxy Form will not preclude you from attending and voting in person at the 27<sup>th</sup> AGM should you subsequently wish to do so.

**10. FURTHER INFORMATION**

Shareholders of DXN are requested to refer to the attached Appendix I accompanying this Circular for further information.

Yours faithfully  
for and on behalf of the Board of  
**DXN HOLDINGS BHD.**

**Abraham Verghese A/L T V Abraham**  
Independent Non-Executive Director  
Chairman of the Audit Committee

**PART B**

**STATEMENT OF PROPOSED AUTHORITY FOR THE COMPANY TO  
BUY-BACK ITS OWN SHARES**



## **DXN HOLDINGS BHD.**

Registration No.: 199501033918 (363120-V)  
(Incorporated in Malaysia)

### **STATEMENT OF PROPOSED AUTHORITY FOR THE COMPANY TO BUY-BACK ITS OWN SHARES ("PROPOSED SHARE BUY-BACK")**

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#### **1. INTRODUCTION**

On 23 June 2023, the Board had made announcement to Bursa Securities that the Company proposes to seek its shareholders' approval for the Proposed Authority for the Company to Buy-Back its Own Shares at the forthcoming 27<sup>th</sup> AGM to be held on 21 August 2023.

The purpose of this Statement is to provide you with the details of the Proposed Share Buy-Back and to seek your approval for the ordinary resolution to be tabled at the forthcoming 27<sup>th</sup> AGM.

**YOU ARE ADVISED TO READ AND CONSIDER THE CONTENTS OF THIS STATEMENT INCLUDING THE APPENDIX CAREFULLY BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED SHARE BUY-BACK TO BE TABLED AT THE FORTHCOMING 27<sup>TH</sup> AGM**

#### **2. INFORMATION ON THE PROPOSED SHARE BUY-BACK**

##### **2.1 Details of the Proposed Share Buy-Back**

The Board proposes to seek the authority from shareholders of DXN for the authority to enable the Company to purchase and/or hold from time to time and at any time up to ten per centum (10%) of the total number of issued shares of the Company as at the point of purchase. In accordance with Section 127 of the Act, the Listing Requirements and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by the relevant authorities at the time of the purchase, the Company is allowed to purchase its own Shares on the Bursa Securities through its appointed stockbroker(s) as approved by Bursa Securities.

As at LPD, the total number of issued shares of DXN is 4,985,000,000 shares ("DXN Shares"). The Company also has ESOS (excluding treasury shares, if any) at any point of time during the duration of the scheme to the eligible Directors and employees, which is be in force for a period of five (5) years from the effective date of implementation of the ESOS on 19 May 2023. Should the total number of issued Shares increase due to the implementation exercise of the ESOS, the maximum number of DXN Shares that can be purchased is up to ten percent (10%) of the enlarged total number of issued Shares at the time of purchase.

The Proposed Share Buy-Back, if approved, will be effective upon the passing of the ordinary resolution at the forthcoming AGM and shall continue to be in force until:

- (a) the conclusion of the next AGM of the Company following the general meeting at which such resolution was passed at which time the authority will lapse unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or
- (b) the expiration of the period within which the next AGM is required by law to be held; or

- (c) revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting,

whichever occurs first.

The approval from the shareholders for the Proposed Share Buy-Back does not impose an obligation on the Company to purchase its own Shares on Bursa Securities. The Proposed Share Buy-Back will allow the Board to exercise the power of the Company to purchase its own Shares at any time within the abovementioned time period.

## **2.2 Purchase, Resale or Transfer Price**

Pursuant to the Listing Requirements, the Company may only purchase its own Shares on the Bursa Securities at a price not more than fifteen per centum (15%) above the weighted average market price for the Shares for the five (5) market days immediately before the purchase.

The Company may only resell the Treasury Shares on the Bursa Securities or transfer treasury shares pursuant to section 127(7) of the Act at –

- (a) a price which is not less than the weighted average market price for the Shares for the five (5) market days immediately before the resale; or
- (b) a discounted price of not more than five per centum (5%) to the weighted average market price of the Shares for the five (5) market days immediately before the resale or transfer provided that:
  - (i) the resale or transfer takes place no earlier than thirty (30) days from the date of purchase; and
  - (ii) the resale or transfer price is not less than the cost of purchase of the Shares being resold or transferred.

## **2.3 Treatment of Shares Purchased**

Pursuant to the provisions of Section 127 of the Act, the Board may resolve, at its discretion, to deal with the purchased Shares ("Purchased Shares"), in the following manner:

- (a) retain the Purchased Shares as Treasury Shares; or
- (b) cancel the Purchased Shares; or
- (c) a combination of both.

The Board may, at its discretion, deal with the Purchased Shares held as Treasury Shares, as follow:

- (a) distribute as share dividends to shareholders, such dividend to be known as "share dividends";
- (b) resell on Bursa Securities in accordance with the relevant rules of Bursa Securities;
- (c) transfer the Treasury Shares, or any of the Treasury Shares as purchase consideration;
- (d) cancel the Treasury Shares; or
- (e) sell transfer or otherwise use the Treasury Shares for such other purposes as the Minister may by order prescribe.

The distribution of Treasury Shares as share dividends may be applied as a reduction of the retained profits or share premium account of the Company subject to any prevailing laws, rules, regulations, orders, guidelines and requirements issued by the relevant authorities at the time of the purchase.



To date, the Company has yet to determine the manner of which the Purchased Shares are to be treated. However, the Board will deal with the Purchased Shares in accordance with Section 127 of the Act and will make an immediate announcement to Bursa Securities regarding the treatment of the Purchased Shares, whether the Shares purchased will be cancelled, retained as Treasury Shares, distributed as dividend to the shareholders and/or resold on Bursa Securities, or a combination of above, once determined.

## **2.4 Ranking**

While the Purchased Shares are held as Treasury Shares, Section 127(9) of the Act states that the rights attached to them as to voting, dividends and participation in other distribution and otherwise are suspended. The Treasury Shares shall not be taken into account in calculating the number or percentage of DXN Shares or of a class of DXN Shares for any purposes including substantial shareholding, takeovers, notices, the requisitioning of meetings, the quorum for a meeting and the result of a vote on a resolution at a meeting.

## **3. SOURCE OF FUND**

In accordance with the Listing Requirements, the Proposed Share Buy-Back must be made wholly out of retained earnings of the Company.

The Proposed Share Buy-Back will be financed through internally generated funds and/or bank borrowings. The maximum amount of funds to be utilised by the Company for the Proposed Share Buy-Back shall not exceed the retained profits of the Company.

The retained profit of the Company, based on the latest audited financial statements of the Company as at 28 February 2023 is RM274,650,000.

In the event that the Company intends to purchase its own shares using bank borrowings, the Board shall ensure that the Company shall have sufficient funds to repay the external borrowings and that the repayment would not have any material effect on the cash flow of the Group.

The actual number of the Shares to be purchased, and the timing of such purchases will depend on, among others, the market conditions and sentiments of the stock market as well as the Company's financial resources and retained earnings.

## **4. RATIONALE/POTENTIAL ADVANTAGES AND DISADVANTAGES OF THE PROPOSED SHARE BUY-BACK**

The Proposed Share Buy-Back, if implemented, will enable DXN to utilise any of its surplus financial resources, which is not immediately required for other uses, to purchase its own Shares from the market.

Any share buy-back, if implemented pursuant to the Proposed Share Buy-Back, is likely to potentially benefit DXN and its shareholders in the following manner:

- (a) The Purchased Shares may be held as treasury shares and distributed to shareholders as share dividends and/or resell or partially resell in the open market with the intention of realising a potential capital gain if the Purchased Shares are resell at price(s) higher than their purchase price(s);
- (b) The Purchased Shares may be held as treasury shares and to be transferred for the purpose of or under the employees' share grant scheme to be established by the Company without the necessity of appointing a trustee, thus, saving costs; and

- (c) Allow the Company to take preventive measures against speculation particularly when its Shares are undervalued which would in turn stabilise the supply and demand of its Shares in the open market and thereby supporting its fundamental values.

The potential disadvantages of the Proposed Share Buy-Back to the Company and its shareholders are as follows:

- (a) The Proposed Share Buy-Back, if exercised, is expected to temporarily reduce the financial resources of the Group and may represent an opportunity cost to the Group in respect of its ability to undertake other investment opportunities and/or to earn any income that may be derived from other alternative use of such funds such as deposits in interest bearing instruments; and
- (b) As the Proposed Share Buy-Back must be made wholly out of the retained earnings of the Company, it may result in the reduction of financial resources available for distribution to the shareholders in the form of cash dividends as the funds are utilised to purchase the Company's own Shares.

Nevertheless, the Board is of the view that the Proposed Share Buy-Back is not expected to have any potential material disadvantage to Company and its shareholders as it will be implemented only after in-depth consideration of the financial resources of the Company and the resultant impact on the shareholders. The Board will be mindful of the interest of DXN and its shareholders in undertaking the Proposed Share Buy-Back and in the subsequent cancellation of the Purchased Shares.

## **5. FINANCIAL EFFECTS OF THE PROPOSED SHARE BUY-BACK**

Assuming that the Proposed Share Buy-Back is implemented in full, by the Company, the effects of the Proposed Share Buy-Back on the number of issued shares, EPS, NA, working capital, gearing and dividend are as set out below:

### **5.1 Issued Share Capital**

The effects of the Proposed Share Buy-Back on the share capital of the Company will depend on the intention of the Board as to the treatment of the Shares purchased.

If the Purchased Shares are retained as treasury shares, the issued Shares will not be reduced but the rights attaching to the Treasury Shares as to voting, dividends and participation in other distributions or otherwise will be suspended. While these Shares remain as Treasury Shares, the Act prohibits the taking into account of such Shares in calculating the number of percentage of Shares for a purpose whatsoever including substantial shareholdings, takeovers, notices, requisitioning of meetings, quorum for meetings and the result of votes on resolutions.

On the assumption that the Share Buy-Back is carried out in full and the Purchased Shares are fully cancelled, the effects of the Share Buy-Back on the total number of issued Shares of the Company are as follows:

	<b>Minimum Scenario<sup>(1)</sup> Number of Shares</b>	<b>Maximum Scenario<sup>(2)</sup> Number of Shares</b>
Existing total number of issued Shares	4,985,000,000	4,985,000,000
Assuming full exercise of ESOS	-	249,250,000
Total number if issued Shares	4,985,000,000	5,234,250,000
Maximum number of Shares that may be purchased pursuant to the Proposed Share Buy-Back	498,500,000	523,425,000
Total number of issued Shares after cancellation of Purchased Shares under the Proposed Share Buy-Back	4,486,500,000	4,710,825,000

Note:

(1) Assuming no new Share is issued pursuant to the ESOS

(2) Assuming maximum number of Shares is issued pursuant to the full exercise / implementation of the ESOS

## 5.2 EPS

The effect of the Proposed Share Buy-Back on the EPS of the Group will depend on the purchase price(s) of the Shares and the actual number of Shares bought back. The reduced number of issued shares subsequent to the Proposed Share Buy-Back will generally have a positive impact, all else being equal, on the Group's EPS.

## 5.3 NA, Gearing and Working Capital

The effect of the Proposed Share Buy-Back on the NA per share of the Group is dependent on the purchase price(s) of the Shares purchased. If the purchase price is less than the audited NA per share of the Group at the time of purchase, the NA per share will increase. Conversely, if the purchase price exceeds the audited NA per share of the Group at the time of purchase, the NA per share will decrease.

The Proposed Share Buy-Back is likely to reduce the working capital of the Group, the quantum of which depends on, amongst others, the number of Shares purchased, the purchase price of the Shares and any associated costs incurred in making the purchase.

However, if the Purchased Shares kept as Treasury Shares are resold on Bursa Securities, the working capital of the Group would increase if the Company realises a gain from the resale. The quantum of the increase in the working capital will depend on the actual selling price of the Treasury Shares and the number of Treasury Shares resold.

Assuming that the Treasury Shares are being retained by the Company and no borrowing is being used to fund any purchase of the Purchased Shares, the Proposed Share Buy-Back may increase the gearing of the Group as the Purchased Shares will reduce the equity by the cost of Shares acquired and held as Treasury Shares. The Proposed Share Buy-Back may further increase the gearing of the Company if borrowing is used to fund any purchase of the Purchased Shares.

However, at the juncture, the Company does not foresee to use any borrowing to purchase any Shares under the Proposed Share Buy-Back. The Proposed Share Buy-Back, when implemented, will reduce the working capital and cash flow of the Group, the quantum of which will depend on the purchase prices of the Shares and the number of Purchased Shares.

#### **5.4 Dividend**

The Proposed Share Buy-Back may reduce the amount of distributable reserves available for payment of dividend in the immediate future.

#### **6. IMPLICATION OF THE CODE**

As at the date of the LPD, total shareholding held by LSJ Global Sdn. Bhd. in DXN is approximately 68.01%. As such, LSJ Global Sdn. Bhd. will not trigger a mandatory take-over offer obligation as a result of future purchases by DXN of its own shares pursuant to the Proposed Share Buy-Back.

#### **7. PURCHASE, RESALE AND CANCELLATION OF DXNH SHARES MADE IN THE PRECEDING TWELVE (12) MONTHS**

The Company was listed on Main Market of Bursa Securities on 19 May 2023. Hence, there is no shares being bought back by the Company.

#### **8. PUBLIC SHAREHOLDING SPREAD**

The Proposed Share Buy-Back will be carried out in compliance with the prevailing laws at the time of purchase including compliance with Paragraph 8.02(1) of the Listing Requirements which requires at least 25% of the total number of issued Shares (excluding Treasury Shares) of the Company to be in the hands of public shareholders.

Bursa Securities has, vide its letter dated 10 February 2023, resolved to accept the Company's expected level of public shareholding spread of 15% upon listing of the Company, as in compliance with Paragraph 3.06(1) of the Listing Requirements.

As at LPD, the public shareholding spread of the Company is approximately 18.25%.

The Board is mindful of the compliance with the public shareholding spread as required by the Listing Requirements and will take into consideration the requirement when making any purchase of DXN Shares pursuant to the Proposed Share Buy-Back.

#### **9. INTEREST OF DIRECTORS, SUBSTANTIAL SHAREHOLDERS AND/OR PERSONS CONNECTED**

The Directors, Substantial Shareholders and persons connected to the Directors and/or Substantial Shareholders of DXN Group have no direct or indirect interest in the Proposed Share Buy-Back and/or the resale of Treasury Shares, if any.

The proforma table below shows the equity interests held directly and indirectly in DXN by the Directors and Substantial shareholders of DXN as at LPD before and after the Proposed Share Buy-Back:-

	Before Proposed Share Buy-Back				After Proposed Share Buy-Back				After Proposed Share Buy-Back & full implementation of ESOS			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
<b>Directors</b>												
Datuk Lim Siow Jin	-	-	3,390,465,105 <sup>(1)</sup>	68.013	-	-	3,390,465,105 <sup>(1)</sup>	75.570	3,000,000	0.064	3,390,465,105 <sup>(1)</sup>	71.972
Teoh Hang Ching	830,000	0.017	75,000 <sup>(2)</sup>	0.002	830,000	0.018	75,000 <sup>(2)</sup>	0.002	3,330,000	0.071	75,000 <sup>(2)</sup>	0.002
Dato' Lim Boon Yee	1,715,000	0.034	-	-	1,715,000	0.038	-	-	1,965,000	0.042	-	-
Vibhav Panandiker	-	-	-	-	-	-	-	-	-	-	-	-
Datuk Noripah Binti Kamso	200,000	0.004	-	-	200,000	0.004	-	-	400,000	0.008	-	-
Tunku Afwida Binti Tunku A. Malek	--	-	-	-	-	-	-	-	200,000	0.004	-	-
Stefan Heitmann	-	-	-	-	-	-	-	-	200,000	0.004	-	-
Abraham Verghese A/L T V Abraham	-	-	-	-	-	-	-	-	-	-	-	-
Ong Huey Min	-	-	70,000 <sup>(2)</sup>	0.001	-	-	70,000 <sup>(2)</sup>	0.002-	200,000	0.004	70,000 <sup>(2)</sup>	0.001
<b>Substantial Shareholders</b>												
LSJ Global Sdn. Bhd.	3,390,465,105	68.013	-	-	3,390,465,105	75.570	-	-	3,390,465,105 <sup>(1)</sup>	71.972	-	-
Gano Global Supplements Pte. Ltd.	661,859,895	13.277	-	-	661,859,895	14.752	-	-	661,859,895	14.050	-	-
Datin Leong Bee Ling	-	-	3,390,465,105 <sup>(3)</sup>	68.013	-	-	3,390,465,105 <sup>(3)</sup>	75.570	-	-	3,390,465,105 <sup>(1)</sup>	71.972
Datuk Lim Siow Jin	-	-	3,390,465,105 <sup>(3)</sup>	68.013	-	-	3,390,465,105 <sup>(3)</sup>	75.570	3,000,000	0.064	3,390,465,105 <sup>(1)</sup>	71.972
KV Asia Capital Fund I L.P.			661,859,895 <sup>(4)</sup>	13.277	-	-	661,859,895 <sup>(4)</sup>	14.752	-	-	661,859,895 <sup>(4)</sup>	14.050
KV Asia Capital Master Fund I Pte. Ltd.			661,859,895 <sup>(4)</sup>	13.277	-	-	661,859,895 <sup>(4)</sup>	14.752	-	-	661,859,895 <sup>(4)</sup>	14.050

Notes:

- (1) Deemed interested by virtue of their shareholding in LSJ Global Sdn. Bhd. (formerly known as DXN Global Sdn. Bhd.) ("LSJ Global"), applying Section 8(4) of the Companies Act 2016. LSJ Global held 3,390,465,105 ordinary shares in the Company ("DXN Shares") as at 31 May 2023, out of which 14,140,105 DXN Shares are held on trust for Datuk Lim Siow Jin and 1,254,500,000 DXN Shares are held on trust for his spouse; Datin Leong Bee Ling.

- (2) Indirect shares via spouse and /or children pursuant to Section 59(11)(c) of the Companies Act, 2016
- (3) Deemed interested by virtue of their shareholding in LSJ Global Sdn. Bhd. (formerly known as DXN Global Sdn. Bhd.) ("LSJ Global"), applying Section 8(4) of the Companies Act 2016. LSJ Global held 3,390,465,105 ordinary shares in the Company ("DXN Shares") as at 31 May 2023, out of which 14,140,105 DXN Shares are held on trust for Datuk Lim Siow Jin and 1,254,500,000 DXN Shares are held on trust for his spouse; Datin Leong Bee Ling.
- (4) Deemed interest pursuant to Section 8 of the Companies Act, 2016

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## 10. SHARE PRICES

The monthly highest and lowest prices of the Shares traded on the Bursa Securities since the Company's Shares were listed on 19 May 2023 up to 31 May 2023 (LPD) are as follows:

Year	Month	Highest price (RM)	Lowest price (RM)
2023	May	0.705	0.625

(Source: KLSE Screener)

The last transacted price of DXN Shares on LPD, being the LPD prior to the printing of this Circular was RM0.655.

## 11. APPROVAL REQUIRED

The Proposed Share Buy-Back is subject to the approval of the shareholders of DXN at the forthcoming 27<sup>th</sup> AGM.

## 12. DIRECTORS' RECOMMENDATION

The Board, having considered all aspects of the Proposed Share Buy-Back, is of the opinion that the Proposed Share Buy-Back is in the best interests of the Group. Accordingly, the Board recommends that you vote in favour of the ordinary resolution pertaining to the Proposed Share Buy-Back to be tabled at the forthcoming 27<sup>th</sup> AGM.

## 13. AGM

The 27<sup>th</sup> AGM, the notice of which is enclosed in the Annual Report of the Company for the financial year ended 28 February 2023, will be convened at DXN Cyberville, Jalan Teknokrat 1, Cyberjaya, 63000 Cyberjaya, Selangor, Malaysia on Monday, 21 August 2023 at 10.00 am for the purpose of considering and, if thought fit, passing with or without any modifications to the ordinary resolution so as to give effect to the Proposed Share Buy-Back under the Special Business in the 27<sup>th</sup> AGM.

If you are unable to attend the 27<sup>th</sup> AGM in person, you are requested to complete the enclosed Proxy Form in accordance with the instructions contained therein and forward it to Boardroom Share Registrars Sdn. Bhd. at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor at least forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof. The lodging of the Proxy Form will not preclude you from attending and voting in person at the 27<sup>th</sup> AGM should you subsequently wish to do so.

## 14. FURTHER INFORMATION

Shareholders of DXN are requested to refer to the attached Appendix I accompanying this Statement for further information.

**FURTHER INFORMATION****1. DIRECTORS' RESPONSIBILITY STATEMENT**

This Circular has been seen and approved by the Board and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that after making all reasonable enquiries and to the best of their knowledge and belief there are no other facts the omission of which would make any statement in this Circular misleading.

**2. MATERIAL CONTRACTS**

Save as disclosed below, neither the Company nor of its subsidiaries have entered into any material contracts (not being contracts entered into in the ordinary course of business of the DXN Group) within two (2) years preceding the date of the Circular.

**(a) Share sale agreement (“SSA”) dated 17 May 2022 between DXN Corporation Ningxia and Fujian Anxi Jinjiang Source Tea Technology Co., Ltd in respect of the disposal of the entire 80.0% interest in the total registered share capital in Florin Fujian**

On 6 May 2022, the Company transferred its entire equity interest held in Florin (Fujian) Integrated Agricultural Science and Technology Co., Ltd, (“Florin Fujian”) to its wholly-owned subsidiary, DXN Corporation (Ningxia) Co., Ltd. (“DXN Ningxia”).

On 17 May 2022, DXN Ningxia further entered into a Share Sale Agreement (“SSA”) to dispose of its entire equity interest held in Florin Fujian to Fujian Anxi Jinjiang Source Tea Technology Co., Ltd for a total consideration of RMB58,660,000 (equivalent to RM38,800,000), of which RMB49,330,000 (equivalent to RM32,600,000) is payable in cash and the remaining RMB9,330,000 (equivalent to RM6,200,000) will be set-off against future purchase of goods by the Group from Florin Fujian.

The disposal was originally expected to be completed within 6 months from the date of the SSA, following which Florin Fujian and its subsidiary namely, Anxi Gande Foluohua Integrated Agricultural Science and Technology Co., Ltd will cease to be subsidiaries of the Company. The Group and the Company are expected to recognise a gain of approximately RM10 million and RM15 million respectively upon completion of the disposal.

During the current financial year, the purchaser has informed the Group that they are unable to fulfil certain conditions of the SSA. The Company has granted an extension of time to the purchaser to fulfil the conditions by 30 June 2023.

**(b) Acquisition of Daxen Middle East Food Manufacturing L.L.C**

The Company had on 28 March 2023 entered into a Share Sale Agreement (“SSA”) to acquire the entire equity interest of Daxen Middle East Food Manufacturing L.L.C (“Daxen Middle East”) for a total purchase consideration of UAE Dirhams (“AED”) 10,000,000 (equivalent to RM11.88 million). Included in the purchase consideration of RM11.88 million is reimbursement for certain expenses incurred by the vendor on behalf of the Company prior to the completion of the acquisition amounting to RM3.9 million which will be expensed to profit or loss as impairment loss of goodwill upon completion of the said acquisition.



Daxen Middle East is principally involved in manufacturing of natural (organic) food, instant and liquid coffee and food supplements. The acquisition is expected to be completed within 3 months from the date of the SSA, following which Daxen Middle East will become a wholly-owned subsidiary of the Company.

**(c) Purchase Option Agreements in respect of the acquisition of industrial land in Chilca, Peru**

On 29 March 2023, DXN Peru entered into Purchase Option Agreements with Inmobiliaria Salonica S.A.C. to acquire four lots of land located in Parque Sector 62 - Chilca Industrial, province of Canete department of Lima, Peru for a total purchase consideration of U.S. Dollar ("USD") 4,463,791 (equivalent to RM19.93 million). On 30 March 2023, DXN Peru has paid a 15% deposit amounting to USD669,569 (equivalent to RM2.99 million) to Inmobiliaria Salonica S.A.C.

**(d) Lock-up agreement dated 13 April 2023 in relation to our IPO and Listing**

Lock-up agreement dated 13 April 2023 issued by our Company to the Joint Bookrunners in relation to the lock-up arrangement for our IPO and Listing (including the Over-allotment Option which may be exercised), details of which are set out in Section 4.8.3 of the Prospectus.

**3. MATERIAL LITIGATION**

Neither the Company nor of its subsidiaries is engaged in any material litigation, claim and arbitrations either, as plaintiff or defendant, and the Board have no knowledge of any proceedings pending or threatened against the Group or of any fact likely to give rise to any proceedings which might materially and adversely affect the position or business of the Company and its subsidiaries.

**4. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection at the registered office of the Company at 170-09-01, Livingston Tower, Jalan Argyll, 10050 George Town, Pulau Pinang, Malaysia during normal office hours from Mondays to Fridays (except public holidays) from the date of this Circular up to the time set for convening the 27<sup>th</sup> AGM:

- (a) Constitution of the Company;
- (b) Material contracts as referred to in Section 2 above; and
- (c) Audited Financial Statements of the Company for the past two (2) financial years ended 28 February 2022 and 2023.