

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

Minutes of the Twenty-Eighth (28th) Annual General Meeting (“**28th AGM**” or “**meeting**”) of the shareholders of DXN HOLDINGS BHD. (“**DXNH**” or the “**Company**”) held at DXN Cyberville, Jalan Teknokrat 1, Cyberjaya, 63000 Cyberjaya, Selangor on Monday, 12 August 2024 at 10:00 am.

- Present:**
1. Datuk Lim Siow Jin, Executive Chairman
 2. Dato’ Lim Boon Yee, Non-Independent Non-Executive Director
 3. Mr. Vibhav Panandiker, Non-Independent Non-Executive Director
 4. Datuk Noripah Binti Kamso, Senior Independent Non-Executive Director
 5. YM Tunku Afwida Binti Tunku A. Malek, Independent Non-Executive Director
 6. Mr. Stefan Heitmann, Independent Non-Executive Director
 7. Mr. Abraham Verghese A/L T V Abraham, Independent Non-Executive Director
 8. Ms. Ong Huey Min, Independent Non-Executive Director

- In Attendance:**
- Key Senior Management**
1. Mr. Prajith Pavithran, Chief Executive Officer
 2. Ms. Lim Yew Lin, Chief Financial Officer
 3. Ms. Lim Beng Cheng, Group Financial Controller

Company Secretary

1. Ms. Ong Tze-En, Joint Company Secretary (“Ms. Ong”)

- External Auditors:**
1. Mr. Raymond Chong Chee Mon, Partner, KPMG PLT
 2. Ms. Tan Li Li, Executive Director, KPMG PLT

Polling Agent: Boardroom Share Registrars Sdn. Bhd.

Scrutineer: SKY Corporate Services Sdn. Bhd.

Shareholders / Corporate Representatives / Proxies / Invitees As per the Attendance List attached

The shareholders, corporate representatives, proxies and invitees (collectively “**the Attendees**”) who attended 28th AGM are set out in the Attendance List attached to and which formed an integral part of these Minutes.

Welcome Address & Administrative arrangements

- (A) Ms. Julie June Nelson Auo, Master of Ceremonies, extended a very warm welcome to all Attendees who attended the 28th AGM of the Company.
- (B) She requested all Attendees to note the administrative guide as included in the 2024 Annual Report and encouraged them to have a word with the representative of Polling Agent, BoardRoom Share Registrars Sdn. Bhd. (“**BRSRS**”) should the need arise.

Minutes of Twenty-Eighth (28th) Annual General Meeting held on 12 August 2024

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- (C) She added that discussion on matters that transpires in this AGM is deemed confidential and only for the knowledge of such relevant parties, so any visual or audio recording of the meeting proceedings while the AGM is conducted is strictly prohibited.
- (D) She highlighted that every member present at this AGM today either in person, or by corporate representative or by proxy, has the right to participate, speak and vote on the resolutions as stated in the agenda of this meeting.
- (E) She requested each member to introduce himself or herself by stating their name and whether he/she is a shareholder or a proxy or a corporate representative before raising questions.
- (F) She proceeded to introduce members of the Board of Directors of the Company, Chief Executive Officer of the Group, the Company Secretary, Chief Financial Officer of the Group, Group Financial Controller and the external auditors, KPMG PLT.
- (G) She informed that there were nine (9) Ordinary Resolutions to be tabled for approval by the shareholders as set out in the Notice of the 28th AGM dated 28 June 2024. As required by Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all nine (9) Ordinary Resolutions as set forth in the Notice would be taken on poll. In view of this, voting on these 9 Ordinary Resolutions shall be determined by way of electronic poll voting.
- (H) She then introduced BRSRS and SKY Corporate Services Sdn. Bhd. as the appointed Polling Agent and Independent Scrutineer to conduct the polling and to verify the polling process respectively. He informed that the polling process would be conducted upon conclusion of the deliberation of all items on the meeting agenda.
- (I) She informed that an identification wristband has been provided irrespective of whether attending this meeting as a shareholder, proxy, corporate representative, or in both capacities as shareholder and proxy. A QR code has also been generated to scan and access the e-polling system and to vote using smartphones or tablets when the voting session is open.

Notice of meeting

- (J) She informed that the Notice of the 28th AGM was announced and circulated to the shareholders, Directors and the external auditors, KPMG PLT on 28 June 2024. The Notice of the 28th AGM together with Annual Report 2024 and the Circular & Statement to shareholders are released to Bursa Malaysia Securities Berhad and also published on corporate website. As the Notice has been properly given, it is taken as read.
- (K) She then handed over to Datuk Lim Siow Jin ("**Datuk Chairman**"), Executive Chairman of the Company to deliver his welcome speech and subsequently conduct the meeting.

Call to order and determination of quorum

- (L) Datuk Chairman highlighted that the Constitution of the Company provides that two (2) members present in person or by proxy or by corporate representatives shall be a quorum. As the requisite quorum was present at the start of meeting, Datuk Chairman then called the meeting to order.
- (M) He then exercised his right, as Chairman of the meeting, to demand for poll in accordance with Clause 143 of the Company's Constitution for all nine (9) Ordinary Resolutions.
- (N) Datuk Chairman also highlighted that some of the shareholders had appointed him, as Chairman of the meeting, as their proxy to vote on their behalf. Therefore, he would vote for each resolution in accordance with the instructions given by the said shareholders.
- (O) Datuk Chairman proceeded to deal with meeting agenda.

1. Audited Financial Statements for the financial year ended 29 February 2024 together with the Reports of the Directors and Auditors thereon

- 1.1 Datuk Chairman informed that the Audited Financial Statements for the financial year ended 29 February 2024 ("**FY2024**") together with the Reports of the Directors and Auditors have been circulated to shareholders earlier. This agenda item is meant for discussion only. It does not required approval of shareholders and hence would not be put for voting.
- 1.2 Datuk Chairman then invited the Management team to display the video presentation concerning the overview of the Group's financial performance for the year 2024.
- 1.3 Datuk Chairman proceeded to invite questions from the floor pertaining to any relevant accounting related matters on AFS for FY2024.
- 1.4 At this juncture, several shareholders raised queries. The list of questions and responses from the Directors is attached herein as "Appendix A".
- 1.5 There being no further question raised, it was recorded that the AFS for FY2024 of the Company had been duly tabled and received.

2. To re-elect the following Directors retiring pursuant to Clause 188 of the Company's Constitution and who, being eligible, offer themselves for re-election:

- (a) **Dato' Lim Boon Yee** (Ordinary Resolution 1)
- (b) **Vibhav Panandiker** (Ordinary Resolution 2)
- (c) **Ong Huey Min** (Ordinary Resolution 3)

Minutes of Twenty-Eighth (28th) Annual General Meeting held on 12 August 2024

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- 2.1 Datuk Chairman informed that Ordinary Resolutions 1, 2 and 3 dealt with the re-election of 3 Directors, namely Dato' Lim Boon Yee, Vibhav Panandiker and Ong Huey Min. They retire pursuant to Clause 188 of the Company's Constitution and being eligible, have offered themselves for re-election.
- 2.2 He added that details on the Board's justifications and basis in support of their re-election are included in the Explanatory Notes on Page 236 of the Annual Report 2024.
- 2.3 Datuk Chairman proceeded to invite questions from the floor. None was noted.
- 2.4 On the proposal of Datuk Chairman, the Ordinary Resolutions 1, 2 and 3 were put to vote individually by way of poll.
- 3. To approve the payment of Directors' fees and benefits payable of up to RM1,000,000 for the period commencing one day after this AGM through to the next AGM of the Company in 2025 (Ordinary Resolution 4)**
- 3.1 Datuk Chairman informed that the next agenda item was to approve the payment of Directors' fees and benefits payable of up to RM1,000,000 for the period commencing one day after this AGM through to the next AGM of the Company in 2025. Details are enumerated in the Explanatory Notes on Page 236 of the Annual Report 2024.
- 3.2 Datuk Chairman added that all INEDs and persons connected to them are deemed interested and had therefore, abstained from voting in respect of their direct and/or indirect interest on Ordinary Resolution 4.
- 3.3 No questions were noted from the floor.
- 3.4 On the proposal of Datuk Chairman, the motion for Ordinary Resolution 4 was put to vote by way of poll.
- 4. To re-appoint KPMG PLT as Auditors of the Company for the ensuing financial year and to authorise the Directors to fix their remuneration (Ordinary Resolution 5)**
- 4.1 Datuk Chairman informed that Ordinary Resolution 5 was to re-appoint KPMG PLT as Auditors of the Company for ensuing year to hold office until the conclusion of the next AGM and to authorise the Directors to fix their remuneration. He added that KPMG PLT had indicated their willingness to accept re-appointment.
- 4.2 Datuk Chairman proceeded to invite questions from the floor. None was noted.
- 4.3 On the proposal of Datuk Chairman, the Ordinary Resolution 5 was put to a vote by way of poll.

4.4 Having concluded the ordinary business of the meeting, Datuk Chairman proceeded on with the Special Business.

5. Authority under sections 75 and 76 of the Companies Act 2016 for the Directors to allot and issue shares (Ordinary Resolution 6)

5.1 Datuk Chairman informed that Ordinary Resolution 6, if passed, would empower the Directors to allot and issue shares up to an aggregate amount not exceeding 10% of the issued share capital of the Company.

5.2 Datuk Chairman added that the Board is also seeking mandate from the shareholders to waive the statutory pre-emptive rights under Section 85 of the Companies Act 2016 read together with Clause 37(a) of the Constitution of the Company. The shareholders' approval would allow the Directors of the Company to issue new shares of the Company which rank equally to existing issued shares of the Company, to any person without having to offer the new shares to all existing shareholders of the Company prior to issuance of these new shares of the Company under the General Mandate.

5.3 Datuk Chairman further informed that the renewal of this general mandate would provide the Board a certain amount of flexibility, when the need arose, to issue additional shares subject to approval of all relevant regulatory bodies being obtained, where necessary.

5.4 Details of this resolution are set out in the Explanatory Notes accompanying the Notice of 28th AGM.

5.5 Datuk Chairman proceeded to invite questions from the floor. None was noted.

5.6 On the proposal of Datuk Chairman, the Ordinary Resolution 6 was put to a vote by way of poll.

6. Proposed renewal of shareholders' mandate for existing recurrent related party transactions and new shareholders' mandate for additional recurrent related party transactions of a revenue or trading nature ("Proposed Shareholders' Mandate") [Ordinary Resolution 7]

6.1 Datuk Chairman informed that Ordinary Resolution 7 dealt with the Proposed renewal of shareholders' mandate for existing recurrent related party transactions and new shareholders' mandate for additional recurrent related party transactions of a revenue or trading nature ("**Proposed Shareholders' Mandate**"), details of which were as set out in Part A of the Circular to Shareholders dated 28 June 2024 ("**Circular**").

6.2 He briefed that the passing of Ordinary Resolution 7 would allow the Company and its subsidiaries to enter into RRPT as set out in Section 2.4 under Part A of the Circular.

6.3 Datuk Chairman added that as disclosed under Section 7 of the Circular, he and Dato' Lim Boon Yee are regarded as interested in the Proposed Shareholders' Mandate by virtue of their direct and indirect shareholdings. Both he and Dato' Lim Boon Yee had abstained from voting in respect of their direct and/or indirect interest on Ordinary Resolution 7 and had ensured that all persons connected to them would abstain from voting as well.

6.4 No question was raised by the Attendees.

6.5 On the proposal of Datuk Chairman, the Ordinary Resolution 7 was put to a vote by way of poll.

7. Proposed Renewal of Authority for the Company to purchase its own Shares ("Proposed Share Buy-Back") [Ordinary Resolution 8]

7.1 Datuk Chairman informed that Ordinary Resolution 8 concerned the Proposed Renewal of Authority for the Company to purchase its own Shares ("**Proposed Share Buy-Back Authority**"), details of which were as set out in Part B of the Circular to Shareholders dated 28 June 2024.

7.2 Datuk Chairman added that the passing of Ordinary Resolution 8 would allow the Directors to exercise the power of the Company to purchase its own shares of up to 10% of the total number of issued shares of the Company with effect from the date of passing of the resolution until the conclusion of the next AGM in 2025 or, if earlier revoked or varied by the shareholders in a general meeting.

8. Proposed Retirement gratuity payment of RM1,000,000 to Teoh Hang Ching, former Executive Director and Chief Executive Officer of DXN Group ("Proposed Retirement Gratuity Payment") [Ordinary Resolution 9]

8.1 Datuk Chairman informed that Ordinary Resolution 9 was to obtain approval from the shareholders to empower the Company to make a Retirement gratuity payment of RM1,000,000 to Mr. Teoh Hang Ching, former Executive Director and Chief Executive Officer of DXN Group, who stepped down as Executive Director and Chief Executive Officer on 1 June 2024 and would retire from the DXN Group by end of this month in recognition and appreciation of his long service and contribution to DXN Group.

8.2 Datuk Chairman added that this resolution is amended with the insertion of the word "Retirement" to affirm that the gratuity payment is in connection with Mr. Teoh Hang Ching's retirement.

8.3 Datuk Chairman proceeded to invite questions from the floor. None was noted.

8.4 On the proposal of Datuk Chairman, the Ordinary Resolution 9 was put to a vote by way of poll.

9. Any other business

9.1 In response to Datuk Chairman, the Company Secretary informed that no notice of any other business for transaction at the meeting had been received.

10. Polling and Voting Process

10.1 Datuk Chairman invited representative from the Polling Agent to take through the e-polling procedure before the shareholders proceeded with voting on all the 9 Ordinary Resolutions using BoardRoom's e-Vote App.

10.2 He added that the votes would be counted by the Polling Agent and verified by the Independent Scrutineer. They estimate it would take about 20 minutes to complete the verification of poll result.

10.3 With the consent of the Meeting, Datuk Chairman declared the meeting adjourned for 35 minutes after the presentation by the representative of the Polling Agent. When the results are available, they will resume the meeting.

10.4 On Datuk Chairman's invitation, the representative from the Polling Agent presented a video tutorial on using the BoardRoom e-Vote App for voting guidance.

11. Announcement of Polling Results

11.1 The meeting was reconvened at 12:10 pm. Datuk Chairman called the meeting to order for the declaration of the poll results in respect of the nine (9) Ordinary Resolutions. He thanked all Attendees for their patience to wait for the results of the poll.

11.2 The poll results (attached herein as Appendix A) were verified and scrutinised by the Independent Scrutineer, SKY Corporate Services Sdn. Bhd..

11.3 Datuk Chairman proceeded to announce the results of the poll as tabulated below and the results of the poll were also projected on screen for ease of viewing by all Attendees:

	For			Against			Total vote	
	Record	No. of shares	%	Record	No. of shares	%	Record	No. of shares
OR1	147	4,329,807,466	99.9978	3	95,200	0.0022	150	4,329,902,666
OR2	144	3,998,696,119	99.9931	5	276,600	0.0069	149	3,998,972,719
OR3	142	4,273,397,466	98.6950	8	56,505,200	1.3050	150	4,329,902,666
OR4	136	4,327,328,116	99.9860	10	607,550	0.0140	146	4,327,935,666
OR5	146	4,329,866,616	99.9992	4	36,050	0.0008	150	4,329,902,666
OR6	133	4,273,332,716	98.6935	17	56,569,950	1.3065	150	4,329,902,666
OR7	133	821,327,811	99.9918	6	66,950	0.0082	139	821,394,761

	For			Against			Total vote	
	Record	No. of shares	%	Record	No. of shares	%	Record	No. of shares
OR8	142	4,329,802,216	99.9978	7	95,450	0.0022	149	4,329,897,666
OR9	132	4,272,085,116	98.6837	16	56,985,550	1.3163	148	4,329,070,666

11.4 Based on the poll results, Datuk Chairman then declared that all the nine (9) Ordinary Resolutions as tabled at this 28th AGM were approved and carried by majority votes.

11.5 It was **RESOLVED:**

Ordinary Resolution 1

“THAT Dato’ Lim Boon Yee, who retired pursuant to Clause 188 of the Company’s Constitution, be and is hereby re-elected as Director of the Company.”

Ordinary Resolution 2

“THAT Vibhav Panandiker, who retired pursuant to Clause 188 of the Company’s Constitution, be and is hereby re-elected as Director of the Company.”

Ordinary Resolution 3

“THAT Ong Huey Min, who retired pursuant to Clause 188 of the Company’s Constitution, be and is hereby re-elected as Director of the Company.”

Ordinary Resolution 4

“THAT the payment of Directors’ fees and benefits payable of up to RM1,000,000 for the period commencing one day after this AGM through to the next AGM of the Company in 2025, be and is hereby approved.”

Ordinary Resolution 5

“THAT the retiring Auditors, KPMG PLT be and are hereby re-appointed as Auditors of the Company to hold office until the conclusion of the next Annual General Meeting and the Directors be and are hereby authorised to fix their remuneration.”

Ordinary Resolution 6

AUTHORITY UNDER SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016 FOR THE DIRECTORS TO ALLOT AND ISSUE SHARES

“THAT, subject always to the Companies Act 2016 (“Act”), the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and the approvals of the relevant governmental or regulatory authorities, where such approval is required, the Directors be and are hereby authorised and empowered pursuant to Sections 75 and 76 of the Act to issue and allot shares in the Company to such persons, at any time until the conclusion of the next Annual General Meeting (“AGM”) and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being.

THAT, the Directors are also empowered to obtain the approval from the Bursa Securities for the listing and quotation for the additional shares to be issued and THAT such authority shall continue to be in force until the conclusion of the next AGM of the Company

THAT, pursuant to Section 85(1) of the Act to be read together with Clause 37(a) of the Constitution of the Company, all new shares or other convertible securities in the Company shall, before they are issued, be first offered to such persons who are entitled to receive notices from the Company of general meetings as at the date of the offer in proportion as nearly as the circumstances admit, to the amount of the existing shares or securities to which they are entitled ("**Pre-emptive Rights**").

AND THAT, should this resolution be passed by the shareholders, this resolution shall have the effect of the shareholders having agreed to irrevocably waive their Pre-emptive Rights pursuant to Section 85(1) of the Act and Clause 37(a) of the Constitution of the Company in respect of the new shares to be allotted and issued by the Company and the issuance of such new shares of the Company will result in a dilution to their shareholding percentage in the Company. Subsequent to the passing of this resolution, if this paragraph is or is found to be in any way void, invalid or unenforceable, then this paragraph shall be ineffective to the extent of such voidness, invalidity or unenforceability and the remaining provisions of this resolution shall remain in full force and effect.

AND THAT, the new shares to be issued shall, upon allotment and issuance, rank equally in all respects with the existing shares of the Company, save and except that they shall not be entitled to any dividends, rights, allotments and/or any other forms of distribution that which may be declared, made or paid before the date of allotment of such new shares."

Ordinary Resolution 7

PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR EXISTING RECURRENT RELATED PARTY TRANSACTIONS AND NEW SHAREHOLDERS' MANDATE FOR ADDITIONAL RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED SHAREHOLDERS' MANDATE")

"THAT, subject to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiaries ("DXN Group" or "the Group") to enter into recurrent related party transactions of a revenue or trading nature as set out in the Circular & Statement to Shareholders dated 28 June 2024 which transactions are necessary for the day-to-day operations in the ordinary course of business of DXN Group on terms 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.

AND THAT, such approval, shall continue to be in force until:

- (a) the conclusion of the next Annual General Meeting ("**AGM**") of the Company at which time it will lapse, unless by a resolution passed at the next AGM, the mandate is renewed;

- (b) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 340(2) of the Companies Act 2016 (“**Act**”) (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders of the Company in a general meeting, whichever is earlier.

AND THAT, the Directors of the Company be and are hereby authorised to do all acts, deeds, things and execute all necessary documents as they may consider necessary or expedient in the best interest of the Company with full powers to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or permitted under relevant authorities to give full effect to the Proposed Shareholders’ Mandate.”

Ordinary Resolution 8

PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES (“PROPOSED SHARE BUY-BACK”)

“THAT, subject to the Companies Act 2016 (“**Act**”) (as may be amended, modified or re-enacted from time to time), the Company’s Constitution, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) and approvals of all relevant governmental and/or regulatory authorities, where applicable, the Company be and is hereby authorised to purchase and/or hold such amount of ordinary shares in the Company (Proposed Share Buy-Back) as may be determined by the Directors of the Company from time to time and upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that the aggregate number of ordinary shares purchased and/or held pursuant to this resolution shall not exceed ten per centum (10%) of the total number of issued shares of the Company at any given point in time and an amount of funds not exceeding the total retained profits of the Company based on the audited financial statements for the financial year ended 29 February 2024 be utilised by the Company for the Proposed Share Buy-Back.

AND THAT, at the discretion of the Directors of the Company, the ordinary shares of the Company to be purchased may be cancelled; and/or retained as treasury shares and subsequently distributed as dividends or resold on Bursa Securities or transfer for the purpose of or under an employee share option scheme (“**ESOS**”) or as part of purchase consideration; or be cancelled.

AND THAT, the Directors of the Company be and are hereby empowered to take all such steps as necessary to implement, finalise and give full effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, variations and/or amendments (if any) as may be required or imposed by the relevant authorities from time to time and to do all such acts and things as the Board may deem fit and expedient in the best interest of the company.

- (a) the conclusion of the next Annual General Meeting (“**AGM**”) of the Company in 2025 at which time it will lapse, unless by a resolution passed at the 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 to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is earlier; but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid date and in any event, in accordance with the provisions in the guidelines issued by Bursa Securities and/or by any other relevant authorities.”

Ordinary Resolution 9

PROPOSED GRATUITY PAYMENT OF RM1,000,000 TO TEOH HANG CHING, FORMER EXECUTIVE DIRECTOR AND CHIEF EXECUTIVE OFFICER OF DXN GROUP (“PROPOSED GRATUITY PAYMENT”)

“THAT approval be and is hereby given for the Company to make a gratuity payment of RM1,000,000 to Teoh Hang Ching, former Executive Director and Chief Executive Officer of DXN Group, who stepped down as Executive Director and Chief Executive Officer on 1 June 2024, in recognition and appreciation of his long service and contribution to DXN Group.

AND THAT authority be and is hereby given to the Directors of the Company to take all such actions as they may consider necessary and/or desirable to give full effect to the Proposed Gratuity Payment.”

12. Conclusion

- 12.1 There being no further business, the meeting concluded at 12:15 pm with a vote of thanks to Datuk Chairman. Datuk Chairman thanked to all Attendees present for their participation and extended an invitation to a complimentary lunch at the Ballroom 2.

Confirmed as correct

Datuk Lim Siow Jin
Executive Chairman

Response to queries posed at the Twenty-Eighth (28th) Annual General Meeting (“**28th AGM**” or “**meeting**”) of DXN HOLDINGS BHD. (“**DXNH**” or the “**Company**”) held at DXN Cyberville, Jalan Teknokrat 1, Cyberjaya, 63000 Cyberjaya, Selangor on Monday, 12 August 2024 at 10:00 am

The queries from shareholders and response from Datuk Lim Siow Jin, Executive Chairman and Mr. Prajith Pavithra, Chief Executive Officer had been edited for clarity.

Q1 Poravi A/L S P Sithambaram Pillay | Shareholder

He expressed commendation for DXNH and its subsidiaries. He highlighted that the Company was founded by Datuk Lim Siow Jin (“**Datuk Chairman**”) in 1995 with the establishment of DXN Marketing in Kedah, Malaysia. They acknowledged the growth of DXN Group, noting its current diverse portfolio of 521 stockkeeping units (SKUs), of which 375 are manufactured in-house. He also commended the Company’s global reach, with operations in forty-eight (48) countries through seventy-eight (78) sales branches and twelve (12) exclusive external distribution agencies. Additionally, he recognized the impressive financial performance for the year 2024, reporting a revenue of RM1.8 billion, cash and cash equivalents of RM564.4 million, and retained earnings of RM1.1 billion.

He concluded his remarks by expressing strong support for the continued success and growth of DXNH.

Answer:

Datuk Chairman acknowledged and appreciated the positive comments received. He provided insights into the Company’s strategic expansions and challenges.

Datuk Chairman highlighted the extensive global presence of DXN Group, noting the establishment of numerous factories worldwide. He also commented on DXN’s performance during economic downturns, pointing out that the Company has historically thrived even in challenging financial conditions. This resilience is attributed to the direct selling model, where people often turn to alternative income sources during economic difficulties. He concluded by reinforcing the Company’s commitment to ongoing growth and its ability to adapt to global market challenges.

Q2 Lew Tuck Wai | Shareholder

He raised a question regarding the impact of recent fluctuations in the exchange rate on the Company’s financial performance. He noted that the Ringgit had appreciated recently, with the exchange rate improving from 1 USD = 4.80 MYR to 1 USD = 4.45 MYR. He sought clarification on the potential impact of this currency appreciation on the Company’s profitability.

He pointed out that a 10% appreciation of the Ringgit against the USD would likely result in a reduction in profit and loss, given that 90% of the Company’s revenue is derived from USD-denominated sources. Conversely, a 10% depreciation of the Ringgit would have the opposite effect.

The queries and response had been edited for clarity.

Given that the Ringgit has appreciated recently, he requested an explanation from the CEO or CFO on how this change might impact the Company's financial performance.

Answer:

Datuk Chairman explained that 90% of DXN's transactions are conducted in local currencies rather than USD. He noted that currency fluctuations, including the recent appreciation of the Ringgit, have a variable impact on revenue.

Datuk Chairman emphasized that DXN has experienced various currency fluctuations over its 28-year history and has adapted to these changes. He cited the 1997 financial crisis as an example, where despite the depreciation of the Indonesian Rupiah, DXNH continued to perform well in Indonesia. He reassured investors that the Company's integrated approach—encompassing production, material sourcing, and marketing—helps to mitigate the impact of currency fluctuations. He advised investors not to be overly concerned about foreign exchange variations, as these factors do not significantly affect the Company's overall performance.

Mr. Prajith Pavithran (“**Mr. Prajith**”) emphasized that localizing operations by setting up manufacturing facilities and sourcing raw materials locally helps to mitigate these effects. By establishing production capabilities within local markets, DXN reduces its dependency on foreign currencies, thus lessening the impact of currency fluctuations on its overall performance.

Q3 Lew Tuck Wai | Shareholder

He inquired about the treatment of interest income and the recognition of cash reserves. He noted that the Company has earned over RM10.8 million in interest income, which benefits the members but is not recognized as income. He also asked whether the Company recognizes this interest income in its financial statements.

Answer:

Mr. Prajith responded that the interest income earned by the Company is recognized as part of the Company's financial income. He clarified that this income is appropriately recorded in the Company's financial statements and belongs to the Company, not specifically allocated to members.

Datuk Chairman further clarified that since the Company is listed, there is an option to convert bonuses into shares. However, he noted that the Company is currently reviewing the legal aspects and implications of this approach to ensure compliance with relevant regulations.

The queries and response had been edited for clarity.

Q4 Lew Tuck Wai | Shareholder

He inquired about DXN's approach to entering the China market. Referring to the previous 27th AGM held on 21 August 2023, he recalled that a question was raised about direct selling in China. It was mentioned that direct selling licenses are limited and issued to only a few industry players. He also noted that DXN Group has since initiated a business presence in China through online purchases. He requested an update on the Company's strategy and plans for further market entry into China.

Answer:

Datuk Chairman addressed the shareholder's question regarding DXN's entry into the China market. He noted that although the Company has made efforts to enter China, it has faced significant legal challenges, including difficulties in obtaining and transferring direct selling licenses. Despite these obstacles, Datuk Chairman emphasized that DXN is making strides in China, where online sales and community engagement are growing trends.

Datuk Chairman noted that DXN is leveraging online sales and new technologies, such as AI, to compete effectively. He mentioned that the main competitors are online companies rather than traditional Multi-Level Marketing ("MLM") firms, and DXN is adapting to this environment by enhancing its online ordering capabilities.

Mr. Prajith updated on the licensing situation, explaining that DXN is still waiting for approval from the authorities. He expressed hope for a positive resolution in the coming year and mentioned that DXN is exploring all possible solutions for entering the MLM market in China.

Datuk Chairman outlined three strategies for market entry into China: partnering with local companies, partnership with Multiple Chains, and focusing on online sales. He reassured stakeholders that with patience and time, DXN will successfully navigate the China market.

Q5 Ng Sem Guan | Shareholder

He expressed interest in understanding Mr. Prajith's role in market development and the Company's future prospects. He requested information on the current number of members and the number of products that have received approval from local governments. They also asked for a comparison of these figures with those from the end of the previous year.

He also asked about the Company's strategic plans to increase its health supplement offerings in Latin America and Asia, given that these regions are key revenue drivers and are experiencing robust growth in the nutraceutical market.

He expressed satisfaction with the Company's cash and cash equivalents of RM564.4 million for the year 2024. However, he voiced disappointment regarding the dividend payout.

The queries and response had been edited for clarity.

He asked about the Company's Capital Expenditure plans, specifically referencing the previous Memorandum of Understanding (MOU) with Morocco.

Answer:

Mr. Prajith highlighted that the major contributors to the Company's revenue are Peru, Bolivia, and Mexico. The Company is now focusing on expanding into Brazil, which presents a promising opportunity due to its large population—greater than the combined populations of Peru, Mexico, and Bolivia. Investment in Brazil has recently commenced, and the Company is confident in its growth prospects due to the market's proximity to existing markets and cultural similarities. They have recently introduced products in Brazil and have additional products planned for launch in the coming months. Brazil is expected to become a major market for DXN.

The Company plans to enter the Argentine market by the end of this year. Argentina is a significant market with a large population and extensive active networks. Preparations are underway for entering the Chilean market, with operations set to begin soon.

Both the Ecuador and Colombia markets are performing well, with positive prospects. Notably, Colombia has experienced substantial growth, with its sales increasing by approximately 31% in the financial year 2024.

Mr. Prajith provided an update on the Company's product portfolio, stating that, as of the financial year 2024, there are 521 SKUs in the portfolio, with 375 products manufactured in-house across all factories. This year, the Company plans to launch 43 new products, and an additional 40 new products are scheduled for release in the following year. These upcoming products will be new, ideal, and uniquely innovative, poised to make a significant impact in the market.

Datuk Chairman further clarified that for product registration in Morocco and Peru, the Company is engaging with the authorities to facilitate bulk registration, rather than registering each product individually. Regarding the Company's financial health, Datuk Chairman highlighted that the Company currently holds RM564.4 million in cash. Of this amount, RM236.0 million is allocated as accumulated bonuses for members. Many members opt to leave their bonuses in the Company's account because, if the bonuses are withdrawn, they would be considered realized income, subject to taxation.

He further noted that DXN is among the top 10 companies in terms of dividend payments. Datuk Chairman emphasized that DXN is a financially healthy and net cash-positive company.

Datuk Chairman explained that DXN adopts a conservative approach to spending. The Company does not acquire many physical properties and operates with minimal retail outlets, as it primarily operates in a shopless model.

Datuk Chairman noted that the Company paid a dividend of 1 sen last quarter. To double sales, DXN plans to expand its market and introduce new products. For a major MLM company, the establishment of a large farm is a key indicator of scale, and DXN is preparing to build such a farm.

The queries and response had been edited for clarity.

He emphasized that while DXN is conservative in its financial management, the Company aims to balance high CAPEX with the provision of good dividends. To date, DXN has not incurred significant debt. DXN's Cyberville will serve as the members' office, reflecting the Company's dedication to providing value. Datuk Chairman expressed to allow Mr. Prajith to drive sales to facilitate increased dividend payments.

Q6 Ng Sem Guan | Shareholder

He requested information on the number of new members acquired in Brazil, Argentina, and Algeria. Additionally, he asked for details about the two products registered in Brazil and inquired whether any products in the other two markets have secured approval.

Answer:

Mr. Prajith updated the followings:-

- i. As of the financial year 2024, the total global membership stands at 17.1 million. As of May 2024, this number has increased to 17.6 million.
- ii. The active network in Brazil comprises over 1,000 distributors. In Brazil, approximately 13 products are planned, with four already launched. Additionally, there is a focus on introducing a significant number of locally manufactured products.
- iii. In Argentina, the active network includes more than 5,000 members. There are 43 new products lined up for launch in Argentina, with 19 of these to be locally manufactured and the remainder sourced from factories in China and Malaysia.
- iv. For Chile, a lineup of 21 products is planned.
- v. In Algeria, local manufacturing is being established to produce products domestically, addressing import challenges.

Q7 Ooi Beng Hooi | Shareholder

He asked about the details on the key components of the Other Payables amounting to RM303.0 million as listed in the financial statements.

Answer:

Mr. Prajith clarified that the Other Payables amounting to RM303.0 million includes members' bonuses and stockists' commissions totaling RM236.0 million. These amounts were incurred in the course of selling the Group's products through direct sales and are payable according to the Group's marketing plan.

Note:

"DXN" or "the Company" refers to DXN Holdings Bhd.

"DXN Group" or "the Group" refers to DXN and its subsidiaries, collectively