



SIMPLE, ELEGANT AND MAJESTIC

Annual | 20 | Report
23

27th ANNUAL GENERAL MEETING



Monday,
21 August 2023



10.00am



Held physically at
DXN Cyberville,
Jalan Teknokrat 1, Cyberjaya,
63000 Cyberjaya,
Selangor



ABOUT THIS COVER

The DXN philosophy is visualised on our annual report cover to reference our commitment to achieving high-quality products and establishing benchmarks through our “One World One Market” direct selling model. The qualities of simplicity, majesty and elegance embody DXN’s belief in promoting a better quality of life by offering limitless opportunities to individuals through the use of our products - a fundamental strength of DXN that has contributed to our thriving success.



for more information visit our website

www.dxn2u.com

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BUSINESS OVERVIEW

WHO WE ARE and WHAT WE DO

Datuk Lim Siow Jin ("DLSJ") laid the foundation for DXN Holdings Bhd. and its subsidiaries ("DXN" or "Group") in 1995 with the establishment and commencement of operations of DXN Marketing in Kedah, Malaysia. His passion is the promotion of the use and benefits of traditional medicines and herbal products in China, Japan and other Asian countries. Today, DXN has expanded the range of natural ingredients used to produce its products to include a portfolio of health-oriented and wellness consumer products consisting of fortified food and beverages, health and dietary supplements, personal care and cosmetics and personal care formulations.

452 SKUs
of Products in DXN's portfolio

Presence in

48 Countries
comprising:

- **79**
Sales Branches
- **12**
Exclusive External Distribution Agencies

Members in more than

180 Countries

- **14.9 million**
Registered Members
- **3.6 million**
Active Members*

* Defined as Members who have purchased a product and any newly registered Members in the preceding and current calendar year, based on the cut-off date of 31 December for any particular year.

Being a progressive global health-oriented and wellness direct selling company at its core, DXN has a portfolio of 452 stock keeping units ("SKUs") of which 327 SKUs of products are manufactured within the Group. Currently, our distribution footprint comprises

79 sales branches and 12 exclusive external distribution agencies located in 48 countries to serve our Members. We have over 14.9 million registered Members in more than 180 countries with 3.6 million being active Members. Independent Market Researcher, Frost & Sullivan has ranked DXN among the top 10 players in Peru and Bolivia in 2022 based on the region's total sales in the direct selling industry.

2
research facilities in Malaysia and China

81
research staff across

Facilities across

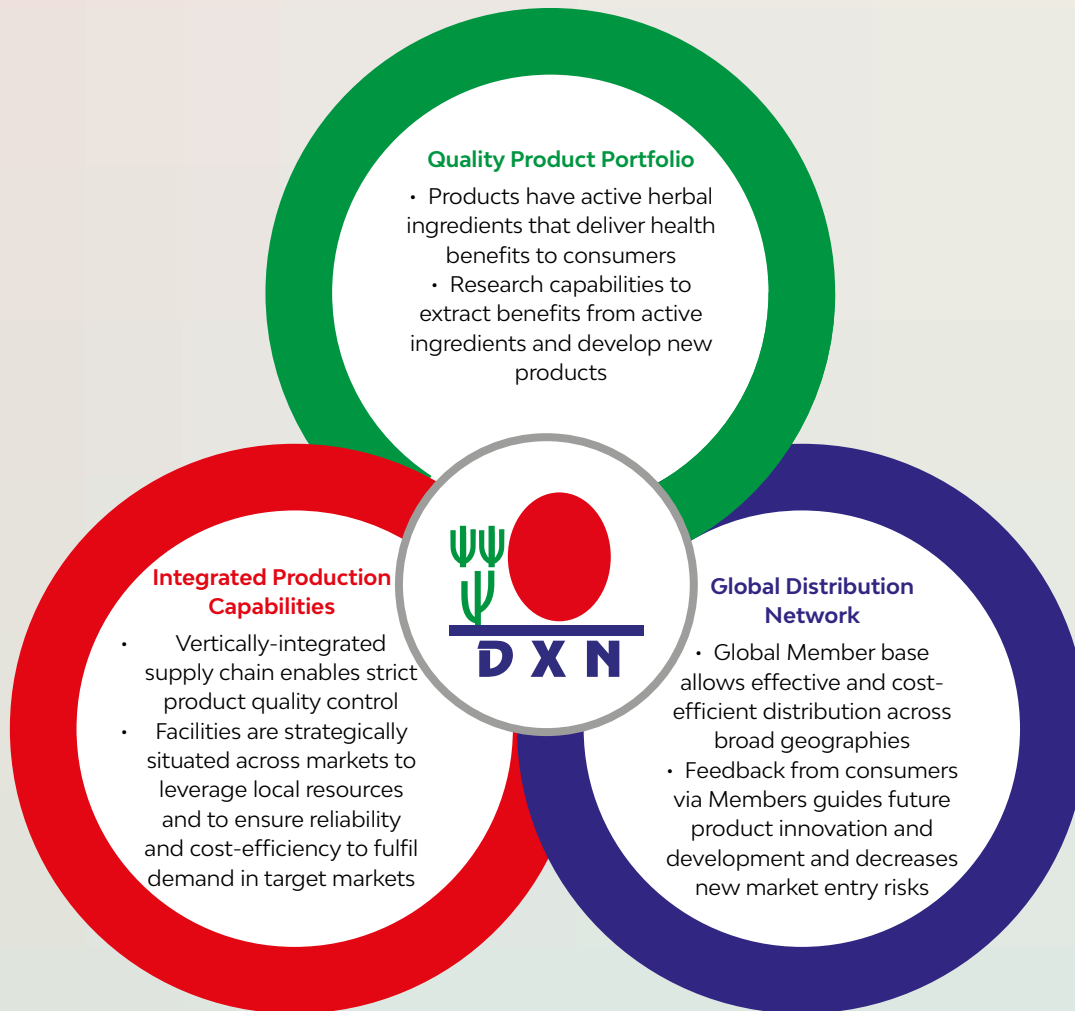
Malaysia, China, India, Indonesia and **Mexico:**

- **6**
cultivation facilities
- **10**
manufacturing facilities

Facilities in the pipeline for 2023:

- **1**
cultivation facility
- **2**
manufacturing facilities

We operate a vertically-integrated supply chain with in-house research, cultivation and manufacturing functions. Our research team consists of 81 research staff across two research facilities in Malaysia and China for developing new products and to study and improve our cultivation and manufacturing techniques. We operate six cultivation facilities and ten manufacturing facilities across Malaysia, China, India, Indonesia and Mexico to produce Ganoderma, Spirulina and various other herbs and ingredients for manufacturing our finished capsules, tablets, powdered and liquid beverages. Additionally, a cultivation facility and two manufacturing facilities are in the pipeline and are expected to be completed by June of 2023. Approximately 90% of our direct selling products sold (based on gross revenue contribution) are manufactured in-house.



RED represents fire to symbolise the company's fighting spirit to progress.

The Red Oval symbolises the rising sun to represent aggressiveness, single-mindedness and persistence in achieving DXN's vision.

GREEN represents trees to symbolise the dynamic growth and expansion of our market.

The Green Branches symbolises Ganoderma to represent the company's strong commitment for growth and relentless striving to achieve excellence by focusing on the health-based industry.

BLUE represents water to symbolise the company as the foundation for all the vigorous developments.

The Blue Horizontal Line symbolises the company as the power source for the impetus of business development.

Business Overview

Research
(2 operating)




- In-house research team to optimise cultivation and manufacturing processes, develop new products and test products for certification and compliance
- Research and laboratory facilities in Malaysia and China
- Provides testing services to third-party clients

Cultivation
(6 operating,
1 in pipeline)




Internal cultivation

- In-house cultivation of Ganoderma, mycelium, Spirulina and various other herbs and ingredients
- Cultivation facilities in Malaysia⁽¹⁾, China and India
- Enables close control over quality and efficacy of active ingredients

External cultivation

- Diversified supply base
- Opportunistic purchases from external suppliers when prices of certain commodities are temporarily depressed

Manufacturing
(10 operating,
2 in pipeline)



Internal manufacturing

- In-house manufacturing capabilities across a broad range of product formats
- Manufacturing facilities in Malaysia, China, India, Indonesia and Mexico
- Enables close quality control to reduce contamination risk
- Approximately 90% of direct selling products sold based on gross revenue contribution

External manufacturing

- All externally manufactured products continue to be solely DXN-branded
- Used for products requiring niche expertise outside of DXN's core competency
- Used for low volume products with minimal technical capabilities of value to be built internally

Product Category
Diverse product portfolio consisting of 452 SKUs of which 327 are manufactured within the group categorised into SKUs of FFB, HDS, PCC and other products.

Fortified Food and Beverages ("FFB")
Revenue: **64.5%**



Lingzhi Coffee
3-in-1



Spirulina Cereal



Cocozi



Morinzyme

Health and Dietary Supplements ("HDS")
Revenue: **24.3%**



RG/GL



Andro-G



DXN
Spirulina



DXN
Cordyceps

Personal Care and Cosmetics ("PCC")
Revenue: **6.7%**



Ganozhi
Toothpaste



Ganozhi Soap



Ganozhi
Shampoo



Gano
Massage Oil

Other Products and Other Business Activities
Revenue: **4.5%**

Our portfolio also includes a range of other products including starter kits, raw materials, promotional packages, household products, home appliances and water filtration system.

Our other business activities primarily serve to support our Group's core businesses consisting of laboratory testing services for third parties, lifestyle products and operating a cafe.



Energy Plus
Water System



Laundry
Detergent
- Dyna Clean

Distribution

Sales Branches

- 79 sales branches
- Sales branches keep sufficient buffer stocks of at least three months and not more than six months of sales volume to avoid stockout situation for any product

External Distribution Agencies

- 12 external distribution agencies
- Exclusively carries our products to on-sell and distribute our products to other Members and/or end consumers
- May have their own sales branches which are not managed by us

Stockists

- Members, who are appointed as stockists, operate service centres which can on-sell our products to Members
- Facilitate physical distribution in areas without local branches by reselling our products to other Members without a mark-up

Members

- Over 3.6 million active Members
- No joining or membership fees
- Members purchase and distribute products within their personal network, and can conduct sales online and host personal e-commerce shopfronts on our website and mobile application

Notes:
⁽¹⁾ Save for the mycelium cultivation facility, we have vacated and ceased operations at the Kedah cultivation facilities pending the issuance of Certificate of Completion and Compliance ("CCC") or equivalent to the facilities.

Business Overview

OUR MAIN PRODUCTS

452 SKUs

of Health-Oriented & Wellness Consumer Products:

- 191 FFB Products
- 112 HDS Products
- 86 PCC Products
- 63 Lifestyle & Living Products

Our range of products can be categorised into four main categories: (1) Fortified Food and Beverages (“FFB”), (2) Health and Dietary Supplements (“HDS”), (3) Personal Care and Cosmetics (“PCC”) and (4) Other Products and Other Business Activities. There are 452 SKUs of which 327 SKUs of health-oriented and wellness consumer products that we manufacture in-house across these product categories where FFB and HDS products manufactured in Malaysia are Halal certified.

FORTIFIED FOOD and BEVERAGES

Currently, we have 191 products under FFB with Lingzhi Black Coffee and Lingzhi Coffee 3-in-1 being our main Group revenue contributors, each accounting for more than 5% of our gross revenue. The key products under this category include:



DXN Lingzhi Coffee 3-in-1

DXN Lingzhi Coffee 3-in-1 is a blend of quality coffee beans with 100% pure Lingzhi with no artificial colourings, flavourings or preservatives.



DXN Lingzhi Black Coffee

DXN Lingzhi Black Coffee is a black coffee powder with added Ganoderma extract. It has no sugar additives.



DXN Cocozhi®

DXN Cocozhi® is a chocolate-flavoured powdered drink formulated from cocoa and Ganoderma extract.



DXN Cordyceps Coffee 3-in-1

DXN Cordyceps Coffee 3-in-1 is made from instant coffee powder and Cordyceps.



DXN Spirulina Cereal

DXN Spirulina Cereal is made from high-fibre cereals and Spirulina powder.



DXN Cordypine®

DXN Cordypine® is a blend of Cordyceps and naturally fermented pineapple juice.



DXN Morinzhi

DXN Morinzhi is a beverage made from Noni and enriched with Roselle.



DXN Morinzyme®

DXN Morinzyme® is a fermented juice which is produced by fermenting Noni concentrate.

HEALTH and DIETARY SUPPLEMENTS

We produce and sell 112 types of tablets and supplements made with various natural ingredients such as Ganoderma, Spirulina, Cordyceps and Green Chiretta. Below are the key products of this category:



DXN Reishi Gano (RG)

DXN Reishi Gano (RG) is 100% made from the fruiting body of Ganoderma. It is harvested from 90-day old Ganoderma cultivated in accredited organic farms and is available in capsule and powder form.



DXN Ganocelium (GL)

DXN Ganocelium (GL) is made from the mycelium of Ganoderma and is available in capsule and powder form.



DXN Reishilium Powder

DXN Reishilium Powder is made from a mixture of the mycelium and fruiting body of Ganoderma.



DXN Spirulina

DXN Spirulina is made from cultivated Spirulina and is available in tablet, capsule and powder forms.



DXN Cordyceps

DXN Cordyceps is available in tablet, capsule and powder forms and is made from Cordyceps that have been cultivated and harvested at the DXN Group's facilities.



DXN Lion's Mane Mushroom

Lion's Mane mushroom, which is also known as "Bear's Head" and "Monkey's Head" mushroom, is used in traditional Chinese medicine to strengthen the body's digestive functions. DXN Lion's Mane mushroom is available in tablet and powder forms.



DXN Andro-G

DXN Andro-G is made from Green Chiretta and is available in capsule form.

Business Overview

PERSONAL CARE and COSMETICS

Our current range includes 86 PCC products. Key products include:



Ganozhi Toothpaste

Ganozhi Toothpaste contains Ganoderma extract, food gel, menthol and food flavouring. It is made without saccharin or colouring.



Ganozhi Shampoo

Ganozhi Shampoo is a pH balanced shampoo that contains Ganoderma extract and vitamin B5.



Ganozhi Body Foam

Ganozhi Body Foam is a mild cleansing body foam enriched with Ganoderma extract.



Ganozhi Soap

Ganozhi Soap is a soap enriched with Ganoderma extract and palm oil.



Gano Massage Oil

Gano Massage Oil contains high-quality palm oil and all-natural Ganoderma extract.

OTHER PRODUCTS

Our portfolio also includes a range of 63 other products including diesel fuel additives, fruit and vegetable washing liquid, laundry detergent, kettles, air purifiers and a home water filtration system.



DXN Energy Plus Water System

DXN Energy Plus Water System is a water filtration system that employs a six-filter cartridge system. Each filter cartridge has a different function, for example, removing sediment or removing bacteria.

OUR COMPETITIVE STRENGTHS

- **Strong presence in Bolivia and Peru for direct selling of health-oriented and wellness products and a diversified exposure to high-growth markets**

Product innovation and sustainable in-house manufacturing processes have enabled us to remain competitive in the current high growth markets as we continue to expand globally. Frost & Sullivan has ranked us to be among the top three in the high growth markets of Peru and Bolivia in 2022, based on total retail sales of FFB via direct selling, with a market share of 33% and 36% respectively.

- **Business platform with a broad product portfolio and integrated production facilities**

The growing demand in the health-oriented and wellness sector within the direct selling industry is attributed to a changing consumer preference towards quality products with health benefits, while the supply chain is driven by product innovation and integrated manufacturing. We exclusively sell our own-branded products manufactured in-house to maintain control over the quality of products offered to consumers through R&D based upon nutrition science and long proven experience.

- **Expansive global distribution network and sustainable direct selling strategies**

We have a vast distribution footprint spanning across the global regions of Europe, Latin America, North America, Central Asia, South Asia, Southeast Asia, Middle East, Africa and Oceania. Our geographical presence around the world across 48 countries provides revenue sustenance that are not overly dependant on any particular region, hence mitigating revenue risks that can have a significant impact to the Group's performance including in circumstances outside our control.

The focus of our direct selling model is to drive consumer sales and we have structured our "One World One Market" compensation plan to primarily reward sales, as opposed to peer companies who may prioritise recruitment.

- **Strong track record of profitable growth and cash generation**

We have a highly scalable business model and our operational processes can be easily replicated for expansion into any existing and new markets. We have proven our ability to open new markets by leveraging on our experience and scalable business model. Our geographical diversification helps to mitigate our financial exposure to any particular market and provide us with the ability to consistently record profitability and generate operational cash flow.

- **Robust technology ecosystem to support global operations**

We focus on the development of IT solutions to enable us to continue expanding our presence worldwide as a global health-oriented and wellness business platform. Our global IT ecosystem is broadly integrated via Application Programming Interfaces to allow a seamless transfer and integration of key data across systems tailored to specific needs of the business and continually updated to reflect new market and technical trends.

- **Experienced founder-led management**

Our founder-led Key Senior Management has successfully grown our business from a local Malaysian company to a multinational group anchored by a corporate culture established under the leadership of our founder and Executive Chairman, DLSJ for over 25 years. The key senior management team has an average of 22 years' industry experience to leverage on and has enabled us to successfully develop strategies to achieve a strong track record of delivering organic and inorganic growth since our founding.

We will continue to aggressively pursue growth opportunities to further strengthen our position across the value chain as a globally trusted brand. We intend to achieve our goals by implementing the strategies below:

1. **Visible pathway to grow in new and existing markets**

We will set up new sales branches or appoint external distribution agencies whenever there are enough Members for network marketing coupled with sizeable sales volumes.

2. **Catering to changing consumer needs and enhancing Member engagement**

Our systematic approach to product ideation, development and launch is backed by our strong track record of producing new products with 452 SKUs in our product portfolio since our inception.

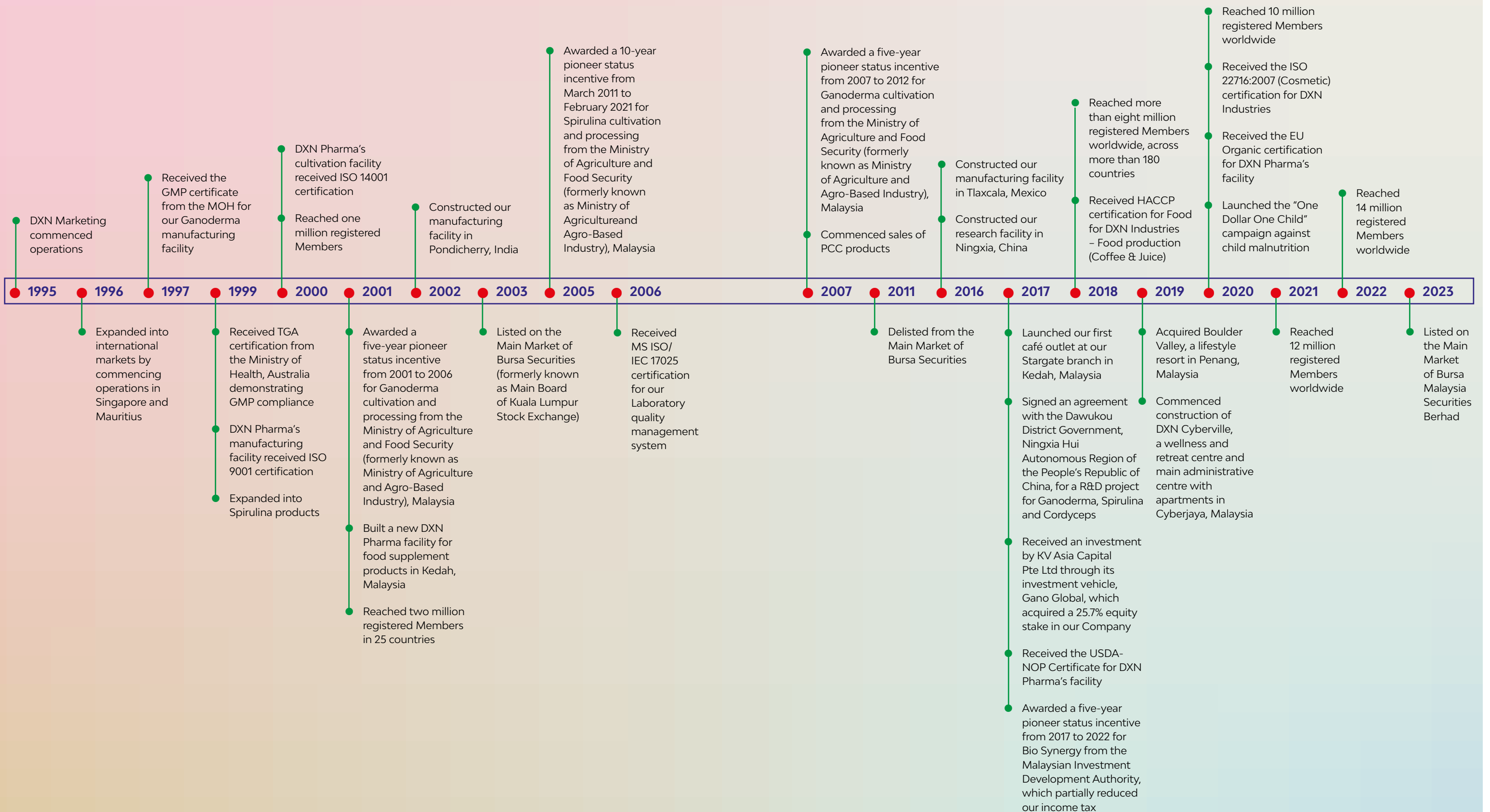
3. **Continued expansion of our vertically-integrated global supply chain**

We plan to expand our global supply footprint to ensure a consistent and reliable demand fulfilment, such that there are no supply impediments to sustain our strong topline growth.

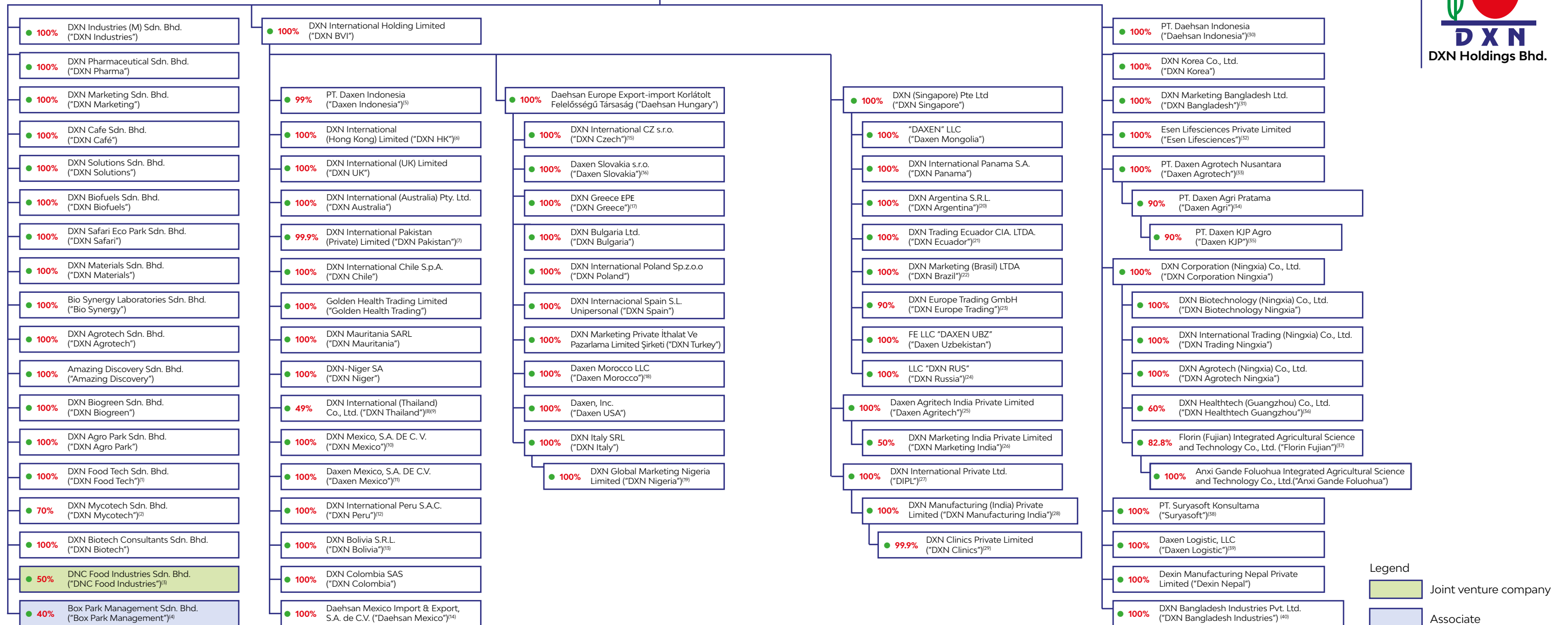
4. **Enhancing our technological ecosystem**

The availability of social media enables us to increase our effective reach and enrolment of Members. Members can easily share their success stories across their respective personal networks to allow a wider audience to understand the value proposition offered by us.

CORPORATE MILESTONES



CORPORATE STRUCTURE



Notes:

- ⁽¹⁾ The remaining 20.0% equity interest in DXN Food Tech is held by Leong Why Sheng, the nephew of DLBL.
- ⁽²⁾ The remaining 30.0% equity interest in DXN Mycotech is held by Norikmazaton Binti Mohd Zali.
- ⁽³⁾ DNC Food Industries is our joint venture company. The remaining 50.0% equity interest in DNC Food Industries is held by CSC Food Industries Sdn. Bhd.
- ⁽⁴⁾ The remaining 60.0% equity interest in Box Park Management is held by Aman Infrastructure Development Sdn. Bhd.
- ⁽⁵⁾ The remaining 10% equity interest in Daxen Indonesia is held by Novita Kristin Djunaedi, the director of Daxen Indonesia.
- ⁽⁶⁾ DXN BVI holds 99.9% equity interest in DXN HK while DXN holds the remaining equity interest in DXN HK which is less than 0.1%.

- ⁽⁷⁾ 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%.
- ⁽⁸⁾ 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.
- ⁽⁹⁾ Our Company regards DXN Thailand and DXN Marketing India as subsidiaries by virtue of having board control and being the single largest shareholder in these companies. The remaining voting rights in these entities are held by individual investors and there is no indication that other shareholders exercise their votes collectively.
- ⁽¹⁰⁾ DXN BVI and DXN hold 99.9% and 0.1% equity interests respectively in DXN Mexico.
- ⁽¹¹⁾ DXN BVI and DXN hold 99.0% and 1.0% equity interests respectively in Daxen Mexico.
- ⁽¹²⁾ DXN BVI and DXN hold 98.9% and 1.1% equity interests respectively in DXN Peru.

- ⁽¹³⁾ DXN BVI and DXN Peru hold 99.9% and 0.1% equity interests respectively in DXN Bolivia.
- ⁽¹⁴⁾ DXN BVI holds 99.9% equity interest in Daehsan Mexico while DXN holds the remaining equity interest in Daehsan Mexico which is less than 0.1%.
- ⁽¹⁵⁾ Daehsan Hungary and DXN Peru hold 96.0% and 4.0% equity interests respectively in DXN Czech.
- ⁽¹⁶⁾ Daehsan Hungary and DXN Peru hold 97.5% and 2.5% equity interests respectively in Daxen Slovakia.
- ⁽¹⁷⁾ 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%.
- ⁽¹⁸⁾ Daehsan Hungary and Daxen Slovakia hold 99.0% and 1.0% equity interests respectively in Daxen Morocco.
- ⁽¹⁹⁾ DXN Italy and DIPL hold 99.0% and 1.0% equity interests respectively in DXN Nigeria.
- ⁽²⁰⁾ DXN Singapore and DXN hold 95.0% and 5.0% equity interests respectively in DXN Argentina.

- ⁽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 holds 99.9% equity interest in DXN Brazil while DXN Peru holds the remaining equity interest in DXN Brazil which is less than 0.1%.
- ⁽²³⁾ The remaining 10.0% equity interest in DXN Europe Trading is held by Cheng Hwa Lee, the cousin of DLSJ.
- ⁽²⁴⁾ DXN Singapore and DXN hold 99.0% and 1.0% equity interests respectively in DXN Russia.
- ⁽²⁵⁾ DXN BVI and DXN hold 99.0% and 1.0% equity interests respectively in Daxen Agritech.
- ⁽²⁶⁾ 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.
- ⁽²⁷⁾ DIPL, which is incorporated in Labuan, Malaysia, has a branch office located in the Philippines.

- ⁽²⁸⁾ 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%.
- ⁽²⁹⁾ The remaining equity interest in DXN Clinics which is less than 0.1% is held by TH Strategic Investment Pvt Ltd.
- ⁽³⁰⁾ DXN 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%.
- ⁽³¹⁾ DXN and DXN BVI hold 99.0% and 1.0% equity interests respectively in DXN Bangladesh.
- ⁽³²⁾ DXN holds 99.9% in Esen Lifesciences while DXN Manufacturing India holds the remaining equity interest in Esen Lifesciences which is less than 0.1%.
- ⁽³³⁾ DXN and DXN BVI hold 90.0% and 10.0% equity interests respectively in Daxen Agritech.
- ⁽³⁴⁾ The remaining 10.0% equity interest in Daxen Agri is held by PT Kirana Investama Nusantara.

- ⁽³⁵⁾ The remaining 10.0% equity interest in Daxen KJP is held by PT KJP Cipta Desa Sejahtera.
- ⁽³⁶⁾ 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.
- ⁽³⁷⁾ The remaining 17.2% equity interest in Florin Fujian is held by Fujian Anxi Jinjiang Source Tea Technology Co. Ltd.
- ⁽³⁸⁾ DXN and DXN BVI hold 99.0% and 1.0% equity interest respectively in Suryasoft.
- ⁽³⁹⁾ The entire 100.0% equity interest in Daxen Logistic is held on trust by the shareholders of Daxen Logistic for our Company.
- ⁽⁴⁰⁾ DXN holds 99.8% in DXN Bangladesh Industries while DXN BVI holds the remaining equity interest; 0.2% in DXN Bangladesh Industries.

Unless specified above, the remaining equity interest not held by our Group in our subsidiaries, associate and joint venture are held by unrelated third parties.

CORPORATE INFORMATION

BOARD OF DIRECTORS

DATUK LIM SIOW JIN

Executive Chairman

TEOH HANG CHING

Executive Director & Chief Executive Officer

DATO' LIM BOON YEE

Non-Independent Non-Executive Director

VIBHAV PANANDIKER

Non-Independent Non-Executive Director

DATUK NORIPAH BINTI KAMSO

Senior Independent Non-Executive Director

YM TUNKU AFWIDA BINTI TUNKU A. MALEK

Independent Non-Executive Director

STEFAN HEITMANN

Independent Non-Executive Director

ABRAHAM VERGHESI A/L T V ABRAHAM

Independent Non-Executive Director

ONG HUEY MIN

Independent Non-Executive Director

AUDIT COMMITTEE

Chairman

Abraham Verghese A/L T V Abraham

Members

YM Tunku Afwida Binti Tunku A. Malek
Stefan Heitmann

EXECUTIVE COMMITTEE

Members

Datuk Lim Siow Jin
Teoh Hang Ching

NOMINATION COMMITTEE

Chairperson

YM Tunku Afwida Binti Tunku A. Malek

Members

Datuk Noripah Binti Kamso
Ong Huey Min

REMUNERATION COMMITTEE

Chairperson

Ong Huey Min

Members

Datuk Noripah Binti Kamso
YM Tunku Afwida Binti Tunku A. Malek

RISK MANAGEMENT COMMITTEE

Chairman

Stefan Heitmann

Members

Abraham Verghese A/L T V Abraham
Teoh Hang Ching

COMPANY SECRETARIES

Tai Yit Chan

(MAICSA 7009143)
(CCM PC No. 202008001023)

Ong Tze-En

(MAICSA 7026537)
(CCM PC No. 202008003397)

Lim Yew Lin

(MIA Membership No. 20906)
(CCM PC No. 202008001679)

REGISTERED OFFICE

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10050 George Town, Pulau Pinang

Tel : +604-229 4390

Fax : +604-226 5860

Email : boardroom-kl@boardroomlimited.com

SHARE REGISTRAR

Boardroom Share Registrars Sdn. Bhd.

11th Floor, Menara Symphony
No. 5, Jalan Professor Khoo Kay Kim
Seksyen 13

46200 Petaling Jaya Selangor

Tel : +603-7890 4700

Fax : +603-7890 4680

Email : BSR.Helpdesk@boardroomlimited.com

AUDITORS AND REPORTING ACCOUNTANTS

KPMG PLT

(LLP0010081-LCA & AF0758)

Chartered Accountants

Level 18, Hunza Tower

163E, Jalan Kelawei

10250 Penang

Tel : +604-375 1800

Fax : +604-2382 222

PRINCIPAL BANKERS

OCBC Bank (Malaysia) Berhad

United Overseas Bank (Malaysia) Bhd.

STOCK EXCHANGE

Main Market of Bursa Malaysia Securities Berhad

Stock Name : DXN

Stock Code : 5318

WEBSITE

www.dxn2u.com

FINANCIAL HIGHLIGHTS

	FYE2020 ⁽¹⁾	FYE2021 ⁽¹⁾	FYE2022 ⁽¹⁾	FYE2023
	RM'000	RM'000	RM'000	RM'000
Financial Results				
Revenue	1,104,608	1,050,205	1,242,856	1,600,814
Earnings Before Interest, Tax, Depreciation & Amortisation ("EBITDA")	370,087	313,858	401,382	496,383
Profit for the year	255,248	200,884	245,444	289,327
Profit attributable to owners of the Company ("PATAMI")	241,671	191,572	242,922	275,396
Financial Position				
Total assets	1,169,754	1,319,658	1,473,580	1,759,937
Total liabilities	459,063	689,968	661,965	734,806
Total equity	710,691	629,690	811,615	1,025,131
Financial Ratios				
EBITDA margin (%) ⁽²⁾	33.5%	29.9%	32.3%	31.0%
PATAMI margin (%) ⁽³⁾	21.9%	18.2%	19.5%	17.2%
Basic earnings per share (sen) ⁽⁴⁾	5.01	3.97	5.03	5.71
Net gearing ratio (times) ⁽⁵⁾	Net cash	Net cash	Net cash	Net cash

⁽¹⁾ Based on Section 12 and Section 13 of the Prospectus of the Company dated 28 April 2023.

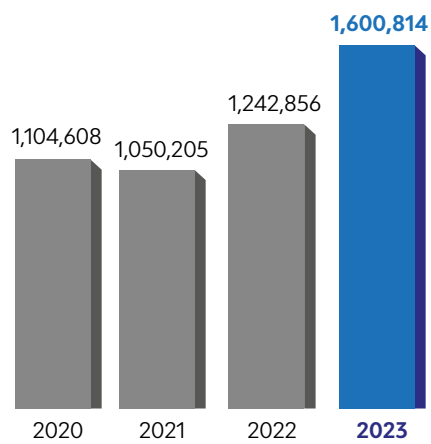
⁽²⁾ Computed based on EBITDA divided by revenue.

⁽³⁾ Computed based on PATAMI divided by revenue.

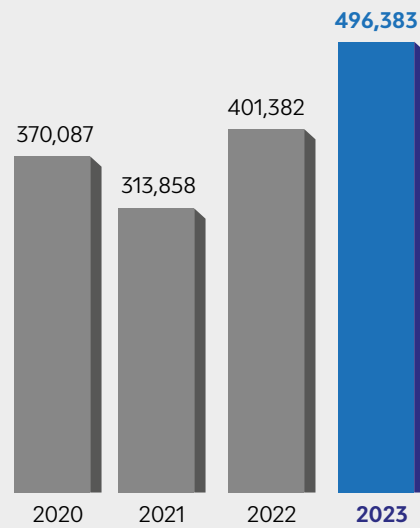
⁽⁴⁾ Computed based on PATAMI divided by enlarged issued share capital of 4,825,000,000 ordinary shares after the completion of Bonus Issue subsequent to the year end as part of the Company's Initial Public Offering scheme.

⁽⁵⁾ Computed based on total borrowings (excluding lease liabilities), less cash and cash equivalents, divided by total equity as at the end of the financial year.

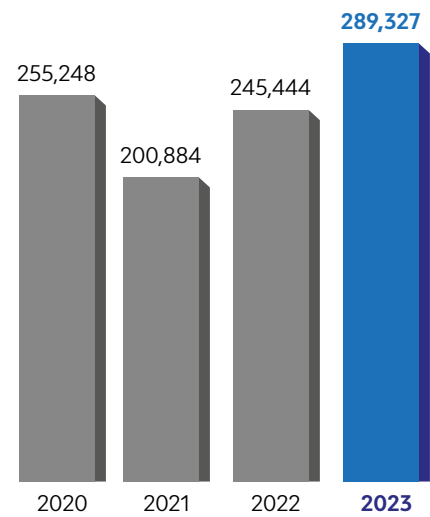
REVENUE
(RM'000)



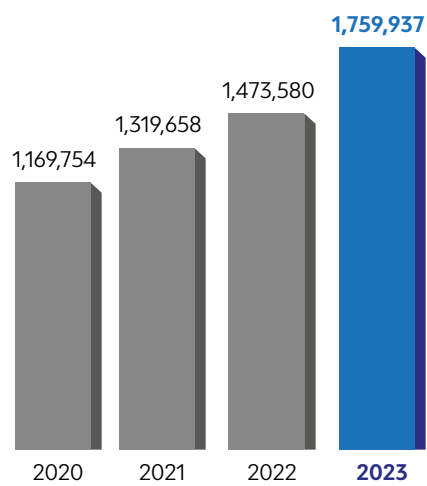
EBITDA
(RM'000)



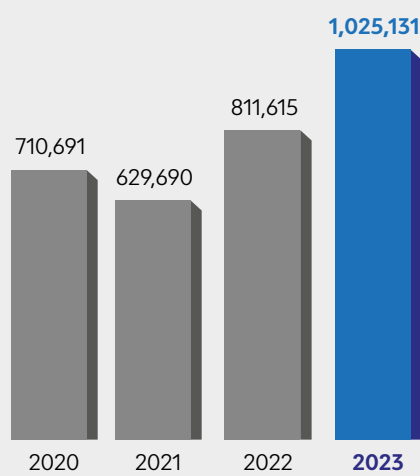
PROFIT FOR THE YEAR
(RM'000)



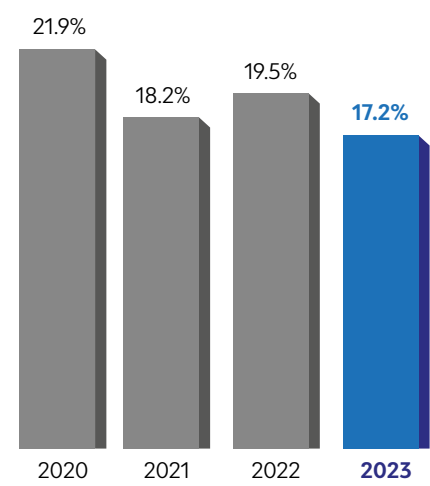
TOTAL ASSETS
(RM'000)



TOTAL EQUITY
(RM'000)



PATAMI MARGIN
(%)



CHAIRMAN'S STATEMENT

Meeting Challenges through Strong Fundamentals



Dear Shareholders,

On behalf of the Board, I am pleased to present to you the Annual Report of DXN Holdings Bhd. ("DXN" or "the Company") and its subsidiaries ("DXN Group" or "the Group") for the financial year ended 28 February 2023 ("FYE2023").

A LANDMARK ACHIEVED

2023 was a significant year for DXN as we were successfully listed as a public company on the Main Market of Bursa Malaysia Securities Berhad on 19 May 2023, marking another key milestone in our business growth journey from the time we began operations in 1995. Since then, we have expanded our presence from being solely in the Malaysian market into international markets with a vast global distribution footprint spanning across Europe, Latin America, North America, Central Asia, South Asia, Southeast Asia, Middle East, Africa and Oceania. Going forward as a listed company, our plans for the next stage of DXN's growth will continue to focus on expanding into new markets.

MARKET AND OPERATING ENVIRONMENT

The global direct selling market size was valued at USD154.8 billion in 2021 and is expected to expand at a compound annual growth ("CAGR") of 6.1% from 2022 to 2028.¹ According to the World Federation of Direct Selling Associations ("WFDSA"), over 128.2 million direct sellers were involved in the industry in 2021; and this number is expected to rise as the industry grows. Direct selling not only provides revenue opportunities but also imparts transferrable sales and management skills that can be applied outside of the direct selling business.

Malaysia's direct selling industry was an inadvertent beneficiary of the COVID-19 pandemic. The coronavirus outbreak resulted in the government imposing various levels of movement restrictions between 2020 to 2022 and this had helped spur sales at direct selling companies as more people shopped from home, particularly for health-related and wellness products.

Malaysia began transitioning from the pandemic to endemic stage of COVID-19 in April 2022. Although businesses showed promising signs of normalcy, the world-wide effects of the pandemic still lingered. The global and domestic business landscape of our industry sector remains challenging compounded by the negative economic impacts and social headwinds from geopolitical tensions of the escalating Russia-Ukraine war and the deteriorating US-China relations; supply-chain disruptions; high inflationary pressures; and rising production and logistical costs.

FINANCIAL PERFORMANCE

Despite the challenges amid the difficult operating environment during the year in review, FYE2023 revenue reflected the continuing high demand for our nutrition and wellness products and the strength and agility of our direct selling business model.

We achieved a commendable financial performance which generated a 28.8% increase in sales revenue amounting to RM1,600.8 million in comparison to the RM1,242.9 million attained in FY2022.

At the end of the financial year, our total equity amounts to RM1,025.1 million; a total asset of RM1,759.9 million; and a total liability of RM734.8 million. Our earnings per share stood at 5.71* sen and net assets per share of 21.25* sen. The return on shareholders' equity on an after-tax basis is at 28.6%.

For detailed insights into the Group's financial performance, please refer to the Management Discussion & Analysis section within this Annual Report.

OPERATIONS AND OPPORTUNITIES

The health and wellness segment continued to dominate the global market with the largest market share of the total revenue in FYE2023. Since the pandemic hit the world in 2020, direct selling enterprises in the health and wellness industry have witnessed strong sales, and their sales momentum have continued over into 2022. The pandemic and increased customer emphasis on health, as well as the rise in adoption of health-oriented and wellness products to stay fit clearly benefited DXN as well.

¹ Grand View Research, Inc. 201 Spear Street 1100, San Francisco, CA 94105, United States: Direct Selling Market Size, Share & Trends Analysis Report By Product (Health & Wellness, Cosmetics And Personal Care, Household Goods & Durables), By Region (North America, Europe, Asia Pacific), And Segment Forecasts, 2022-2028.

Note:
* The earnings per share and net assets per share are based on the enlarged issued share capital of 4,825,000,000 ordinary shares after the completion of Bonus Issue subsequent to the year end as part of the DXN's Initial Public Offering scheme.

Chairman's Statement



TOTAL EQUITY ('000)

RM1,025,131



TOTAL ASSETS ('000)

RM1,759,937

According to the Ministry of Domestic Trade and Consumer Affairs ("MDTCA"), Malaysia's direct selling industry recorded a sales turnover of RM25.7 billion in 2020 despite the emergence of the third wave of the COVID-19 pandemic. MDTCA had also reported that as of end-May 2022, sales turnover of the industry stands at RM11.4 billion and is projected to reach RM26.5 billion making it one of the main contributors to the national economy.

We are confident that our business model and strategy will continue to provide enhancements to creating further business opportunities and our vast global distribution network will give us the competitive advantage to reach more consumers with more offerings than ever before. Spanning across 180 countries, our 14.9 million registered members are amazing people who have unique relationships with us and our distributors in their health and wellness journey.

For detailed insights into the Group's operational performance, please refer to the Management Discussion and Analysis section within this Annual Report.

PROSPECTS AND OUTLOOK

Despite the lifting of lockdowns and movement restrictions, the global economy remains volatile. Indeed, the facts show that instead of recovery, the world economy is not currently expected to return over the medium term to the rates of growth that prevailed before the pandemic, the International Monetary Fund ("IMF") reported in its latest World Economic Outlook.



DXN Factory in Kedah, Malaysia



We are confident our business model and strategy will continue to provide enhancements to creating further business opportunities

Amidst the challenges of geopolitical strife, high interest rates and volatile commodity prices, we are cautiously optimistic to continue delivering revenue growth for the 2023-2024 period. DXN will continue to be prudent and agile in its operations to focus on business sustainability by adapting to the constant market demand change wherever possible. We are committed to strive for continuous improvement in our business operational efficiency to stay competitive and continue our robust growth with entry into new markets such as Brazil, Argentina, Algeria, Niger and Ghana.

APPRECIATION

On behalf of the Board of Directors, I wish to express our sincere appreciation to our Key Senior Management, staff and distributors who have made it possible for our Group to remain resilient and to continue thriving during these highly challenging times.

Last but not least, I would like to thank all stakeholders, including customers, business associates, financial institutions, industry regulators and shareholders for your trust in us, and for your continued and unwavering support.

DATUK LIM SIOW JIN

Executive Chairman



TOTAL LIABILITIES ('000)

RM734,806



BASIC EARNINGS PER SHARE (SEN)

5.71 sen



DXN Cyberville in Cyberjaya, Selangor, Malaysia

MANAGEMENT DISCUSSION AND ANALYSIS



On behalf of the Board, I am pleased to present to you the Annual Report of DXN Holdings Bhd. ("DXN" or "the Company") and its subsidiaries ("DXN Group" or "the Group") for the financial year ended 28 February 2023 ("FYE2023").

The MD&A should be read in conjunction with the Audited Financial Statements of the Company and the Group for the FYE2023.

OVERVIEW OF BUSINESS AND OPERATIONS

During FYE2023, there were no major changes to the Group's fundamental business and focus in global health-oriented and wellness direct selling activities.

We have 327 health-oriented and wellness consumer products that we manufacture in-house and our distribution network comprises 79 sales branches and 12 exclusive external distribution agencies appointed across 48 countries. We serve over 14.9 million registered Members in more than 180 countries with over 3.6 million numbers being active Members.

Our portfolio of health-oriented and wellness consumer products consists of fortified food and beverages, health and dietary supplements, personal care and cosmetics, and other goods. We also have other business offerings in third party laboratory-testing, lifestyle products, and food and beverage ("F&B").

We operate a vertically-integrated supply chain with in-house research, cultivation and manufacturing functions. We carry out our research through an in-house team of about 81 research staff across two research facilities in Malaysia and China, in addition to the six cultivation and ten manufacturing facilities across Malaysia, China, India, Indonesia and Mexico. In the pipeline are a cultivation facility and two manufacturing facilities which we expect to complete by the second quarter of 2023.

Our operational facilities are used for the following activities:

- Research in developing new products and to study and improve on our cultivation and manufacturing techniques;
- Cultivation of Ganoderma, Spirulina and various other herbs and ingredients; and
- Manufacture of finished capsules, tablets, powdered beverages and liquid beverages.



We will continue to focus on unlocking value from our products and accelerate cost optimisation initiatives to strengthen financial performance



DXN Marketing Office in Petaling Jaya, Selangor, Malaysia

Approximately products sold based on gross revenue contribution were manufactured in-house, with tight control over the production process.

OVERVIEW OF MARKET PERFORMANCE

According to a report by the Organisation for Economic Co-operation and Development, global economic growth slowed in 2022 to 3.2%, more than one percentage point weaker than expected at the end of 2021, mainly weighed down by Russia's war of aggression in Ukraine and the associated cost-of-living crisis in many countries. Growth is projected to remain at below-trend rates in 2023 and 2024. As we navigated through the challenges, our business operations and financial performance, though impacted, remained resilient.

Our health-oriented and wellness products market performance continued to benefit from the significant increased awareness and personal health concerns brought on by the pandemic despite the change in consumer behaviour to shift towards online shopping. Our wide range of product offerings are able to meet various consumer needs and continued to be supported by our loyal members over the years.

Our gross revenue composition in FYE2023 consists of mainly fortified food and beverages which contributed 64.5% of the gross revenue; followed by health and dietary supplements at 24.3%; personal care and cosmetics products at 6.7%; and other products and other business activities making up the remainder 4.5% of the gross revenue.

GROUP FINANCIAL HIGHLIGHTS

Sales Revenue

In FYE2023, DXN posted a 28.8% increase in sales revenue to record RM1,600.8 million in sales compared to the RM1,242.9 million achieved in FYE2022. This significant performance in revenue was driven by continuous strong sales momentum across the board, with higher sales growth, in particular the Group's fortified food and beverage products, in Latin America, Morocco and India.

Earnings

The Group's profit before tax ("PBT") increased by 25.5% to RM455.5 million from RM362.9 million previously. The increase was mainly attributable to the higher revenue, partly offset by higher legal and professional fees in relation to IPO, an impairment of property, plant and equipment, provision for indirect tax cases and other operating expenses.

Financial Position and Liquidity

The Group continues to maintain a healthy balance sheet while liquidity remains strong. This provides DXN with the necessary resources to sustain business operations over both the short-term and long-term as well as the capabilities to fund future capital expenditure and growth initiatives when opportunities arise.

As of 28 February 2023, the Group's net assets stood at 21.25 sen[#] per share compared with net assets per share of 16.82 sen[#] at the end of FYE2022.

CAPITAL EXPENDITURE REQUIREMENTS, CAPITAL STRUCTURE AND CAPITAL RESOURCES

For the year in review, the Group made capital expenditure ("capex") investments amounting to RM90.4 million (FYE2022: RM185.5 million) mainly for the expansion of the Group's cultivation and manufacturing facilities and construction of DXN Cyberville.

Dividends

On 18 October 2022, we declared a first interim dividend of approximately 16.61 sen per share amounting to RM40.0 million in respect of the FYE2023 which was paid on 15 November 2022.

On 6 March 2023, we declared a second interim dividend of approximately 8.31 sen per share amounting to RM20.0 million in respect of the FYE2023 which was paid on 13 March 2023.

Note:

[#] Computed based on net assets divided by enlarged issued share capital of 4,825,000,000 ordinary shares after the completion of Bonus Issue subsequent to the year end as part of the Group's Initial Public Offering scheme.

Management Discussion and Analysis

Save as mentioned above, we have not declared or paid any other dividends to our Shareholders. Unless otherwise stated, the dividends above were funded by our internal funds from operations. These dividends will not affect the execution and implementation of our future plans or strategies.

OUR BUSINESS STRATEGIES

DXN's core business has always been to trade our manufactured products through direct selling. During FYE2023, we continued to execute on our strategic plan, which is designed to deliver predictable growth for our shareholders, increase market share in our core categories and achieve greater membership onboarding and distributor success.

The following strategies were implemented to achieve our targeted growth:

- Creating a visible pathway to grow in new and existing markets by setting up new sales branches or appoint external distribution agencies whenever there are enough Members for network marketing coupled with sizeable sales volumes.
- Responding to changing consumer needs and enhancing Member engagement in a systematic approach to product ideation, development and launch backed by our strong track record of producing new products and in keeping with market trends.
- Continuing expansion of our vertically-integrated global supply chain by expanding our global supply network to ensure a consistent and reliable demand fulfilment to sustain a strong top-line growth.



DXN Cyberville in Cyberjaya, Selangor, Malaysia

- Enhancing our technological ecosystem with the use of social media to increase our effective reach and presence, including enrolment of Members. Members can also share their success stories across their respective personal networks to promote the value proposition offered by us.

UPHOLDING GOOD GOVERNANCE

We believe that good governance increases accountability and the ability to spot potential issues before they occur. It is essential for business longevity and it improves investor confidence that is crucial for promoting business prosperity by placing us in the best possible position to thrive.

The Group's governance policies are guided by the updated Malaysian Code on Corporate Governance ("MCCG") that was released in April 2021. We are committed to ensuring good governance policies cascade down effectively from the Board in a coherent manner across the Management and the rest of the organisation.

We continuously review and make necessary changes to the Board Committees as well as strengthen and update relevant policies, Board Charter and the respective Terms of Reference ("TOR") of the various Board Committees, so that these are aligned with the MCCG 2021 to ensure:

- a balanced board composition;
- director and auditor independence;
- transparency and consistency in our disclosures;
- defining and safeguarding shareholder rights;
- managing risk proactively and aim for long-term value creation; and
- to follow sustainability best practices in strategic management.

MANAGING RISKS

The Board recognises the need for a robust system of internal controls and risk management as the Group operates in an environment that is constantly changing and as a result the risks it is facing change over time. We have developed processes to assess risks and to develop strategies for dealing with these risks on an ongoing basis.

A review of these risks is carried out by the Group regularly to strengthen our risk management framework to update our risk register to address existing and new risks. The review process involves the classification of risks, assessment to determine the relative likelihood of them impacting the business and the potential severity of the impact, and determination of whether changes to management processes are needed to manage them effectively.

We believe that a strong risk culture is vital to the long-term sustainability of the Group's business. It is the responsibility of every employee in the Group and it ensures that our decisions and actions are considered and focused on our Members, and that we are not side-tracked by perceived short-term gains.

FOCUS ON SUSTAINABILITY

As a key health and wellness company in the nation's direct selling industry, we are committed to upholding responsible management and sustainable development activities to elevate and sustain our growth and viability while helping shape economies, society and businesses through our portfolio of health and wellness offerings and unique business model.

Our sustainability aspiration is to give more back to nature and society than we take. We work hard to integrate sustainability into every aspect of our business and activities as we consider sustainability as a fundamental opportunity for innovation, growth and long-term value creation. To this end, we conduct periodic materiality assessments to identify the key areas that would impact our business operations.

Our commitment to sustainability best practices is further enhanced with the engagement of a reputable consultant to explore opportunities in adopting clean energy and waste management in our operations and to evaluate realistic options to address issues towards achieving carbon neutrality.

Please refer to the Sustainability Statement section of this Annual Report for further details on our approach to sustainability.

LOOKING AHEAD

The International Monetary Fund's ("IMF") latest World Economic Outlook in April 2023 forecasts that growth will slow from 3.4 percent in 2022 to 2.8 percent in 2023. The unprecedented challenges from the pandemic to the invasion of Ukraine, to the soaring inflationary pressures and high cost of living have resulted in a lengthy period of uncertainty that may have an impact on our operations and business.

To mitigate the situation, the Group will focus on improving our business optimisation and operational efficiency, and leverage on our strong financial position. We will continue to prioritise the need for us to be resilient and forward thinking to ensure that our business long-term success by adapting to the constant market and consumer demand changes.

We will exercise prudence in making decisions on investments in new products as well as in endeavours to recruit new Members, improve Member productivity and expanding into new markets such as Brazil, Argentina, Algeria, Niger and Ghana.

We are confident that our strong fundamentals and brand position will be able to weather all headwinds and continue to drive our momentum for sustainable growth.

TEOH HANG CHING

Executive Director & Chief Executive Officer



DXN Factory in Telangana, India

PROFILE OF BOARD OF DIRECTORS



DATUK LIM SIOW JIN

Non-Independent Executive Chairman

AGE

63

NATIONALITY

Malaysian

GENDER

Male

MEMBERSHIP OF BOARD COMMITTEES

- Member, Executive Committee

QUALIFICATIONS

- Bachelor of Technology, Indian Institute of Technology Kharagpur, India

WORKING EXPERIENCE

Datuk Lim Siow Jin is the company's Non-Independent Executive Chairman. He was appointed to the Board on 3 April 1996 as Non-Independent Executive Chairman and the Chief Executive Officer. He relinquished his position as the Chief Executive Officer in May 2022.

From 1984 to 1994, he worked as an engineer at the Muda Agriculture Development Authority in Kedah under the Ministry of Agriculture and Food Industries of Malaysia tasked to improve and manage economic development projects in the Muda area in Kedah and to plan and manage all agricultural development assigned to it by the state governments of Kedah and Perlis.

He is the founder of DXN in 1995 giving him over 25 years of experience in the direct selling industry and the business operations of the Group.

During his tenure as Chief Executive Officer, he oversaw the entire business operations of the Group and played a key role in operational matters and marketing, as well as in the overall expansion of our Group.

As the current Executive Chairman, he continues to be responsible for overseeing the Group's business strategies, marketing plans and R&D, which are integral to the Group's continued development and growth potential.



TEOH HANG CHING

Non-Independent Executive Director
& Chief Executive Officer

AGE

64

NATIONALITY

Malaysian

GENDER

Male

MEMBERSHIP OF BOARD COMMITTEES

- Member, Executive Committee
- Member, Risk Management Committee

QUALIFICATIONS

- Associate Member, Chartered Institute of Management Accountants
- Fellow, Chartered Institute of Management Accountants
- Member of the Malaysian Institute of Accountants since 1994

WORKING EXPERIENCE

Teoh Hang Ching was appointed to the Board as the Group's Non-Independent Executive Director and Chief Executive Officer on 9 February 2022.

He has over 37 years of experience in various sectors such as auditing, trading and manufacturing, including over 14 years in the direct selling industry.

He began his working career in 1982 as an auditor with the National Audit Department of Malaysia until 1993 and was responsible for audits on statutory bodies, district offices and local councils.

From 1994 to 1997, he was the Group Management Accountant of Tan Kar Pin Holding Sdn. Bhd., a company involved in the manufacturing and trading of aluminium and stainless steel.

In 1997, he joined Chiang Jiang Aluminium Sdn. Bhd. as General Manager until 2003 where he was responsible for assisting in setting up the company and its overall management.

In 2003, he joined DXN as Senior Manager – CEO office, and subsequently held various positions in the Group including International Business Senior Manager, Country Manager of the Philippines branch and India, and President of the U.S. operations and marketing activities.

He left the Group in 2008 and re-joined Chiang Jiang Aluminium Sdn. Bhd. as General Manager until 2010 before joining Alumac Sdn. Bhd., a trader and manufacturer of aluminium products where he served as General Manager between 2011 and 2012.

He returned to DXN in 2012 as Regional Manager, responsible for the Philippines branch and oversaw operations in India as well. He was subsequently promoted and held several senior positions in the Group including being Chief Operating Officer tasked with overseeing the operations of the Group's foreign subsidiaries involved in direct selling and our factory operations in China and India as the Marketing Executive Director and later, as Chief Marketing Officer in 2016 before he assumed his current position as the Group's Chief Executive Officer in May 2022.

Profile of Board of Directors



DATO' LIM BOON YEE

Non-Independent Non-Executive Director

AGE	NATIONALITY	GENDER
59	Malaysian	Male

MEMBERSHIP OF BOARD COMMITTEES

Nil

QUALIFICATIONS

- Bachelor of Business Administration in International Trade and Accounting, Soochow University, Taipei, Republic of China
- Master of Business Administration, National University of Singapore

WORKING EXPERIENCE

Dato' Lim Boon Yee was appointed to the Board as a Non-Independent Executive Director on 22 November 1998 and was re-designated Non-Independent Non- Executive Director in May 2022.

He began his working career in 1990 as Assistant Audit Manager with Reality United Firm, CPAs, an accounting firm in Taiwan and left in 1996 to join DXN in 1997.

Since 1997, he has been a director of DXN Marketing and a key senior member of DXN Marketing's management primarily responsible for its management, administration and licensing as well as assisting in setting up its branches.

From 1998 to May 2022 (including the period when DXN was previously listed on the Kuala Lumpur Stock Exchange), he served as our Managing Director responsible for the Group's management, administration and licensing.



VIBHAV PANANDIKER

Non-Independent Non-Executive Director

AGE

59

NATIONALITY

Singaporean

GENDER

Male

MEMBERSHIP OF BOARD COMMITTEES

Nil

QUALIFICATIONS

- Bachelor of Engineering (Honours), Electrical and Electronics, Birla Institute of Technology and Science, India
- Master of Science (Honours), Economics, Birla Institute of Technology and Science, India
- Post Graduate Diploma in Management, Indian Institute of Management, Bangalore, India

WORKING EXPERIENCE

Vibhav Panandiker was appointed to the Board on 12 May 2017 as a Non-Independent Non-Executive Director.

He began his working career in 1986 as Product Marketing Executive at Wipro Systems Limited and left in 1989 to pursue his post graduate studies.

In 1994, he joined Citibank N.A. but left in 1995 to join Standard Chartered Bank, India as a Product Manager.

He moved to Singapore in 1996 to join Citibank N.A., Singapore as a Regional Product Manager until 2000. Between 2000 and 2001, he was the Industry Practice Director at Web Connection Pte. Ltd., an internet services company in Singapore.

Between 2001 and 2009, he was a director at Standard Chartered Bank (Singapore) Limited, Private Equity Division. In 2009, he was appointed as Managing Director of Global Special Opportunities at J.P. Morgan (S.E.A.) Limited and subsequently left in 2010 to co-found and partner in KV Asia Capital, a private equity firm headquartered in Singapore focused on equity investments in companies across Southeast Asia.

Profile of Board of Directors



DATUK NORIPAH BINTI KAMSO

Senior Independent Non-Executive Director

AGE

65

NATIONALITY

Malaysian

GENDER

Female

MEMBERSHIP OF BOARD COMMITTEES

- Member, Remuneration Committee
- Member, Nomination Committee

QUALIFICATIONS

- Diploma in Business Studies, Institut Teknologi Mara, Malaysia
- Bachelor of Science, Northern Illinois University, U.S.A
- Master of Business Administration, Marshall University, U.S.A
- Member of the Institute of Corporate Directors Malaysia

WORKING EXPERIENCE

Datuk Noripah Binti Kamsu was appointed to the Board as a Senior Independent Non-Executive Director on 10 February 2022.

She began her working career in 1980 as a Development Officer in the Project Division of the Urban Development Authority of Malaysia ("UDA") responsible for overseeing the overall implementation of development projects. She left UDA and joined Bank of Commerce (M) Berhad in 1983 (which subsequently became part of CIMB Group Holdings Berhad (together with its subsidiaries and associated companies, "CIMB Group")) as an Executive Trainee and rose up the ranks to Senior Manager of the corporate banking department.

She remained with the CIMB Group for the next 30 years until 2014 and had held various key positions including Deputy General Manager, General Manager and director of the corporate banking department of Commerce International Merchant Bankers Berhad ("CIMBB") responsible for all corporate lending businesses from 1993 to 2004.

While at CIMBB, she was also the Chief Executive Officer of CIMB Futures Sdn. Bhd. ("CIMB Futures") in-charge of derivatives broking from 1996 to 2004. She was Chief Executive Officer of CIMB Principal Asset Management Berhad ("CPAM") from 2004 to 2008 and the founding Chief Executive Officer of CIMB Principal Islamic Asset Management Sdn. Bhd. ("CPIAM") from 2008 until 2012.

Her last position was as an advisor to CIMB Islamic Wholesale Banking of the CIMB Group from 2013 until 2014. She had also served as executive director of CIMB Futures, CPAM and CPIAM during her tenure with the CIMB Group.

In 2015, she lectured on Islamic Capital Market at the College of Business and Public Administration as Global Practitioner in Residence in the Centre for Global Citizenship of Principal Financial Group at Drake University, U.S. In the academic year from 2016 to 2017, she was a visiting fellow in Islamic finance at the Oxford Centre for Islamic Studies, an independent centre of the University of Oxford, United Kingdom.

In 2015, she was a visiting lecturer at St. Joseph University in Beirut, Lebanon, lecturing on the fundamentals of Islamic finance contracts to practising lawyers pursuing their Master in Law degree. She was adjunct professor in the School of Economics, Finance & Banking of Universiti Utara Malaysia between 2014 and 2019, and in the Faculty of Business and Management of UiTM between 2019 and 2021.

Between 2015 and 2017, she was appointed by the Securities Commission Malaysia ("SC") to serve as Public Interest Director of the Federation of Investment Managers Malaysia, recognised by the SC as a self-regulatory organisation for the unit trust industry. Between 2016 and 2020, she was a member of the Appeals Committee of Securities Industries Dispute Resolution Centre. She was also the Chairman of Bank Kerjasama Rakyat Malaysia Berhad from 2018 to 2020 and the Chairman of the board of trustees of Yayasan Bank Rakyat from 2019 to 2020.

She has been an independent director of Top Glove Corporation Berhad since 2015 and Swift Haulage Berhad since 2021, both public companies listed on the Main Market of Bursa Securities.



**YM TUNKU AFWIDA BINTI
TUNKU A. MALEK**

Independent Non-Executive Director

AGE	NATIONALITY	GENDER
57	Malaysian	Female

MEMBERSHIP OF BOARD COMMITTEES

- Chairman, Nomination Committee
- Member, Audit Committee
- Member, Remuneration Committee

QUALIFICATIONS

- Bachelor of Science (Honours), Economics and Accountancy, The City University, London (the predecessor of City, University of London)
- Chartered Accountant, Institute of Chartered Accountants, England and Wales
- Member of the Malaysian Institute of Accountants

WORKING EXPERIENCE

YM Tunku Afwida Binti Tunku A. Malek was appointed to the Board as an Independent Non-Executive Director on 10 February 2022.

In 1993, she joined Rashid Hussain Asset Management (the predecessor of RHB Asset Management Sdn. Bhd.) as a fund manager and analyst until 1994. She then joined UOB Asset Management Ltd. in Singapore as an equities analyst and manager and left in 1995.

Between 1995 and 2003, she served as an executive director and Chief Investment Officer at Commerce Asset Fund Managers Sdn. Bhd. (the predecessor of CPAM).

She joined MIMB Investment Bank Berhad (now known as Hong Leong Investment Bank Berhad) in 2003 and served as Chief Executive Officer until 2006. She was then appointed as Chief Executive Officer of Kenanga Investment Bank Berhad (“Kenanga IB”) between 2006 and 2008. She also served as an executive director of both banks during her tenure with the banks.

During the period after she left Kenanga IB, she served on the boards of a number of public and private companies including Cagamas Berhad, i-VCAP Management Sdn. Bhd., Universiti Tun Abdul Razak Sdn. Bhd., Transnational Insurance Brokers (M) Sdn. Bhd. and Benih Semaian Sdn. Bhd.

Between 2016 and 2022, she was a director and co-owner of Asia Equity Research Sdn. Bhd., a company licensed by the SC to provide advisory services in corporate finance including compliance and funding advisory related services.

She is currently the Chairman of Affin Hwang Investment Bank Berhad. She has been an independent director of Telekom Malaysia Berhad since 2016, SAM Engineering & Equipment (M) Berhad since 2020 and Enra Group Berhad since March 2022 – all public companies listed on the Main Market of Bursa Securities.

Profile of Board of Directors



STEFAN HEITMANN

Independent Non-Executive Director

AGE

57

NATIONALITY

German

GENDER

Male

MEMBERSHIP OF BOARD COMMITTEES

- Chairman, Risk Management Committee
- Member, Audit Committee

QUALIFICATIONS

- Business Administration (Diploma Betriebswirt (FH)), University of Applied Sciences, Rheinland Pfalz, Germany (Fachhochschule Rheinland Pfalz)

WORKING EXPERIENCE

Stefan Heitmann was appointed to the Board as Independent Non-Executive Director on 10 February 2022.

He began his working career in 1985 as an Apprentice Industrial Business Management Assistant at Hoechst AG, a pharmaceutical and chemical company in Germany. He was conscripted for mandatory military service in Germany from 1987 until 1988.

He returned to Hoechst AG in 1988 as a marketing executive (Eastern Europe) and rose through the ranks to become a pharmaceutical representative and thereafter, as an international pharmaceutical representative at Hoechst Australia Ltd. between 1993 to 1994; business service (distribution) & business development manager at Hoechst Thai Ltd. in Bangkok, Thailand between 1994 and 1996; regional controller & marketing coordinator for South East Asia and Pakistan at Hoechst Marion Roussel AG (Singapore Representative Office) in Singapore between 1997 and 1998; and finally as Country Business Analyst, Asia Pacific at Hoechst Marion Roussel AG, Frankfurt from 1998 to 1999.

He subsequently joined the Zuellig Pharma group and worked from 1999 until 2012 across its operations in the Philippines, Indonesia, Vietnam, Brunei and Malaysia holding various senior positions including Vice President of operations at Metro Drug, Inc., Manila, Philippines in 1999.

His last position was as President and General Manager in 2003 before being transferred to PT Wigo Distribusi Farmasi, Jakarta, Indonesia as General Manager and subsequently, President Director. He then served as General Director of Zuellig Pharma Vietnam Co. Ltd., Vietnam in 2006 until his subsequent transfer in 2011 as the Chief Executive at Zuellig Pharma Sdn. Bhd., Malaysia overseeing operations in Malaysia and Brunei until 2012.

Since 2012, he has been providing healthcare consultancy services, initially privately on his own and subsequently under Windira Ltd. and thereafter under Windira (HK) Limited as Managing Director and co-owner. He has provided advisory services to, among others, healthcare manufacturers and distributors.



**ABRAHAM VERGHESE A/L
T V ABRAHAM**

Independent Non-Executive Director

AGE	NATIONALITY	GENDER
67	Malaysian	Male

MEMBERSHIP OF BOARD COMMITTEES

- Chairman, Audit Committee
- Member, Risk Management Committee

QUALIFICATIONS

- Fellow, Association of Chartered Certified Accountants
- Member of Malaysian Institute of Certified Public Accountants
- Member of the Malaysian Institute of Accountants
- Member of the Institute of Corporate Directors Malaysia

WORKING EXPERIENCE

Abraham Vergheese A/L T V Abraham was appointed to the Board on 10 February 2022 as an Independent Non-Executive Director.

He began his working career as an audit assistant in a small accounting firm in 1979 before joining Hanafiah Raslan & Mohamad, another accounting firm, later in the same year. He remained with the firm after its merger in 1990 with Arthur Andersen (“AA”), and subsequent merger in 2002 with international accounting firm Ernst and Young (“EY”) until his retirement in 2016.

During that period, he was a National Partner at AA from 1994 to 1997 and subsequently, Worldwide Partner from 1997 to 2001 before going on to become a Partner at EY from 2002 until 2016.

He was an elected council member of the Malaysian Institute of Accountants (“MIA”). He has served on the Malaysian Committee of the Association of Chartered Certified Accountants (“ACCA”). He has served on various working groups and committees of the MIA, ACCA and the Malaysian Institute of Certified Public Accountants.

He has been an independent director of Maxim Global Berhad since 2019, a public company listed on the Main Market of Bursa Securities.

Profile of Board of Directors



ONG HUEY MIN

Independent Non-Executive Director

AGE	NATIONALITY	GENDER
64	Malaysian	Female

MEMBERSHIP OF BOARD COMMITTEES

- Chairman, Remuneration Committee
- Member, Nomination Committee

QUALIFICATIONS

- Member of the Malaysian Institute of Certified Public Accountants
- Member of the Malaysian Institute of Accountants
- Member of the Chartered Tax Institute of Malaysia

WORKING EXPERIENCE

Ong Huey Min was appointed to the Board as an Independent Non-Executive Director on 1 August 2022.

She began her working career in 1978 as an Articled Clerk at Peat Marwick, Mitchell & Co. (now known as KPMG PLT) and rose through the ranks of supervisor, manager and director over her years of service with the firm. In 2003, she was appointed Executive Director/Partner heading the Penang tax division of KPMG Tax Services Sdn. Bhd. ("KPMG Tax"), her last position held before her retirement in 2014.

She stayed on as a Consultant at KPMG Tax for 3 months in 2015. During her tenure of more than 35 years at KPMG, she gained extensive experience in tax advisory and tax compliance matters, as well as being the engagement partner for public listed and multinational companies in various industries. She also advised foreign investors on various tax incentives accorded by the Government and setting up initial operations in Malaysia.

Since 2015, she has been the co-founding partner of YNWA Advisory PLT, a corporate advisory firm which provides, among others, business management consultancy, investment advisory and tax consultancy services.

She has been an independent director of Pensonic Holdings Bhd. and Globetronics Technology Bhd. Since 2017, both public companies listed on the Main Market of Bursa Securities.

PROFILE OF KEY MANAGEMENT TEAM



LIM YEW LIN

Chief Financial Officer & Company Secretary

AGE	NATIONALITY	GENDER
55	Malaysian	Female

QUALIFICATIONS

- Associate Member, Chartered Institute of Management Accountants
- Member of the Malaysian Institute of Accountants

WORKING EXPERIENCE

Lim Yew Lin is the Group's Chief Financial Officer and Company Secretary. She has been with the Group for over 25 years as our Executive Director and Company Secretary and in her various positions held in our Accounting and Finance Department.

From 1990 to 1991, she worked at Ch'ng Khoon Peng Trading Sdn. Bhd. as an Accounts Clerk. From 1992 to 1994, she had worked as an Accounts Assistant at Takwong (Kedah) Sdn. Bhd..

In 1994, she joined DXN as an Accounts Executive and was promoted to Assistant Finance Manager of DXN Marketing Sdn. Bhd. in 1995 responsible for the preparation of accounts and liaison with external auditors. She was later promoted as Group Finance Manager and Corporate Finance Manager in 1997 and 1999 respectively and subsequently as our Group's Financial Controller from 2002 until 2008.

Over the 11 years, she was responsible for the Accounting and Finance Department of the Group in addition to her existing responsibilities of liaising with external auditors. Her responsibilities as Corporate Finance Manager and Financial Controller of the Group also included preparing and reviewing monthly consolidated financial statements, as well as reviewing and approving the budgets of our subsidiaries.

From 2002 to May 2022, she was our Executive Director and during her tenure, she was responsible for overseeing the Group's finance. She has also been our Company Secretary since 2015.

She assumed her current position of Chief Financial Officer in 2021 where she is responsible for our Group's corporate financial planning, budgeting, treasury, investment, insurance coverage, tax and payroll matters.



TEOH THEAN YONG

Chief Technology Officer & Group Financial Controller

AGE	NATIONALITY	GENDER
57	Malaysian	Male

QUALIFICATIONS

- Diploma in Valuation, Universiti Teknologi Malaysia
- Associate Member, Chartered Institute of Management Accountants
- Advanced Diploma in Computer Studies, Informatics Institute, Malaysia
- Member of Malaysian Institute of Accountants

WORKING EXPERIENCE

Teoh Thean Yong is the Group's Chief Technology Officer and Group Financial Controller. He has served the Group for over 15 years in the various positions, primarily in various Key Senior Management roles in operational activities and internal audit matters.

In 1990, he joined I.P. Services Sdn. Bhd. as a lecturer at Institute Professional (now known as SC College Sdn. Bhd.) and left in 1993 after completing his CIMA examinations. In the same year, he joined Acer Technologies Sdn. Bhd. (now known as Qisda Sdn. Bhd.) as an Associate Accountant. After leaving Acer Technologies in 1996, he joined North Malaya Paper Mills Sdn. Bhd. (now known as Muda Paper Mills Sdn. Bhd.), where he headed the accounting department until 1997.

In 1997, he joined Tan Chong & Sons Motor Co. Sdn. Bhd. as Finance Manager and left in 1998 to join Ernst & Young Consulting Sdn. Bhd. as a Manager until 1999. He then worked as a Manager in Deloitte Consulting ICS Sdn. Bhd. in the same year until 2001. Between 2001 and 2002, he worked as a Principal Consultant for Baan (Malaysia) Sdn. Bhd., an ERP software vendor.

He joined DXN as Information System Senior Manager in 2003 and was promoted to IT Director in 2007, and as Chief Operating Officer in 2016. In 2017, he was appointed as Chief Audit Officer where he oversaw internal audit matters and operations in Ningxia and Guangzhou, China.

He took a career break in 2018 and re-joined DXN in 2021 as Group Financial Controller to oversee the Group's accounts and reporting, budgeting, management control, taxation, transfer pricing and procurement matters. In January 2022, he was appointed as the Group's Chief Technology Officer responsible for managing the Group's IT development teams.

Profile of Key Management Team



TAN HIYIN TIONG

Chief Operating Officer

AGE	NATIONALITY	GENDER
55	Malaysian	Male

QUALIFICATIONS

- Bachelor of Pharmacy (Honours), Universiti Sains Malaysia ("USM")
- Registered Pharmacist with the Pharmacy Board Malaysia since 1993
- Member, Malaysian Pharmacists Society

WORKING EXPERIENCE

Tan Hiyin Tiong is the Group's Chief Operating Officer and has been with the Group for over 15 years overseeing the Group's product management and registration.

After graduating from USM, he served as a Pharmacist under pupillage at Hospital Besar Alor Setar from 1992 until 1993. Between 1993 and 1994, he was a Community Pharmacist at Farmasi Econ (S P) Sdn. Bhd. where he was responsible for counselling, consultation and sales of scheduled poisons. From 1995 to 2003, he worked as a Community Pharmacist at City Pharmacy Sdn. Bhd. in Taiping.

He joined DXN as a Pharmacist in 2003 and has held various managerial positions including Group Product Manager, Group Product Senior Manager and General Manager, where he was responsible for the Group's product registration and trademark applications in respect of the Group's global operations.

In May 2022, he assumed his current position as Chief Operating Officer with added responsibilities of being in-charge of the Group's business operations and human resource matters.



PRAJITH PAVITHRAN

Chief Marketing Officer

AGE	NATIONALITY	GENDER
44	American	Male

QUALIFICATIONS

- Bachelor of Commerce, Utkal University, India
- Diploma in Management, School of Communication and Management Studies, Cochin, India

WORKING EXPERIENCE

Prajith Pavithran is the Group's Chief Marketing Officer with over 20 years of experience in sales and marketing.

He began his working career in 2001 with DXN as Sales and Training Executive responsible for coordinating sales and training activities in North India. In 2003, he was promoted to Head of Sales and Training and following that, to Manager of International Business in 2004 responsible for coordinating marketing and operational matters in South Asia.

Between 2005 and 2009, he was Manager of the International Business Department and subsequently, Country Manager where he oversaw the operations of DIPL Philippines Branch. In 2009, he was designated as Country Manager of DXN Mexico to oversee the Mexican operations. He was then promoted to Regional Manager of Latin America in 2010 to lead the Latin American market and ensure the continuous growth and stability of the Group's presence in that region.

In 2012, he was promoted to Regional Manager of North and South America at Daxen USA until 2016 and later became the Regional President (U.S. and Latin America). He assumed his current position as Chief Marketing Officer in May 2022.



KUAH LEE PENG

Chief Manufacturing Officer

AGE	NATIONALITY	GENDER
46	Malaysian	Female

QUALIFICATIONS

- Bachelor of Science (Food Studies), Universiti Putra Malaysia

WORKING EXPERIENCE

Kuah Lee Peng is the Group's Chief Manufacturing Officer. She has more than 20 years' experience in quality assurance and manufacturing operations in the food and beverages, traditional pharmaceutical and cosmetics industries.

She began her working career in 2000 as a Quality Assurance (QA) Officer at Golden Fresh Sdn. Bhd., a seafood processor.

In 2002, she left Golden Fresh and joined DXN as QA Executive, responsible for setting up and developing the Quality Department and quality system at DXN Industries. She has since held various senior and managerial positions in QA and production, including Senior QA Executive, Assistant Manager, Production Department and Manager at the Group's Malaysian manufacturing facilities.

She was promoted to Factory Manager in 2010 responsible for, among others, ensuring effective implementation of various quality management systems at the Group's Malaysian manufacturing facilities. In 2017, she was the Senior Factory Manager in-charge of the Quality Department, Security Department and Safety, Health and Environmental Department as well as overseeing the Warehouse Department, Planning Department and Shipping Department.

In 2021, she was promoted to Factory General Manager responsible for the overall production operations in Malaysia and supervising the Group's overseas factory operations as well. She assumed her current position as Chief Manufacturing Officer in May 2022, responsible for the Group's overall production operations.

SUSTAINABILITY STATEMENT



ABOUT THIS SUSTAINABILITY STATEMENT

This Sustainability Statement provides an overview of the sustainability performance of DXN Holdings Bhd. (“DXN” or “the Company”) and its subsidiaries (“DXN Group” or “the Group”).

DXN, founded in 1993 in Malaysia, is engaged in cultivating, manufacturing and marketing of health-oriented and wellness products. Today, the Group has expanded its business operations and activities to 48 countries worldwide. We are excited to share our efforts and experiences in promoting environmental and social well-being through our business activities, focusing on economic, environmental and social aspects. Through this statement, we aim to take you through our journey of challenges, achievements and future plans.

Reporting Standards, Scope and Boundary

This Sustainability Statement has been prepared in accordance with the following regulatory and guidance frameworks:

- Practice Note 9 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia Securities”);
- Sustainability Reporting Guide, 2nd Edition (“SRG”) issued by Bursa Malaysia Securities;
- Global Reporting Initiative (“GRI”) Standards;
- United Nation Sustainable Development Goals (“UNSDG”); and
- Malaysian Code on Corporate Governance, updated on 28 April 2021 (“MCCG 2021”).

Division	Entities	Countries
Direct Selling	DXN Marketing Sdn. Bhd. DXN Marketing India Private Limited DXN International Private Ltd Daxen LLC	Malaysia India Philippines Mongolia
Manufacturing	DXN Industries (M) Sdn. Bhd. DXN Pharmaceutical Sdn. Bhd. DXN Manufacturing (India) Private Limited	Malaysia Malaysia India
R&D	DXN Corporation (NingXia) Co. Ltd Bio Synergy Laboratories Sdn. Bhd.	China Malaysia
Plantation	DXN Safari Eco Park Sdn. Bhd. DXN Agrotech (NingXia) Co. Ltd Daxen Agrotech India Private Limited DXN Pharmaceutical Sdn. Bhd.	Malaysia China India Malaysia
Lifestyle	Amazing Discovery Sdn. Bhd. DXN Holdings Bhd.	Malaysia Malaysia

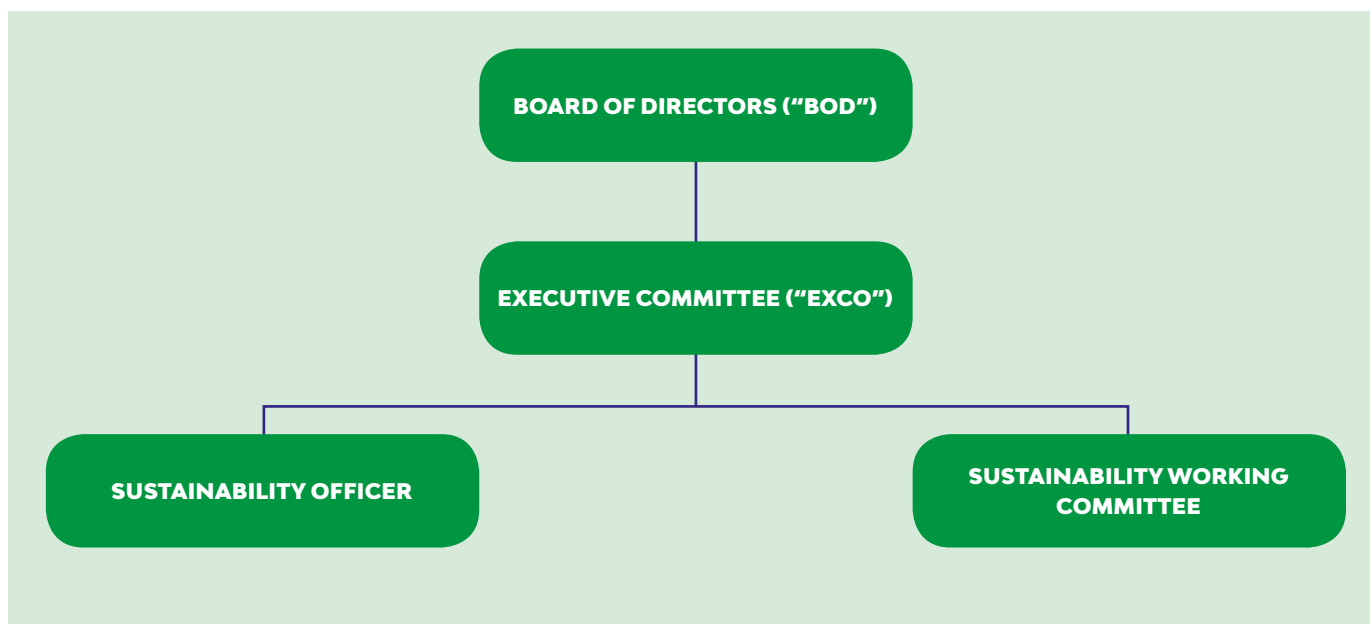
Unless stated otherwise, this statement covers the sustainability performance of the subsidiaries located in Malaysia, India, East and Southeast Asia, as described in the table above (“selected entities”). Other subsidiaries involved in direct selling and trading activities will be included in future reporting periods. The reporting period for this statement is from 1 March 2022 to 28 February 2023.

Feedback

We welcome stakeholders’ feedback on our Report and any of the issues discussed herein. Comments, queries and suggestions regarding the content of this Report can be emailed to sustainability@dxn2u.com.

Sustainability Governance

Strong leadership displayed through supervision and guidance at the Group enhances the flow of communication of values and practices concerning sustainability. The following pictorial displays the flow of leadership in the Group:



Sustainability Statement

The Board of Directors ("BOD") is headed by the Chairman and assisted by the Chief Executive Officer ("CEO"). The BOD consist of nine members and is responsible for overseeing and offering leadership in managing the Group's performance and sustainability practices. The BOD also reviews sustainability targets and metrics and measurement of achievement to gauge progress.

The EXCO members support the BOD by setting and devising the sustainability goals, policies, strategies, action plans, as well as to review the risks, initiatives and performance to ensure sustainable practices are applied in the Group. The EXCO consist of the Executive Chairman and the Chief Executive Officer.

The Sustainability Officer and Sustainability Working Committee ("SWC") reports to the EXCO. The Sustainability Officer is responsible to coordinate all communication and reporting concerning sustainability matters in the Group. The SWC is the operational management of the Group, consisting of respective Head of Departments. They are responsible for the execution and implementation of the strategies on a day-to-day basis and report their operational activities through several channels such as monthly reports, project status reports and safety and health reports.

The BOD held seven meetings during FYE2023, with attendance from the Directors and invitations extended to the Key Senior Management and Management Team members. The meetings covered various topics such as marketing strategy, employee share option plan, Group policies, Initial Public Offering ("IPO") plans, financial matters and business strategic plans that are aimed at achieving the sustainability goals of the Group in terms of Economic, Environment and Social ("EES").

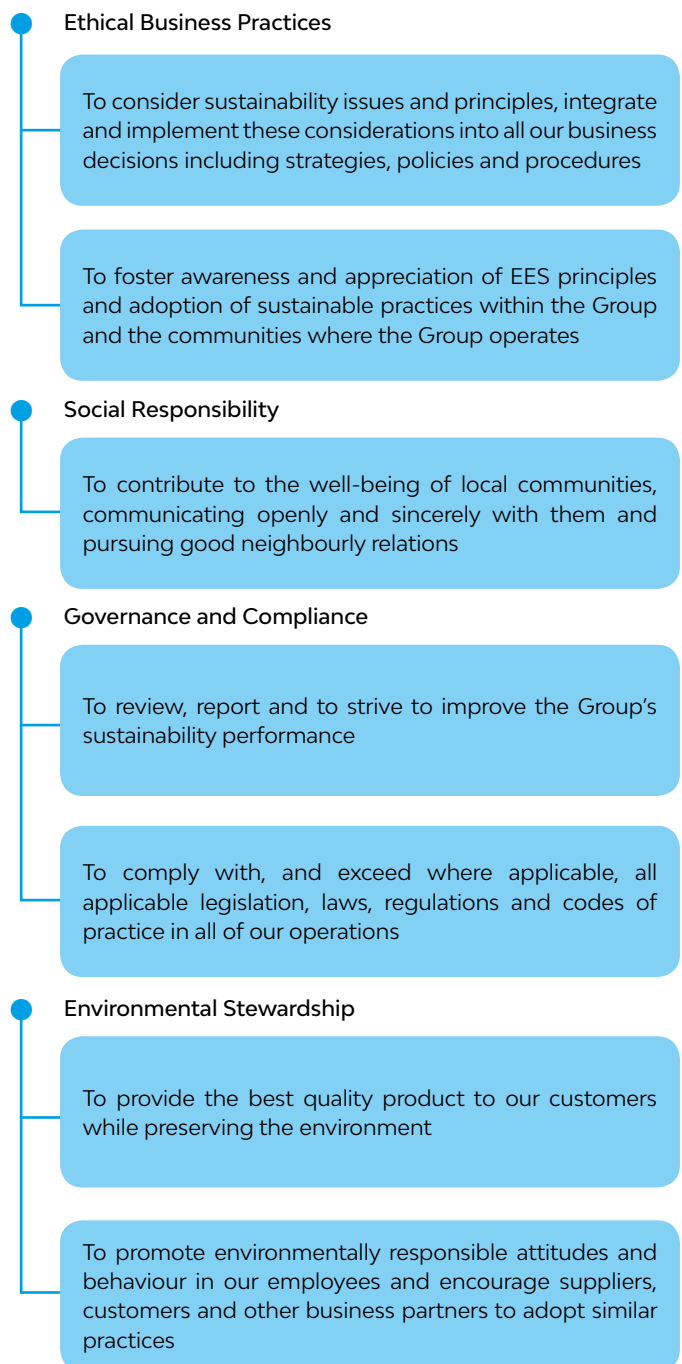
Policies for Internal Control and Governance

The Group has formulated policies to provide an underlying structure for its internal control and support governance. The policies promote a shared culture and alignment of values in the workplace, enabling the Group to move forward as a team. Following are the policies in place:

- i) Code of Conduct & Ethics
- ii) Anti-Bribery and Corruption Policy
- iii) Whistleblowing Policy
- iv) Business Continuity Management Policy
- v) Compliance Management Policy
- vi) Sanctions Policy
- vii) Enterprise Risk Management Policy
- viii) Sustainability Policy

Sustainability Policy

The Group's Sustainability Policy, which became effective on 28 June 2022, aims to achieve the following objectives:



By aligning with these objectives, the Group aims to integrate sustainability into its core business operations, contributing positively to the environment, society and long-term value creation for stakeholders.

Stakeholders Engagement

Stakeholders contribute to our success by providing financial aid, materials, manpower and by serving as partners who help ensure accountability and balance. We strive to engage with our stakeholders to ensure continued support and explore opportunities that benefit the Group and the stakeholders mutually.

The table below provides a list of key stakeholders, their areas of interest, engagement platforms and frequency of engagement:

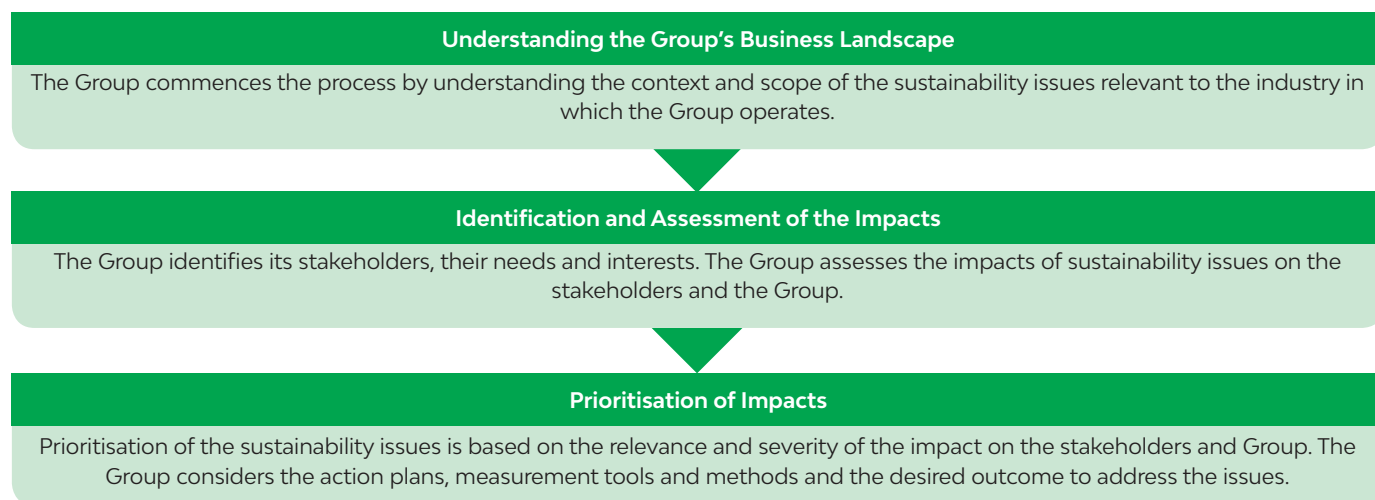
Stakeholders	Stakeholders' Concern	Communication Channel	Frequency	Department/Person in Charge
Shareholders/ Investors and Analysts	<ul style="list-style-type: none"> Short and long-term business goals and performance Return on investment 	<ul style="list-style-type: none"> Annual general meetings Bursa Malaysia announcements Financial performance announcement Website Ongoing media release Investor relation emails 	<ul style="list-style-type: none"> Annually On-going 	<ul style="list-style-type: none"> Key Senior Management Finance/Accounts Group Publication Department Corporate Secretary
Employees	<ul style="list-style-type: none"> Career development Employee welfare Occupational health and safety Awards and recognition 	<ul style="list-style-type: none"> Townhall sessions Performance management Company annual dinner/festival functions and celebrations Emails/newsletter Informal periodic departmental meetings Trainings and development plan 	<ul style="list-style-type: none"> Quarterly/ Half yearly Annually On-going 	<ul style="list-style-type: none"> Group Human Resources Department Health and Safety Unit Heads of Department Group Publication Department Group IT Department
Customers/ Members/ Distributors	<ul style="list-style-type: none"> Reliable and quality product Marketing and promotion activities Awards and recognition 	<ul style="list-style-type: none"> Customer careline Social media Events, forums/seminars, roadshow 	<ul style="list-style-type: none"> On-going 	<ul style="list-style-type: none"> Production Quality Assurance/Quality Control Research & Development/Group Product Department Sales and Marketing/Business Development/Operation Department Customer Relation/Customer Service Group Publication Department
Vendors and suppliers	<ul style="list-style-type: none"> Sustainable procurement system 	<ul style="list-style-type: none"> Regular briefings Engagement Supplier evaluations and registration 	<ul style="list-style-type: none"> On-going 	<ul style="list-style-type: none"> Procurement
Local Authorities/ Regulators/ Government	<ul style="list-style-type: none"> Regulatory and legal compliance 	<ul style="list-style-type: none"> Seminar and trainings Submission of reports required under regulations Periodic visits and inspections 	<ul style="list-style-type: none"> On-going Monthly/ quarterly/ annually 	<ul style="list-style-type: none"> Human Resource Department Quality Assurance/Quality Control Production/Health, Safety and Environment Legal Unit Compliance Unit
Local Communities	<ul style="list-style-type: none"> Community investment, development and impact. 	<ul style="list-style-type: none"> Corporate Social Responsibility activities Donations and Financial Aid 	<ul style="list-style-type: none"> On-going 	<ul style="list-style-type: none"> Group Finance Department Group Human Resource Department Chairman's Office
Media	<ul style="list-style-type: none"> Continuous and meaningful communication 	<ul style="list-style-type: none"> Social media engagement 	<ul style="list-style-type: none"> On-going 	<ul style="list-style-type: none"> Group Publication Department Sales & Marketing/Business Development Operation Department

Sustainability Statement

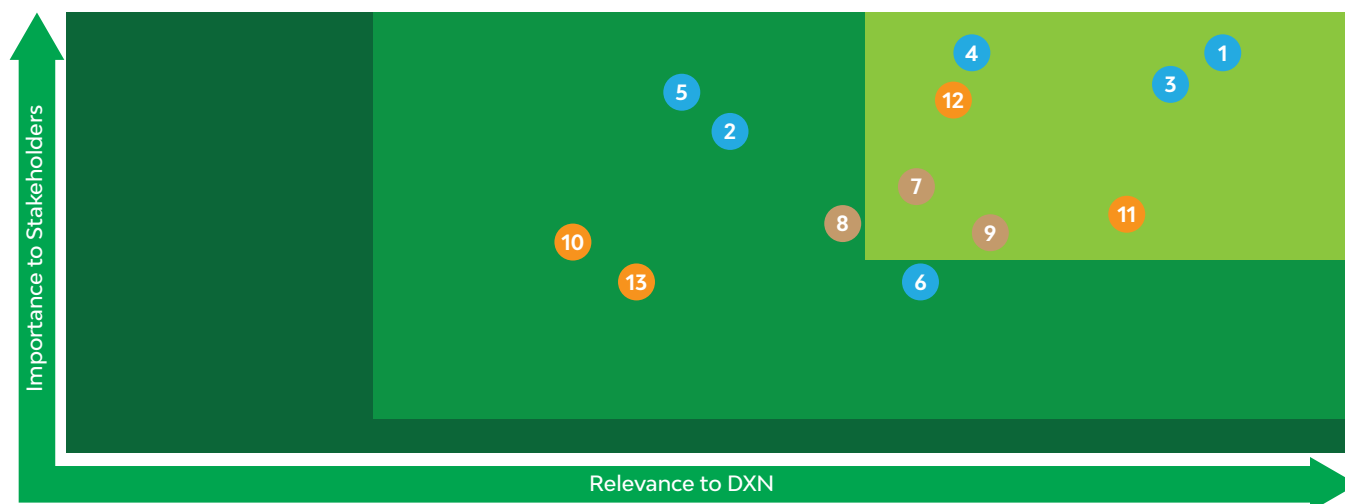
Identifying and Addressing Materiality Matters

Identification of the material matters is imperative to getting started on the sustainability draw board. It keeps the Group focussed on the pressing matters that are relevant and important for the Group’s survival and benefit of the stakeholders.

In order to identify the material matters that are relevant and important to the Group, the Group has adopted the following approach which were partially derived from the GRI standard and Bursa Malaysia’s SRG guideline:



The material matters were identified after assessing the internal and external stakeholders’ interests and their impact on the Group’s operation from the aspects of Economic, Environmental and Social. We have carefully analysed our business environment and the risks associated with the business to identify the pressing material matters. The identification of material matters was a joint effort of all the Key Senior Management team overseeing the business operations in different countries where our subsidiaries are located. The joint discussions and assessment of our unique business environment in each of the subsidiary country has led to successful and accurate identification of the relevant and important material matters.



Economic

- 1. Business Performance
- 2. Sustainable Supply Chain
- 3. Anti-Corruption
- 4. Product Quality, Safety & Labelling
- 5. Information Security
- 6. Innovation and Digital Transformation

Environmental

- 7. Climate Change
- 8. Water Stewardship
- 9. Waste Management

Social

- 10. Employment and Diversity
- 11. Training and Development
- 12. Occupational Health and Safety
- 13. Community Engagement

Risk, Opportunities and Management Action Plans

The following table provides you the bird's eye view of our strategic plan to overcome the risks with our key strengths that relate to each of our stakeholders:

Material Topics	Risks	Opportunities	Impact to the Key Stakeholders	Management Action Plan
Business Performance	<ul style="list-style-type: none"> High competition in direct selling industry might limit business growth and network of active registered members 	<ul style="list-style-type: none"> Investment in research and development to diversify product lines and create competitive advantage 	<ul style="list-style-type: none"> Shareholders/ Investors & Analysts Customers/Members/ Distributors Local communities 	<ul style="list-style-type: none"> Retain members by developing attractive compensation and incentive plans Focus on market growth outside Malaysia
Sustainable Supply Chain	<ul style="list-style-type: none"> Limited control over compliance to Group's standards and policies by large network of registered members/ agencies who are main source of distribution network 	<ul style="list-style-type: none"> Knowledge sharing through trainings, forums and seminars to increase awareness on the benefit of products with uncompromised quality, transparent pricing strategy and practices 	<ul style="list-style-type: none"> Vendors and suppliers 	<ul style="list-style-type: none"> Enhance member portal and overall IT system to keep member informed and stay connected with the company to increase commitment and awareness
Anti-Corruption	<ul style="list-style-type: none"> Reputational risk 	<ul style="list-style-type: none"> Strengthen internal control management to ensure compliance 	<ul style="list-style-type: none"> Shareholders/ Investors and Analysts Local authorities/ regulators/ Government Employees Customers/Members/ Distributors Vendors and suppliers 	<ul style="list-style-type: none"> Declaration form for anti-bribery and corruption Reminders on company values and Malaysian Anti-Corruption Commission ("MACC") policies
Product Quality, Safety & Labelling	<ul style="list-style-type: none"> Compromised product quality and inadequate information on product labels that leads to side effects on consumers could severely affect sales Violation of laws & regulations 	<ul style="list-style-type: none"> Leverage on experience to collaborate with suppliers & vendors to work on product enhancement 	<ul style="list-style-type: none"> Customers/Members/ Distributors Local authorities/ regulators/ Government Media 	<ul style="list-style-type: none"> Keep updated on the product-related regulations to ensure compliance Provide training to employee to ensure adherence to SOP and update their knowledge
Information Security	<ul style="list-style-type: none"> IT systems and infrastructure may be vulnerable to cyber attacks, data corruption and system failures 	<ul style="list-style-type: none"> Increase awareness and compliance to cybersecurity practices Usage of advanced technology to reinforce security 	<ul style="list-style-type: none"> Customers/Members/ Distributors 	<ul style="list-style-type: none"> Provide trainings/ reminders on cybersecurity to employee and Members Maximise the effort of the IT team to upgrade and reinforce security
Innovation and Digital Transformation	<ul style="list-style-type: none"> Exposed to cyber-attacks or information theft as reliance on IT system to manage business increases 	<ul style="list-style-type: none"> Cost saving through development and usage of integrated IT system to manage various functions of business 	<ul style="list-style-type: none"> Customers/Members/ Distributors Employees 	<ul style="list-style-type: none"> Maximise the effort of the IT team to explore, upgrade and maximise technology

Sustainability Statement

Material Topics	Risks	Opportunities	Impact to the Key Stakeholders	Management Action Plan
Climate Change	<ul style="list-style-type: none"> • Extreme weather events such as floods can damage manufacturing and cultivation facilities, warehouses and distribution centres which can lead to supply chain disruptions and financial losses 	<ul style="list-style-type: none"> • Adopt sustainable packaging solutions to reduce waste and carbon emissions associated with packaging and shipping its products 	<ul style="list-style-type: none"> • Local authorities/ regulators/ Government • Shareholders • Employees 	<ul style="list-style-type: none"> • Implement resilience plan to reduce the risks of floods
Water Stewardship	<ul style="list-style-type: none"> • Water quality issues such as contamination from chemicals or pollutants 	<ul style="list-style-type: none"> • Ensuring compliance with water-related regulations and standards 	<ul style="list-style-type: none"> • Local authorities/ regulators/ Government • Local communities 	<ul style="list-style-type: none"> • Adopt water management practices such as reducing water usage, improving water efficiency and implementing wastewater treatment process
Waste Management (Scheduled & Non-Scheduled Waste)	<ul style="list-style-type: none"> • Legal and regulatory risks on non-compliance with waste-related regulations and standards. • Poor waste management practices lead to water and soil contamination 	<ul style="list-style-type: none"> • Develop packaging materials that are eco-friendly 	<ul style="list-style-type: none"> • Local authorities/ regulators/ Government • Local communities 	<ul style="list-style-type: none"> • Implement waste reduction and management strategies such as reducing packaging waste, implement recycling program and proper disposal of waste
Employment and Diversity	<ul style="list-style-type: none"> • Challenges in recruiting qualified candidates 	<ul style="list-style-type: none"> • Gaining a competitive edge by employing a diverse group of people with a range of abilities and experiences 	<ul style="list-style-type: none"> • Employees • Local authorities/ regulators/ Government 	<ul style="list-style-type: none"> • Average gender ratio and age distribution
Training and Development	<ul style="list-style-type: none"> • Growth is hampered by a lack of pertinent skills and competencies 	<ul style="list-style-type: none"> • Create a learning culture within the company that is connected to KPIs 	<ul style="list-style-type: none"> • Employees 	<ul style="list-style-type: none"> • Plan and carry out the activities for training and development, and continually enhance the programs based on feedback and evaluation
Occupational Health and Safety	<ul style="list-style-type: none"> • Regulatory fines and reputation damage result from accidents and injuries 	<ul style="list-style-type: none"> • Emphasise on health and safety culture attracts and retains talent 	<ul style="list-style-type: none"> • Employees • Local authorities/ regulators/ Government 	<ul style="list-style-type: none"> • Strengthening occupational health and safety practices
Community Engagement	<ul style="list-style-type: none"> • Estranged relationship with local community that leads to unawareness of the Group's noble courses for sustainable environment and future 	<ul style="list-style-type: none"> • Social responsibility programmes increase visibility and safeguard reputation as a caring and environmentally responsible organisation 	<ul style="list-style-type: none"> • Local communities 	<ul style="list-style-type: none"> • Donations to charities and organise more community-related events to increased engagement with the community

FYE2023 Sustainability Performance Measurement

Material Topics	FYE2023 Performance	FYE2024 Targets	Action Plan
Business Performance	For the Group: <ul style="list-style-type: none"> Total revenue of RM1,600,814,000 and total profit before tax was RM455,515,000 	Continue to monitor the market and look for opportunities to increase its revenue	Continue to manage and monitor operations vigilantly to maintain its growth trajectory
Sustainable Supply Chain	<ul style="list-style-type: none"> Extensive distribution channels: Sales Branches: 79 External Distribution Agencies: 12 Stockists: 1,808 Registered Members: 14,975,185 Active Members: 3,666,979 	Maintain distribution capabilities to support business performances	Continue to manage and monitor supply chain channels to ensure sustainable supply and distribution through established distributors
Anti-Corruption	<ul style="list-style-type: none"> Zero case of bribery and corruption 	Zero case of bribery and corruption	Continuous awareness and training for stakeholders
Product Quality, Safety & Labelling	<ul style="list-style-type: none"> Retention of certificates and accreditation by Governments bodies and quality assurance parties In-house research, cultivation and manufacturing capabilities: <ul style="list-style-type: none"> Research facilities: 2 Cultivation facilities: 6 Manufacturing facilities: 10 In pipeline: 1 cultivation facility and 2 manufacturing facilities 	Continue to ensure maintenance of product quality, in-house research, cultivation and manufacturing capabilities	Continuous monitoring and adherence of local regulations while ensuring production capabilities are maintained
Information Security	<ul style="list-style-type: none"> Successful IT management and maintenance to ensure cyber security 	Aim to achieve zero cases of data and cybersecurity intrusion	Continuous IT monitoring to ensure cyber security
Innovation and Digital Transformation	<ul style="list-style-type: none"> Successful maintenance of comprehensive data management and communication system to enhance business operation 	Maintain data management and communication system to enhance business operation	Continuous maintenance of comprehensive data management and communication system to enhance business operation
Climate Change	For selected entities: <ul style="list-style-type: none"> Scope 1 GHG emissions: 2,755 tonnes 	Reduce GHG emissions	Continue to manage and monitor its GHG emissions
Water Stewardship	For selected entities: <ul style="list-style-type: none"> Total water consumed: 281,663 M³ Total water withdrawal: 60,725 M³ 	Ensure compliance to local regulations in relation to water management	Continue to manage operations to ensure efficient water management
Waste Management	For selected entities: <ul style="list-style-type: none"> Total Scheduled Waste: 256.62 tonnes Total Non-Scheduled Waste: 440.619 tonnes 	Maintain zero reports or penalties for non-compliance to environmental laws	Continue to monitor waste to ensure adherence to local regulations
Employment and Diversity	For selected entities: <ul style="list-style-type: none"> 50% male and 50% female employees 	Retain talents by understanding employees' needs and aspirations through employee engagement programmes	Organise company activities and practice of open communication to take an inclusive approach in developing organisational culture, practices and strategic plans that make employees feel valued

Sustainability Statement

Material Topics	FYE2023 Performance	FYE2024 Targets	Action Plan
Training and Development	For the Group: • RM263,774 invested on employee training	Increase training hours average per employee	Look for more training opportunities based on needs of employees
Occupational Health and Safety	For selected entities: • Zero fatalities case • 37 work-related injuries	Aim to reduce to zero fatalities cases and zero work-related injuries.	Continuously create awareness concerning health and safety and share best practices
Community Engagement	For selected entities: • Conduct 14 corporate social responsibilities activities	The Group has not yet identified any specific targets for FYE2024	Continue to support the community through various engagement activities

ECONOMIC

Business Performance

Business performance ensures longevity and success of the Group. It serves as a foundation for revenue growth, profitability and the creation of value for our stakeholders. To enhance business growth, DXN adopts the following approach:

Cohesive Production and Sourcing Capabilities

- In-house production of selected raw items allows close monitoring and ensure quality
- Local sourcing across markets enhances cost efficiency and meet consumer demands

Excellence in Quality & Product Portfolio

- Product quality is ensured through research and development
- Expansion of product line through new research discoveries

International Distribution Network

- Direct selling through registered Members worldwide ensures efficient distribution of products
- Customers' feedback through Members enables product innovation and expansion into new markets

Our business model extends beyond national boundaries and aims to strengthen our market presence both domestically and internationally. We have achieved this through a network of 79 sales branches and 14.9 million registered Members (as at FYE2023). These Members have the opportunity to generate personal income by selling the Group's products at their own flexibility.

This expansive network of Members creates a unified global market that fosters collaboration and synergy. To facilitate this collaboration, we have developed robust IT platforms that serve as channels for disseminating product information, facilitating communication and establishing a unified compensation system.

The following table summarises the Group's financial performance for FYE2023:

Details	Total Amount (RM'000)
Revenue	1,600,814
Profit before taxation	455,515

The total revenue of the Group for FYE2023 was RM1,600,814 and total profit before tax was RM455,515.

We are determined to expand our business and reaching new markets with our products. Our aim is to leverage our financial capacity to drive growth and make a positive impact on the global society through continuous research and development.

For more information on the financial statement of the Group, please refer to the financial statement section the annual report.

Sustainable Supply Chain

Procurement Management

Our procurement process is categorised into internal and external procurement as follows:

Internal Procurement

Within our internal procurement framework, we have three main activities which are research and development, cultivation and manufacturing. These activities play a crucial role in maximising the quality and expansion of our product line while ensuring effective quality assurance measures are in place.

To ensure superior products quality and minimisation of contamination risks, DXN maintains a stringent manufacturing process that involves internal production of broad range of products. We take pride in manufacturing approximately 90% (based on gross revenue contribution) of our direct selling products internally, allowing us to maintain strict control over the entire manufacturing process.

The following chart shows the number and location of research, cultivation and manufacturing facilities:



External Procurement

In addition to our cultivation efforts, DXN also purchases certain raw materials that fulfil the specifications and quality required by DXN from external suppliers. This approach allows us to ensure a continued supply of raw materials and maintain cost-effectiveness.

DXN recognises the importance of specialised manufacturing expertise for certain products that the Group has yet to acquire. In such cases, we engage external manufacturers to produce these selected products, ensuring that we offer comprehensive range of high-quality and exclusive products to our customers.

The primary materials procured from external suppliers are coffee powder, sugar, non-dairy creamer, wheat cereal powder, alkalised cocoa powder, virgin coconut oil, empty capsule gel, aluminium foil, boxes, bottles and labels.

The total amount of purchases FYE2023 categorised by local and foreign suppliers for the selected entities are:

Entity	Local Purchases (RM)	Foreign Purchases (RM)	Total Purchase (RM)
Malaysia			
DXN Marketing Sdn. Bhd.	21,049,810	-	21,049,810
DXN Industries (M) Sdn. Bhd.	193,007,516	46,686,023	239,693,539
DXN Pharmaceutical Sdn. Bhd.	11,539,342	17,173,358	28,712,700
DXN Biotech Consultants Sdn. Bhd.	1,074,792	-	1,074,792
India			
DXN Marketing India Private Limited	53,156,506	2,743,230	55,899,736
DXN Manufacturing (India) Private Limited	7,844,022	2,042,447	9,886,469
Daxen Agritech India Private Limited	3,887,379	-	3,887,379
China			
DXN Corporation (NingXia) Co. Ltd	4,199,531	1,904,718	6,104,249
DXN Agrotech (NingXia) Co. Ltd	5,136,616	-	5,136,616
Philippines			
DXN International Private Ltd	-	43,241,513	43,241,513
Mongolia			
Daxen LLC	-	15,251,602	15,251,602
TOTAL	300,895,514	129,042,891	429,938,405

In FYE2023, DXN made local purchases amounting to RM300,895,514 and foreign purchases amounting to RM129,042,891. Local purchases refer to the procurement of materials from suppliers located within the respective countries in which DXN subsidiaries operates. Procurement activity focussed on sourcing materials locally aids the Group to avoid expenses related to import activities which has overall impact on the Group's expenditure.

Sustainability Statement

The Group maintains a diverse and sustainable network of suppliers and vendors. In FYE2023, DXN had about 2,700 suppliers and vendors, showcasing the Group's commitment to working with a wide range of partners to meet its procurement needs. Our strong and enduring relationships with suppliers and vendors, as evidenced by the average tenure of over five years and the longest tenure exceeding 14 years. These long-standing partnerships demonstrate mutual trust, reliability and a commitment to collaboration.

The Group's commitment to effective procurement practices is evident through the establishment of detailed Standard Operating Procedures ("SOPs") for both direct (materials that has direct impact on finished goods e.g. raw materials, packaging) and indirect materials (e.g. machinery, stationary, office equipment). The procurement SOP for direct materials came into effect on 4 April 2022 while the SOP for indirect materials came into effect on 1 October 2021. By having a detailed and structured approach, enables the Group to make more informed choices and optimise its procurement processes on factors such as pricing, quality, delivery and service. The supplier selection criteria are as follows:

- Pricing – Products/Materials are sourced from suppliers that offer competitive pricing matched with availability of the products/materials.
- Quality – Quality of the products/materials and services has to meet the quality standards required by the Group. Suppliers shall provide the Material Safety Data Sheet ("MSDS"), Halal certificate or manufacturing process flow, required specifications reports and other certifications such as GMP, HACCP, ISO (if any) to support quality claims.
- Delivery – Efficiency in delivering the products and services to ensure uninterrupted operation of business.
- Service – Quick assistance and response from supplier whenever needed to ensure uninterrupted operation of business.

The inclusion of due diligence evaluations on suppliers along with adherence to the Group's policies, such as the Anti-Bribery and Corruption Policy and the Supplier Conflict of Interest Declaration Form, is conducted annually. By conducting these evaluations, the Group ensures that suppliers maintain ethical and operational standards and able to identify areas of concern and take appropriate measures to mitigate risks.

Logistic Management

In improving operational efficiency and cost-effectiveness, we focus on maximising our resources, manage logistics prudently and minimise delivery time and resource wastage.

We have a systematic approach to shipping our finished goods to other countries, through courier vendors on weekly basis and managing truck transportation for materials and products within a country or short distances.

The warehouse maintains a schedule for shipping based on the product requisition forms received from person in charge of international business section. Managing fleet schedules, which are managed by the warehouses, to maximise the capacity of vehicles to avoid multiple trips.

Distribution Channel

In DXN, several distribution channels are utilised to disseminate products, that include a network of distributors, or independent representatives. The Group's main distribution channels are listed as below:

- Sales branches;
- External distribution agencies;
- Stockists; and
- Members.

As at FYE2023, the Group expanded our presence to 48 countries. Table below shows the various categories of distribution channel and the number of distributors.

Distribution Channel	Number of Distributors
Sales Branches	79
External Distribution Agencies	12
Stockists	1,808
Registered Members	14,975,185
Active Members	3,666,979

Anti-Corruption

The Group maintains a zero-tolerance stance towards bribery and corruption, ensuring that its business operations strictly adhere to the ethical guidelines outlined in the Malaysia Direct Selling Act 1993 and Direct Selling Association of Malaysia (“DSAM”) Code of Conduct. To reinforce this commitment, the Group implemented its Anti-Bribery and Corruption Policy on 1 June 2020, emphasising compliance with the Malaysian Anti-Corruption Commission Act 2009 (“MACC Act”) and the Malaysian Anti-Corruption Commission (Amendment) Act 2018.

We are dedicated to fostering ethical values and raising awareness about bribery and anti-corruption among our directors, employees, suppliers and business associates. To achieve this, we have implemented various initiatives aimed at enhancing knowledge, gaining commitment and promoting transparency within the Group. Some of the efforts include:

- Incorporating information on the Code of Conduct & Ethics, Anti-Bribery and Corruption (“ABC”) Policy, and Whistleblowing Policy in the employee handbook. We ensure that all employees, including new joiners, are provided with this information and obtain their acknowledgement.
- Requiring employees to complete a conflict-of-Interest Declaration Form. This form helps identify any potential conflicts of interest and ensures transparency in business dealings.
- Making the ABC Policy available on the Group’s corporate website. This ensures that the Policy is easily accessible to all stakeholders and demonstrates our commitment to combating bribery and corruption.
- Establishing a Whistleblowing form and a dedicated reporting channel whistleblowing_abc@dxn2u.com to encourage the reporting of misconduct by all employees of the DXN Group and business associates. This provides a confidential and secure platform for reporting an unethical behaviour, bribery, or corruption.
- Subjecting suppliers to a due diligence evaluation process, which includes an acknowledgement of DXN’s ABC Policy and the submission of a Supplier Conflict of Interest Declaration form. This ensures that our suppliers are aligned with our ethical standards and have mechanisms in place to prevent bribery and corruption.
- Conducting briefings on anti-bribery and anti-corruption for employees. These briefings are aimed to raise awareness, provide guidance on ethical conduct, and reinforce our commitment to maintaining a corruption-free work environment.

New employees joining the Group are required to sign an anti-corruption declaration form. Regular anti-corruption training is provided to employees at Malaysia subsidiaries, while overseas subsidiaries receive annual training. The last training for Malaysia-based employees was conducted on 11 April 2023.

To comply with the Group’s ABC policy, employees are required to declare any gifts, entertainment, or hospitality received or offered, regardless of value. A memo on the Whistleblowing Policy was issued on 3 August 2022 to raise awareness among employees about the Group’s ethical standards. During the induction sessions for new employees, the Whistleblowing Policy and reporting channel are discussed. Posters on anti-corruption and reporting channel are displayed to serve as reminders and foster an ethical culture within the Group.

The Group has established robust processes and procedures to aid the investigation process in the event of suspected case of bribery and anti-corruption. These measures are in place to ensure that industrial relations and legal procedures are followed systematically.

To promote transparency and accountability, both internal and external stakeholders are encouraged to report any incidents of bribery and corruption. The report can be channelled to:

Attention to:
Stefan Heitmann, Chairman of Risk Management Committee

Mailing address:
No.113, Jalan BGS2, Bandar Stargate, Lebuhraya Sultanah Bahiyah, 05400 Alor Setar, Kedah.

Email:
stefanheitmann@dxn2u.com
whistleblowing_abc@dxn2u.com

Attention to:
Abraham Verghese A/L T V Abraham, Chairman of Audit Committee

Mailing Address:
No.113, Jalan BGS2, Bandar Stargate, Lebuhraya Sultanah Bahiyah, 05400 Alor Setar, Kedah.

Email:
abraham_verghese@dxn2u.com

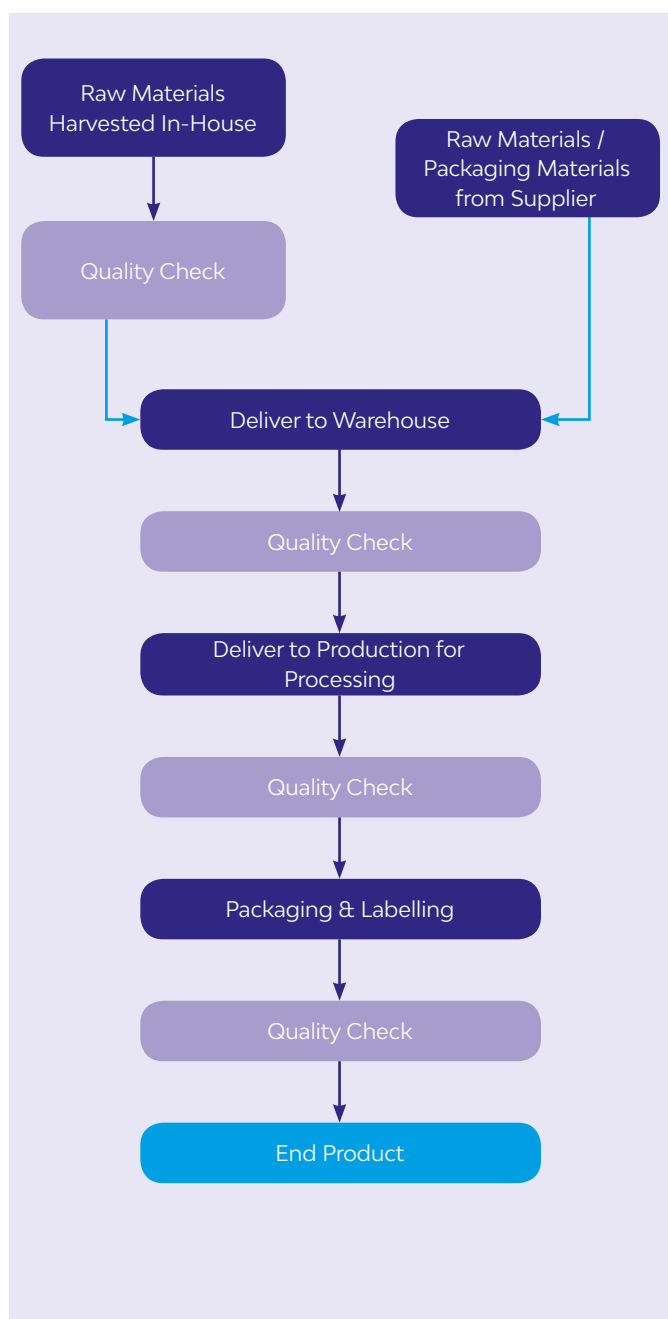
The policies concerning anti-bribery, anti-corruption and whistleblowing are accessible at www.dxn2u.com.

We are proud to state that there were no cases of corruption and bribery for FYE2023.

Sustainability Statement

Product Quality, Safety & Labelling

We integrate Environmental, Social and Governance (“ESG”) practices into our product manufacturing and distribution processes to create a sustainable and responsible product that benefit both consumers and environment. To demonstrate our commitment to responsible business practices, we have implemented a comprehensive quality control process at every stage, from the cultivation of raw materials or the receipt of materials from suppliers to the final product stage. The diagram below depicts the processing steps.



a) Sustainable seed bank and organic farming practices

We prioritise quality right from the beginning, starting with the seeds used for our products. The Group maintains its own seed bank and conducts quality testing to ensure healthy plant growth. We also use organic fertilisers and avoid any harmful pesticides or fertilisers to promote natural growth.

b) Responsible raw material sourcing and Just-In-Time Delivery

To effectively manage the production process, we utilise an integrated IT system that tracks raw material demand. Harvesting is planned based on the demand to ensure a steady supply. Fresh ingredients such as fruits, rhizomes and leaves are delivered to production facilities using the Just-In-Time method to maintain its freshness.

c) Enhancement of quality products and continuous improvement

Our Research and Development (“R&D”) efforts on preserving the maximum level of nutrients in natural raw materials such as Ganoderma, Spirulina, mushrooms and fruits while enhancing their solubility and absorption. We achieve these goals through research on nano fermentation, cold-dehydration, centrifuge filtration and micro powderisation techniques. These processes contribute to the overall quality of our products and health benefits.

In maintaining the quality product, we conduct random sampling of materials, packaging and labels to ensure that our products meet our quality standards. A comprehensive quality assurance report is prepared, confirming that all necessary quality checks have been performed, and that the packaging has accurate printing according to our SOP. This ensures consistency and reliability in our products.

Awards and Certifications

Our commitment to product quality, safety and sustainable business practices have been instrumental in our successful expansion into new markets. We are proud to have received recognition through several key awards, which highlight our achievements in the industry. The following is a list of the notable awards we have received over the years:

Year	Key Awards
2004	DXN received the "3rd Asia Pacific International Honesty Enterprise" award.
2004	DIPL Philippines Branch received the "Most Outstanding Direct Selling Company" and "Top Innovative Company of the Year" award.
2005	DXN received the "2nd Super Excellence Master Award of Direct Sales 2005" award for its outstanding performance in the development of innovative marketing strategies, good business practices and effective planning.

Year	Key Awards
2006	DXN received the "5th Asia Pacific International Honesty Enterprise - Keris Award 2006" for its vision and mission, innovation and strategies, management of human resources, operations efficiency, and research and technology for the production of quality products.
2006	DXN received the "Asia Pacific Super Excellent Brand Book of Records 2006" award for its outstanding achievements, excellent service and good quality products.
2007	DXN Pharma and DXN Industries received the "28th International Award for Technology and Quality (New Millennium Award)" for its trajectory and business excellence.
2008	DXN was selected as the "Most Outstanding Participant" at the First Direct Selling Festival (Middle East) in Dubai.
2009	DXN received the "Direct Selling Award for Outstanding Management" award at the Direct Selling Festival (Middle East) in Dubai.
2010	DXN Spirulina was selected as the "best food supplement in Pakistan" and received the "Brand of the Year Award 2010".
2011	DXN received the "Most Successful Network Marketing Company in the UAE" award at the 2nd Malaysia Business Awards in Dubai organised by the Malaysia Business Council UAE.

Year	Key Awards
2012	DXN Pharma received the "Industry Excellence Award" from the National Pharmaceutical Control Bureau, MOH.
2012	DXN Peru was ranked #5,225 by sales in the 2012 Edition of "Peru: The Top 10,000 Companies".
2013	DXN Peru was ranked #4,427 by sales in the 2013 Edition of "Peru: The Top 10,000 Companies".
2013	DXN Pakistan received the "Brands Scientist Certificate for the Year" award.
2013	DIPL Philippines Branch received the "Perfect 10 Award".
2014	DXN Peru was ranked #3,032 by sales in the 2014 Edition of "Peru: The Top 10,000 Companies".
2015	DXN Peru was ranked #2,870 by sales in the 2015 Edition of "Peru: The Top 10,000 Companies".
2017	DXN Pakistan received the "Brand of the Year Award" under the "Herbal Food Supplement" category from the Federation of Pakistan Chambers of Commerce & Industry.
2020	DXN received the Best Direct Selling Company (Global) Award in the Domestic Trade Award (APDN 2020) from the MDTCA.

We are proud to hold various certifications and accreditations that guarantee the quality and safety of our product. These certifications are a testament to our commitment to meeting international standards and regulations. The certifications and accreditations that we have achieved include the following:

Name of Standard	Certifying Authority	Purpose/Scope	Recipient
GMP certificate	Therapeutic Goods Administration	Good Manufacturing Practice for Medicinal Products	DXN Pharmaceutical Sdn. Bhd.
ISO 9001:2015	Lloyd's Register	Quality management system	DXN Pharmaceutical Sdn. Bhd.
ISO 14001:2015	Lloyd's Register	Environmental management system	DXN Pharmaceutical Sdn. Bhd.
ISO 22716:2007	Lloyd's Register	Quality management system	DXN Industries Sdn. Bhd.
MS ISO/IEC 17025:2017	Department of Standards Malaysia	Quality management system	Bio Synergy Laboratories Sdn. Bhd.
myOrganic	Ministry of Agriculture and Agro-Based Industry Malaysia (now Ministry of Agriculture and Food Industries)	Cultivation of Ganoderma, Spirulina, elm oyster mushroom, Lion's Mane mushroom, Tiger Milk mushroom, Cordyceps, Porea cocos fungus, Splitgill mushroom and Noni	DXN Pharmaceutical Sdn. Bhd.
GMP	MOH	Quality management system	DXN Industries Sdn. Bhd.
Organic EU Certificate	Control Union Certifications	Cultivation of RG, GL, Cordyceps and Lion's Mane mushroom	DXN Pharmaceutical Sdn. Bhd.
USDA-NOP Certificate	Control Union Certificates	Cultivation of RG, GL, Cordyceps and Lion's Mane mushroom	DXN Pharmaceutical Sdn. Bhd.
HACCP	MOH	Quality management system	DXN Industries Sdn. Bhd.
Halal Certificate	JAKIM	Halal products certification	DXN Industries Sdn. Bhd. DXN Pharmaceutical Sdn. Bhd.

Sustainability Statement

Customers' Feedback and Satisfaction

Members and customers are encouraged to provide feedback on our products through various channels. The eWorld online portal embedded in our website serves as a platform for users to share their feedback and experiences. Additionally, members have the option to complete the Members Feedback Form, which enables them to rate various aspects of the products such as taste, smell, price, texture and packaging. This feedback is invaluable as it allows us to evaluate consumers' satisfaction and identify areas for improvement in our quality management.

Compliance

Our commitment to product quality and safety remains steadfast, and we strive to meet all regulatory requirements to ensure the well-being and satisfaction of our customers.

In FYE2023 there were no cases of non-compliance resulting in death, illness, or adverse health effects on consumers were reported for the consumption of our products. This reflects our commitment to delivering safe, healthy and trustworthy products that promote the well-being of our customers. We will continue to prioritise product safety and maintain a record of zero side effects on consumer health as we move forward, ensuring that our clients can rely on our products for their health and wellness needs.

Information Security

The Group recognises the criticality of information security in its operations, given the constant creation, collection, and management of data concerning stakeholders and the business. As the Group collects and manages personal information from members globally, it is obligated to comply with data protection and privacy laws, including the Personal Data Protection Act 2010, General Data Protection Regulation in Europe and Personal Data Protection Act in Singapore. The Group ensures that these sensitive pieces of information are safeguarded through the use of its IT system. By prioritising information security, the Group maintains the confidentiality, integrity, and availability of data, thus upholding its commitment to protecting the privacy and rights of its stakeholders.

The Group has established an internal IT security team responsible for planning, monitoring, and building a cohesive and secure system. The Group has implemented policies to ensure the security of its network, installations, system patching, data backup, and system recovery. Regular Vulnerability Assessment and Penetration Testing ("VAPT") are conducted, and additional cybersecurity measures such as firewalls and anti-virus applications are in-place.

To further strengthen cybersecurity, the Group's IT system undergoes third party audits to identify potential enhancements to its existing of the existing defence system. Employees receive reminders and awareness regarding malicious cyber-attacks,

such as phishing, through the Group's HR bulletin. The Group had implemented an email filtering gateway to prevent malicious emails from reaching users.

In the event of a security incident, where the security of India eWallet payment application was compromised, the Group took immediate action to troubleshoot the root cause and upgrade the application's security. The Group also conducted checks on other systems proactively to prevent similar incidents in the future. The Group aims to achieve zero cases of data and cybersecurity intrusion in the next reporting period, demonstrating its commitment to maintaining the security and integrity of its IT systems and protecting sensitive information.

Innovation and Digital Transformation

Innovation and digital transformation are key focus areas for the Group, enabling efficient inventory management, production planning and effective engagement with Members. The Group utilises a range of platforms as Member support tools and internal management tools, including:

Member Support Tools

- eWorld/DXN App - Members manage activities related to purchasing, earnings, access marketing content, and track and redeem their EPoints
- Regional/Member Personal Websites - Members can engage, recruit and sell to end-customers online by setting up a personal website hosted on DXN regional websites
- DChat App - Communication tool that connects Members to the Group, team members and end-customers. End-customers can use this app to communicate with the Group's customer and Members service regarding products

Internal Management Tools

- Online Billing System ("OBS") - to track recruitment, sales, and place purchase orders from manufacturing facilities
- Enterprise Resource Planning - to track purchase orders, track production output/statuses, create consolidated packing lists for shipping and generate invoice
- Laboratory Management - to provide quotation to customers and receive orders from local and overseas customers to carry out laboratory testing services on samples provided under controlled conditions
- Human Resource Management System ("HRMS") - to manage profile, check work calendar and apply for overtime and leaves, check work calendar, manage employee appraisals, apply for overtime and leaves
- Accounting Information System ("ACIS") - to track sales data, generate financial reports, monitor key financial metrics, and maintain accounting ledger
- Centralised Processing System ("CPS") - to manage sales and Member data across the Group that calculates Member qualification status, Member tiers, and Member bonus earnings

The Group recognises the critical role of its IT infrastructure in integrating the activities of the Group and its Members within the global supply chain network. To ensure business continuity and resilience, the Group has implemented a comprehensive disaster recovery procedure for our IT systems. This procedure enables

the Group to recover and rebuild its process systems in the event of unforeseen occurrences, including natural disasters, terrorist attacks, data breaches and telecommunication failures.

ENVIRONMENT

Addressing Task Force on Climate-Related Financial Disclosures (“TCFD”)

We recognise the significant impact of climate change on human well-being and health in various ways. Consequently, we are dedicated to safeguarding individuals and locations by reducing their vulnerability to climate change effects. To reinforce our commitment to sustainability within the framework of sustainable development, we are actively incorporating the recommendations of the Task Force on Climate-related Financial Disclosures (“TCFD”).

Climate Change

DXN recognises the global risks associated with climate change and is devoted to minimising its impact. A key sustainability objective is to reduce the carbon footprint of our operations. To accomplish this, we adhere to ISO 14001 guidelines, which require the reduction of CO₂ emissions, a greenhouse gas. To maintain environmental sustainability and fulfill our commitment to reducing our carbon footprint, we consistently measure, monitor and report our energy emissions, including noise and smoke. This ensures our compliance with the limits outlined in the Environmental Act and regulations set by the Department of Environment (“DoE”).

We collect greenhouse gas (“GHG”) emissions data from various sectors, such as Direct Selling, Manufacturing, R&D, Laboratory Services, Plantation and Lifestyle sectors. Each of these sectors significantly contributes to GHG emissions. Currently, our reporting and measurement efforts focus solely on Scope 1 GHG emissions.

The table below illustrates the selected entities Scope 1 GHG emissions for FYE2023:

Scope 1 (tonnes)	FYE2023
Direct Selling	-
Manufacturing	2,561
Research and Development (“R&D”)	-
Laboratory Services	-
Plantation	194
Lifestyle	-
Total	2,755

Energy

At DXN, we are committed to taking an active role in environmental and climate change management. Our strategy focuses on essential areas such as improving energy efficiency, promoting responsible water usage, and optimizing the efficacy of our 5Rs initiatives: Refuse, Reduce, Reuse, Repurpose and Recycle. Additionally, we prioritise the 5Rs initiatives by actively seeking ways to refuse, reduce, reuse, repurpose, and recycle materials in all aspects of our business operations. By focusing on these essential areas, we ensure that our environmental and climate change management strategy is effective in mitigating our impact on the environment and contributing to sustainable development.

To enhance our commitment in reducing our energy consumption and improving energy efficiency, we have implemented the following measures:

Initiatives to the Environment	Objective
Use natural light and switch off artificial light	Energy efficiency
Choose energy efficient light bulbs	Energy efficiency
Choose laptop over desktop	Energy efficiency
Adopt 5Rs practices	Proper waste segregation
Use hibernation feature on all computers	Energy efficiency
Use energy saving features of all devices	Energy efficiency
Upgrade all outdated equipment	Energy efficiency
Procure energy efficient devices	Energy efficiency
Perform energy audit	Energy efficiency
Print only when necessary	Energy efficiency
Control the heating and cooling of air conditioning	Energy efficiency
Constantly reminding employees on sustainable workplace, sending employees memos, providing training, etc.	ESG awareness

The data for energy consumption encompasses several key categories. The table below illustrates the value of each category of energy consumption for FYE2023 for the selected entities:

Sustainability Statement

Categories	FYE2023
Total diesel consumption (litre)	292,676
Total electricity consumption (kWh)	12,583,855
Total renewable energy consumed generated (kWh)	1,830,017
Total renewable energy in use (kWh)	1,664,157
Total renewable energy consumed sold back to local authorities (kWh)	165,860

To showcase our dedication to ESG, DXN made a substantial investment of nearly RM4.2 million in 2021 for a solar panel system installed in our factory in Malaysia. We believe that this solar panel system has the potential to considerably decrease the reliance on non-renewable energy sources like diesel, leading to a direct reduction in GHG emissions.

Water Stewardship

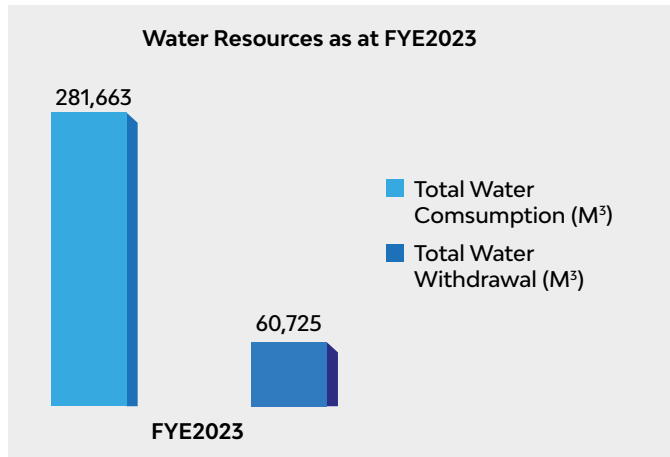
Water stewardship aims to enhance water quality, minimise water usage and mitigate adverse effects on the natural water cycle, while ensuring sufficient water availability for all users. Data collection for water involves three divisions: Manufacturing, Plantation, and Lifestyle.

The table below provides an overview of water usage throughout the organisation's value chain and highlights specific catchments where significant water-related impacts occur:

Division	Entities	Overview of Usage of Water/Activities in Operation Using Water	List of Specific Catchments
Manufacturing	DXN Industries (M) Sdn. Bhd. DXN Pharmaceutical Sdn. Bhd.	City water used for cleaning purpose and use by worker for sanitation purpose	NIL
	DXN Manufacturing (India) Private Limited	Juice line production, Hand wash, Canteen, Toilets	NIL
	DXN Corporation (NingXia) Co. Ltd	Production and domestic use	The water source is supplied by the municipal water supply pipe network
Plantation	DXN Safari Eco Park Sdn. Bhd.	Rainwater	HDPE Water Tanks
	DXN Agrotech (NingXia) Co. Ltd	Spirulina cultivation and processing use	Re-circulated water
	Daxen Agritech India Private Limited	Irrigation and using sprinkling water in Mushroom shed house	Tube well, Sprinkler systems
	DXN Pharmaceutical Sdn. Bhd.	City water used for cleaning purpose and use by worker for sanitation purpose. Ground water used for plantation activities such as to watering plant 1. Boring water is used to fill in the Spirulina Pond to prepare media 2. Syarikat Air Darul Aman Sdn. Bhd. ("SADA") pipe water is used for cleaning small equipment and lab apparatus 3. SADA pipe water is used in toilets	NIL
Lifestyle	Amazing Discovery Sdn. Bhd.	1. Production and domestic use 2. Water supply acquired from Perbadanan Bekalan Air Pulau Pinang 3. Water usage for Swimming Pool, Operation and Daily use 4. Use for plantation	1. Sprinkler system (Manual) 2. FRP/GRP Water Tank 3. HDPE Water Tank 4. PBA water piping network

Gathering data from these divisions offers a holistic view of water usage, facilitating informed decisions and sustainable water management. The data covers two important aspects: water consumption and water withdrawal.

The chart below shows the selected entities water consumption and water withdrawal for FYE2023:



Waste Management

Given the nature of our production operations, the generation of waste is unavoidable. Nevertheless, we are actively seeking opportunities to enhance our production processes and practices, aiming to reduce the environmental impact caused by waste. We categorise our waste into two distinct types, which are as follows:

Scheduled Waste

- Solid waste
- Sawdust
- Polypropylene bag
- Types of waste: SW110, SW204, SW305, SW409, SW410, SW422, SW429

Non-Scheduled Waste

- General waste
- Production waste
- Organic waste
- Plastic bag

Adopting waste management practices that align with ESG principles is crucial for sustainable development. By integrating ESG considerations into waste management strategies, we can effectively address environmental challenges, enhance social well-being, and ensure responsible governance. By implementing efficient waste management strategies, organizations can reduce pollution, conserve natural resources, and contribute to a circular economy.

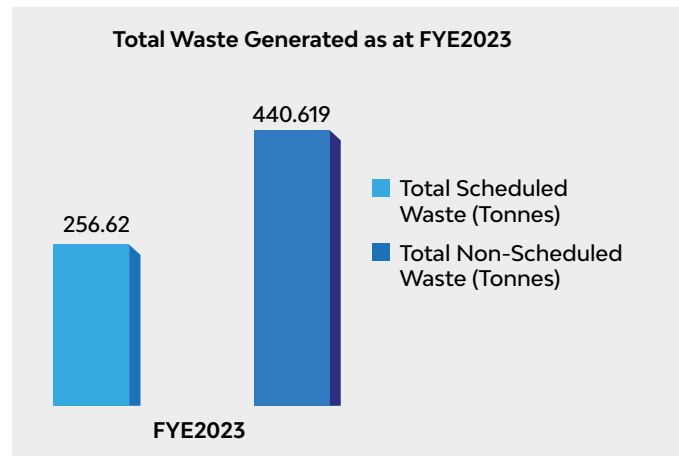
For Scheduled and Non-Scheduled Waste, DXN has implemented three approaches to enhance our waste management practices. These approaches are outlined as follows:

Continuous improvement of existing controls and practices in waste management, which includes improving the scheduled waste storage area and segregation methods

Pre-planned preventive maintenance is being implemented to ensure that the existing plants, machine and equipment are operating at the optimum level, thus minimising the possible waste generated from our operation processes

After harvesting Ganoderma fruit bodies, the bag logs or bag waste are sent to a biomass collector to be recycled as biofertilisers or for other purposes. Any bag waste that cannot be recycled is then sent to the Municipal Council for disposal

The chart below illustrates the total waste generated under scheduled and non-scheduled waste for FYE2023 for the selected entities:



Sustainability Statement

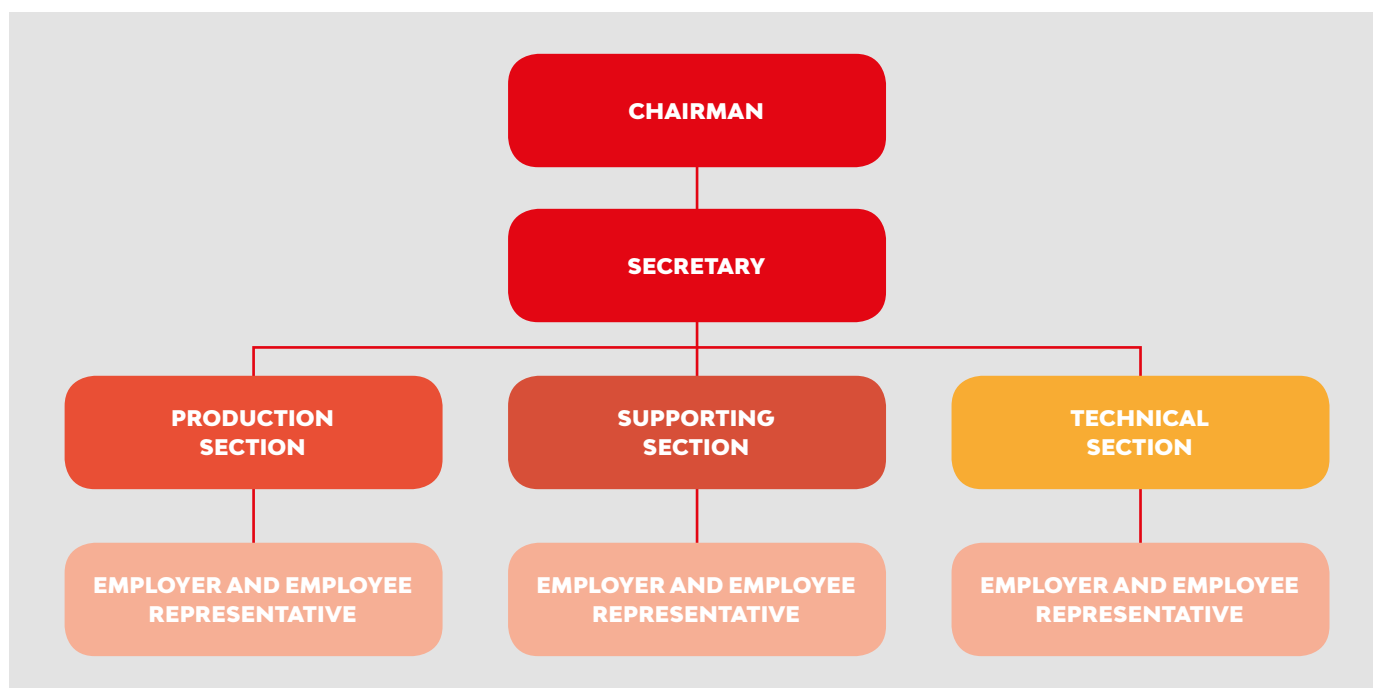
SOCIAL

Occupational Health and Safety

Prioritising workplace health and safety is important in creating a positive and productive work environment. As a responsible organisation, we understand the importance of promoting a safe and healthy work environment for our employees.

To reflect our commitment to the health and safety of our employees, our health and safety policies and procedures are designed to create a safe work environment for all employees. We provide appropriate personal protective equipment (“PPE”) and implement safe work practices to prevent workplace accidents and injuries.

The Safety and Health Committee (“SHC”) can be seen below:



We have established the SHC to monitor our health and safety system. Our SHC is led by a Chairman with members, who are representatives from each departments/sections. Our regular review processes for keeping our health and safety policies and procedures remain up to date and aligned with the best practices and regulatory requirements. Our SHC also identify potential hazards and risks in the workplace to ensure that appropriate control measurement is in place to mitigate those risks.

In FYE2023, there were 37 work-related injuries. We are committed to continually improving our health and safety performance by providing relevant training regarding health and safety and adequate PPE for their safety.

Our health and safety performances for the selected entities are:

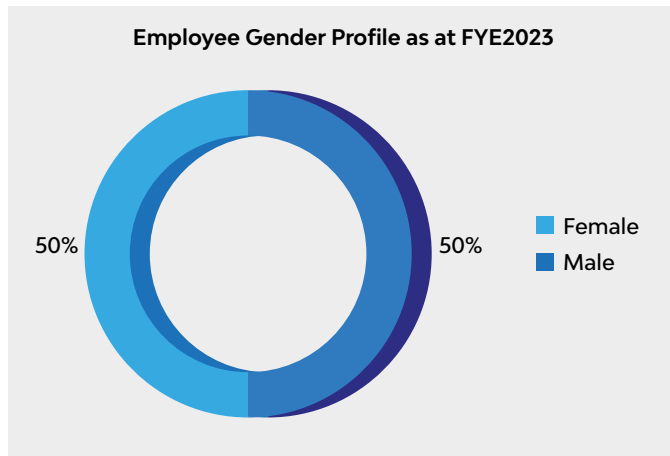
FYE2023					
Type of accident/incident	Fatality	Major Accident	Exposure Incident	Minor Accident	Total
Total	0	11	5	21	37

Employment and Diversity

At DXN, we recognise the importance of diversity. Embracing diversity in the workplace brings numerous benefits to our organisation, including the generation of more creative solutions and effective solutions, contributed by a team comprised of individuals with various backgrounds and viewpoints.

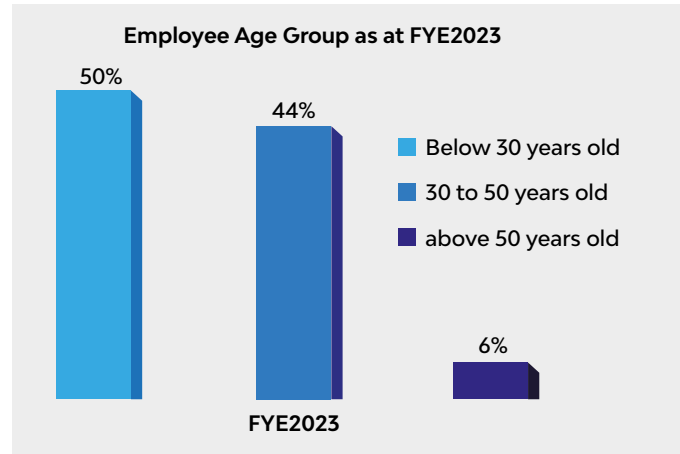
Our employees have equal opportunities for career advancement based on merit, performance, experience, and academic qualifications, regardless of race and gender. The Group regularly updates employees' knowledge and skills to enhance each employee's competency. We provide equal employment opportunities in our recruitment and remuneration processes to retain talents that drive towards positive impact on the business success and innovative strength of DXN.

In FYE2023, the selected entities reported a total of 2,822 employees which comprised of 50% of female and 50% of male.

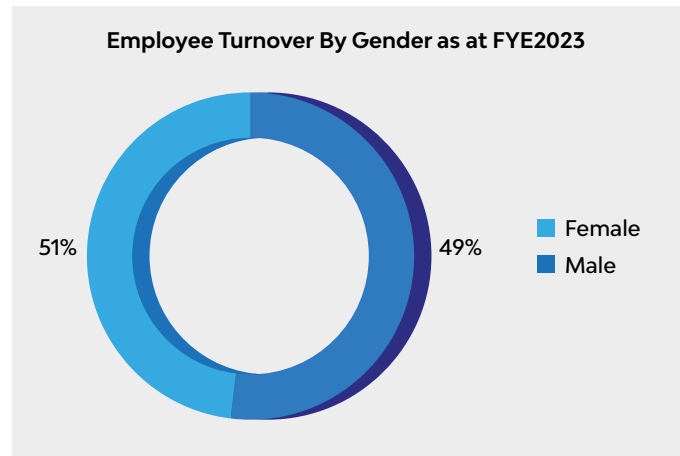


From an age group perspective, the selected entities had a diverse range of employees. Approximately 50% of our employees aged below 30 years old, representing a younger demographic in our workforce. These younger employees are provided with support and guidance by a group of more experienced colleagues, where 44% of employees were aged 30 to 50 years old while 6% of employees aged above 50 years old.

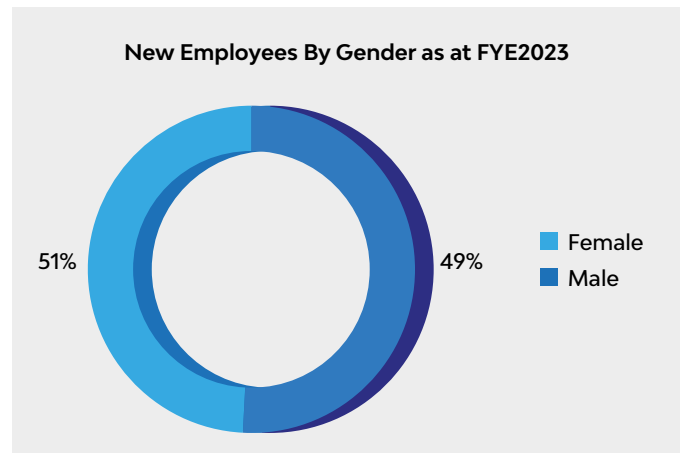
By fostering a diverse age range in our workforce, we benefit from a combination of fresh ideas, energy, and innovation from younger employees, as well as the wisdom and expertise from more experienced colleagues. This age diversity contributes to the overall success and growth of DXN.



The following chart illustrates the selected entities employee turnover in FYE2023. In FYE2023, the number of employee turnover was 1,213, which consisted of 49% male and 51% female.



The following chart illustrates the new employees in FYE2023. In FYE2023, the selected entities hired a total of 1,567 new employees. Among these new hires, 49% were male, and 51% were female, indicating a relatively balanced gender representation in our recruitment efforts.



Sustainability Statement

At DXN, we recognise the significance of prioritising employees' well-being through comprehensive employee benefits. We understand that offering competitive benefits not only aids in attracting and retaining talented individuals but also plays a crucial role in supporting their health, happiness and productivity. By providing these benefits, we demonstrate our commitment to creating a workplace that values the well-being of our employees.

We regularly review and evaluate our employees' benefit offerings against the market standards, which allows us to stay responsive to the evolving needs and expectations of our workforce. We are dedicated to continuously improving our benefit programs to ensure they align with the well-being goals of our employees and support their individual and collective growth.

Our employees' benefits encompass a wide range of offerings, which is listed in the table below.

Types of Benefits	Description
Leaves	Annual Leave, Marriage Leave, Maternity Leave, Paternity Leave, Compassionate Leave, Sick Leave
Allowance	Travelling Allowance, Clothing Allowance, Phone Allowance
Medical	Medical Attention
Insurance	Group Personal Accident Insurance, Group Hospitalisation & Surgical Insurance
Others	Long Service Award

Training and Development

DXN recognises the importance of investing in employee training and development as a fundamental strategy for building a knowledgeable and skilled workforce. By providing training opportunities, it enhances our employees' skill set and progress in their careers with the Group. This commitment to employee development aligns with the overall growth objectives of the Group. Our ongoing initiatives, include sponsoring training/educational programs through training bond for eligible employees. In FYE2023, the Group invested a total of RM263,774 invested in training our employee.

Local Community

Developing Internal Communities through Employee Engagement

Employee engagement is critical for building internal communities and maintaining a positive and collaborative work environment at DXN. Engaged employees are more likely to be motivated, productive and dedicated to their work, which ultimately contributes to improved overall DXN's performance.

Below is the list of employee engagement held in FYE2023:

Entities	Programmes/Activities
Bio Synergy Laboratories Sdn. Bhd.	Annual Dinner
Daxen Agritech India Private Limited	Annual lunch followed by Interdepartmental cricket match
DXN Corporation (NingXia) Co.Ltd.	Annual Dinner
DXN Corporation (NingXia) Co.Ltd.	Safety Knowledge Competition
DXN Industries (M) Sdn. Bhd.	Safety, Health and Environment Day

Our Contribution to External Communities

DXN is committed to actively engaging with and providing support to the local communities in which we operate. We recognise the fundamental connection between the well-being of these communities and our sustainability objectives, and we strive to foster positive social and economic impacts through our various initiatives.

As part of our unwavering commitment to sustainability and corporate social responsibility, DXN actively engages in donating and sponsoring events to empower the community. In FYE2023, the Group made various sponsorships and donations amounted to RM5,366,488 as part of our efforts to contribute to the betterment of society. These contributions were directed towards initiatives and causes that align with our values and objectives, aiming to create a positive impact on the society we serve.

Pandemic Support

In response to the ongoing Covid-19 epidemic, we have provided supplies to support those who are directly affected by the epidemic.

These supplies primarily include our in-house developed and produced products that promote overall wellness. By donating these supplies, we aim to provide support and assistance to those directly affected by the epidemic. We understand the importance of providing the necessary resources to the frontline workers who are tirelessly working to combat the spread of the virus and ensure the well-being of the community.



Blood Donation

At DXN, we are deeply committed to promoting blood donations as part of our corporate social responsibility efforts. We understand the critical role that blood donations play in saving lives and supporting healthcare systems.

In FYE2023, we collaborated with Hospital Sultanah Bahiyah and organised two blood donation drives on the 12th and 13th January 2023 to encourage our employees to participate and contribute to this noble cause. These initiatives aimed to create awareness about the importance of blood donation and to provide a platform for our employees to make a positive impact on society.

In FYE2023, 270 of our employees had participated in this blood donation drives and donated 214 bags of blood to Hospital Sultanah Bahiyah.



Moving Forward

DXN is committed to advancing in a sustainable and responsible manner. We recognise the importance of prioritising sustainability matters in our business operations to minimise our environmental impact, promote social development and uphold good governance practices.

In line with this commitment, we will continue to embed sustainability into our business strategy and operations. This includes implementing measures to monitor our sustainability performance and promote sustainable practices throughout our value chain. We strive to adopt environmentally friendly technologies, optimise energy usage and minimise waste generation to contribute to a more sustainable future.

Sustainability Statement

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2-6	Activities, value chain and other business relationship	Management Discussion and Analysis section in the Annual Report	22
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3. Governance			
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2-10	Nomination and selection of highest governance body	Corporate Governance Overview Statement section in the Annual Report	74
2-11	Chair of the highest governance body	Corporate Governance Overview Statement section in the Annual Report	65
2-12	Role of the highest governance body in overseeing the management of impacts	Sustainability Governance Corporate Governance Overview Statement section in the Annual Report	39 65
2-13	Delegation of responsibility for managing impacts	Corporate Governance Overview Statement section in the Annual Report	65
2-14	Role of the highest governance body in sustainability reporting	Sustainability Governance	39
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GRI Standard	Disclosure Item	Section Reference	Page
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201-1	Direct economic value generated and distributed	Business Performance	46
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GRI 302: Energy 2016			
302-1	Energy consumption within the organisation	Energy consumption within the organisation is provided	53
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302-4	Reduction of energy consumption	Reduction of energy consumption through energy efficiency is stated	53
GRI 303: Water and Effluent 2016			
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303-3	Water withdrawal	Total water withdrawal is disclosed in M ³	54
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GRI 305: Emissions 2016			
305-1	Direct (Scope 1) GHG emissions	Total Direct (Scope 1) GHG emissions is disclosed	53
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Sustainability Statement

GRI Standard	Disclosure Item	Section Reference	Page
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GRI 416: Customer Health and Safety 2016			
416-1	Assessment of the health and safety impacts of product and services categories	Awards and Certification	51
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CORPORATE GOVERNANCE OVERVIEW STATEMENT

CORPORATE VISION

- To promote health, wealth and happiness.

DXN CONCEPT

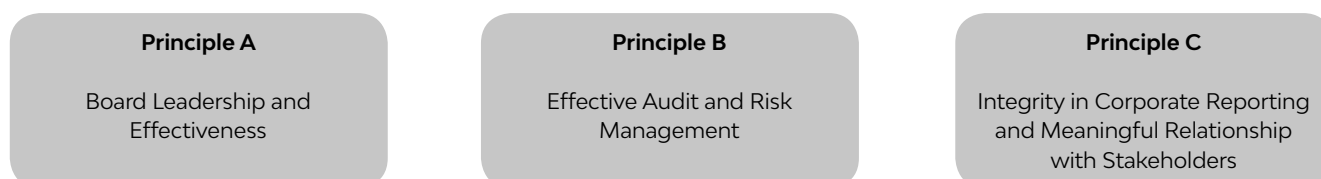
- One Dragon – The entire process—cultivation, processing and marketing is solely done by the Company under strict quality control.
- One World One Market – Each and every distributor enjoys worldwide bonus with single membership.
- One Mind – The Company and the distributors single-mindedly concentrate on doing DXN business.

DXN PHILOSOPHY

- Low Price, High Quality; Low Profile, High Income.

The Board of Directors (“the Board”) of DXN Holdings Bhd. (“DXN” or “the Company”) sets the tone from the top for DXN’s corporate governance practices and its application throughout the Company and its subsidiaries (collectively “the Group”). To that end, the Board is committed to upholding strong corporate governance practices as a fundamental part of discharging its responsibilities to protect and safeguard stakeholders’ interests and enhance shareholders’ value. Members of the Board, being strong advocates of good governance practices, have, with support from the Key Senior Management team (“KSM”), formalised various policies, codes, guidelines and procedures to create a firm foundation to position the Group at a vantage point for continued growth momentum from its listing on Main Board of Bursa Malaysia Securities Berhad (“Bursa Securities”) on 19 May 2023.

The Board presents this CGOS to provide an overview on the Group’s corporate governance practices as guided by the principles and best practices as prescribed in the Malaysian Code on Corporate Governance 2021 (“MCCG”):



The CGOS shall be read together with the CG Report to provide an insight into how the Board applies the principles and best practices of the MCCG in the Group during the financial year ended 28 February 2023 (“FYE2023”).

The Board is committed to drive, refine and strengthen its governance processes to ensure that the Group is aligned with best practices as prescribed in the MCCG as well as all applicable laws and regulations.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

BOARD RESPONSIBILITIES

The Group is led by an experienced Board that plays an active role in charting the direction of the Group. Key aspects of the Board’s role in providing effective leadership, governance and oversight included:

- review and adopt a strategic plan for the Group;
- oversee, together with management, the governance on sustainability;
- oversee the conduct of the Group’s business;
- identify principal risks, determine the risk appetite and ensure the implementation of the Enterprise Risk Management Framework to identify, analyse, evaluate, manage and monitor the risks;
- ensure that all members of the Board and the KSM team are of sufficient calibre and oversee succession planning;
- oversee the development and implementation of an investor relations programme or shareholders communication policy for the Group;
- review the adequacy and the integrity of the Group’s risk management, internal control systems and management information system;

Corporate Governance Overview Statement

- assure both internal and external stakeholders that the Group is operating in compliance with its policies and any other applicable regulatory requirements;
- review periodically the anti-corruption and whistle blowing programs;
- review the investigative outcome of any whistleblowing matters;
- determine the remuneration of the Non-Executive Directors;
- ensure the integrity of the Company and the Group's financial and non-financial reporting;
- ensure the Company has in place the corporate disclosure procedures to ensure effective communication with its shareholders and stakeholders; and
- together with KSM, ensure that the Company and the Group adhere to high standards of ethics and corporate behaviour.

Effective leadership is also entrenched through the set of approved guidelines, policies, procedures underpinned by the Group's corporate concept and ethos. The followings, as approved by the Board, formed the foundation of the Group's governance framework guiding the Board in the execution of its duties:

- Anti-Bribery and Corruption Policy ("ABC Policy");
- Enterprise Risk Management Policy
- Whistleblowing Policy
- Code of Conduct & Ethics
- Board Charter
- Terms of reference ("TOR") for the Audit Committee, Remuneration Committee, Nomination Committee, Executive Committee and Risk Management Committee (collectively "Board Committees")
- Fit & Proper Policy for Directors and Key Officers
- Remuneration Policy & Procedures
- Sustainability Policy

Board Charter

The Board Charter details key matters reserved for the Board, inter alia, financial results, dividends, approval of strategy, the annual operating plans, budgets, new major ventures, acquisitions and disposals, changes to management and control structure, appointments of Board members, Committee members, Chairman, Chief Executive Officer ("CEO") and Company Secretary. It further sets out the roles and responsibilities of the Board, the Chairman, CEO, Senior Independent Director, Directors and Company Secretary, and any other material matters. The Board Charter was approved by the Board in February 2022. The Board Charter can be found on DXN's website at www.dxn2u.com.

Code of Conduct & Ethics, Anti-Bribery and Corruption Policy and Whistleblowing Policy

The Board has put in place a Code of Conduct & Ethics ("CoCE") to ensure that transparent and ethical conduct permeates throughout the Group. Further, Whistleblowing Policy was revised to provide avenues for employees and other stakeholders to disclose concerns relating to violations or improper conduct or wrongdoings or non-compliance with legal and regulations requirements within the Group. In alignment with Section 17A Malaysia Anti-Corruption Commission Act which came into effect on 1 June 2020, the ABC Policy was established and updated to manage risk in relation to fraud, bribery and corruption practices.

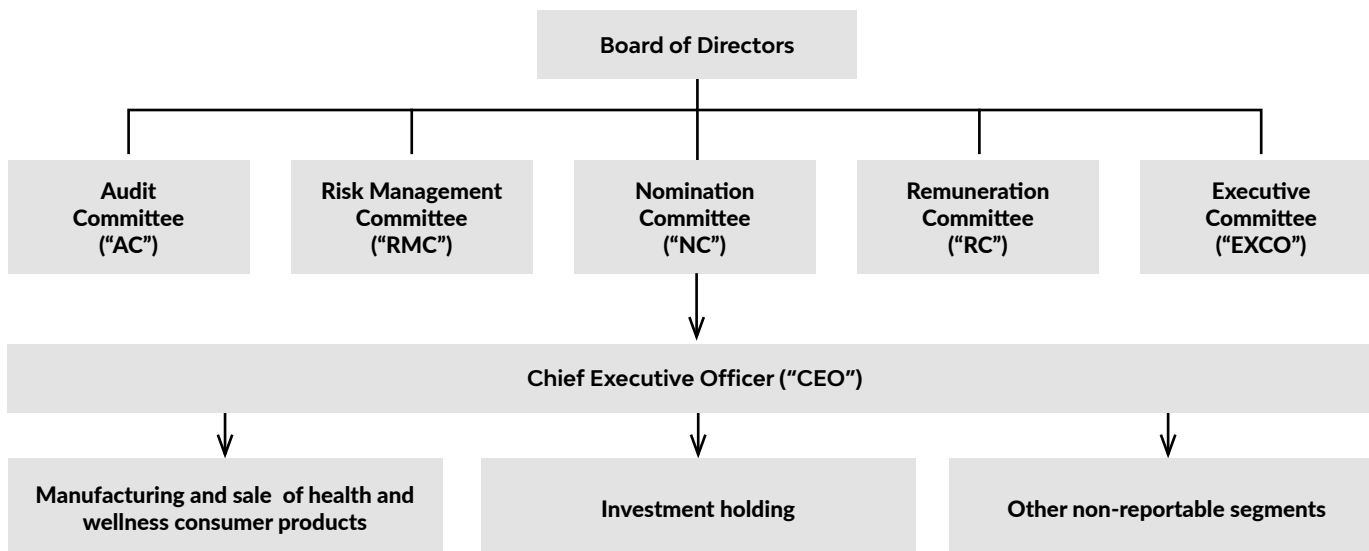
The CoCE, Whistleblowing Policy and ABC Policy are available at the Company's website at www.dxn2u.com.

Fit and Proper Policy for Directors and Key Officers

The Board has adopted the Fit and Proper Policy for Directors and Key Officers to ensure that there is a formal and transparent process for the appointment and re-election of Directors and the appointment of KSM of the Company. The execution of this policy is delegated to the Nomination Committee. The Board shall review the policy periodically and said policy is available on corporate website at www.dxn2u.com.

The Board undertakes to review its governance framework taking into consideration the development in the regulatory ecosystem and in response to the Group's evolving requirements.

The governance structure of the Board is as follows:



To assist the Board in discharging its oversight function with specific responsibility areas, the Board has established five (5) Board Committees as tabulated above. The Board Committees are guided by their respective TOR in discharging their duties. These TORs are reviewed periodically by the Board to ensure that they remain relevant and adequate in governing the functions and responsibilities of the respective Board Committees and reflect the latest developments in the regulatory space. The TOR are accessible on the corporate website at www.dxn2u.com.

The Board retains collective oversight over the Board Committees and is regularly updated on the proceedings of these Board Committees by their respective Board Committee Chairperson on key matters deliberated and recommendations made for decision-making of the Board. The minutes of meetings of all Board Committees are accessible to all Directors.

Division of Responsibilities

The roles and responsibilities of our Executive Chairman and CEO are clearly segregated to enhance and preserve a balance of authority and accountability.

The Executive Chairman, Datuk Lim Siow Jin, is responsible for providing leadership and instilling good corporate governance and effectiveness of the Board. Mr. Teoh Hang Ching, Executive Director and CEO is primarily responsible for the day-to-day management of the Group’s business within a set of authorities, lead the implementation of policies, strategies and decisions approved, adopted and delegated by the Board as well as monitoring the operating and financial results of our Group against plans and budgets.

The Chairman of the Board is also not a member of the AC, NC, RMC and RC. Additionally, the Chairman also does not participate in any meetings of the Board Committee by invitation.

Corporate Governance Overview Statement

Our Companies Secretaries support the Board on all governance matters, Board policy and procedures, adherence to relevant statutory and regulatory requirements and advocate the adoption of corporate governance best practices.

Brief outline of the responsibilities of the Non-Independent Non-Executive Directors (“NINEDs”), Independent Non-Executive Directors (“INEDs”) and Senior INED are as tabulated:

NINEDs	INEDs	Senior INED
<ul style="list-style-type: none"> Utilise skills, expertise and experience to contribute to the development of the Group as a whole. 	<ul style="list-style-type: none"> Responsible for providing insights, unbiased and independent views, advice and judgement to the Board and to ensure effective checks and balances on the Board. Essential for protecting the interest of shareholders, in particular minority shareholders. Make significant contributions to decision making process by bringing in the quality of detached impartiality. 	<ul style="list-style-type: none"> Acts as a sounding board for the Chairman and to serve as an intermediary for other Directors, when necessary.

The details of the roles and responsibilities of the Chairman, Executive Directors (including the CEO) and NINEDs, INEDs, Senior INED and the Company Secretaries are outlined in the Board Charter, which is accessible on the Company’s website at www.dxn2u.com.

Access to Information

Unless otherwise provided by or subject to any applicable laws or Main Market Listing Requirements of Bursa Securities (“MMLR”), all Board members have unrestricted access to the information pertaining to the Group to discharge their duties and responsibilities. The Board also has access to the advice and services of the Company Secretaries and may obtain independent professional advice at the Company’s expense as and when necessary in facilitating the performance of their duties.

BOARD COMPOSITION

The Group is led by an experienced Board with wide-ranging professional experiences in direct selling, general management, marketing, finance and accounting, corporate finance, asset management and investment banking, tax, audit as well as hospitality and healthcare consulting.

The Board comprised of nine (9) members of whom 55% (5 out of 9) are INEDs. Its current composition is as tabulated:

Position	Name
1-Executive Chairman	Datuk Lim Siow Jin (“DLSJ”)
1-Executive Director & Chief Executive Officer	Teoh Hang Ching (“THC”)
2-NINEDs	Dato’ Lim Boon Yee (“DLBY”) Vibhav Panandiker (“VP”)
1-Senior INED	Datuk Noripah Binti Kamso (“DNK”)
4-INEDs	Stefan Heitmann (“SH”) YM Tunku Afwida Binti Tunku A. Malek (“TA”) Abraham Verghese A/L T V Abraham (“AV”) Ong Huey Min (“OHM”)

The profile of each Director is set out under “Profile of Board of Directors” in this Annual Report 2023.

The Board considers its current composition and size adequate for carrying out its functions and responsibilities effectively and efficiently. Given presence of diverse skill sets, expertise and qualifications as well as the independent governance structure of the Board Committees and Board, the Board has been able to provide clear and effective leadership to the Group, as well as informed and independent judgment of the Group’s activities and performance.

None of the Non-Executive Directors are involved in the Group’s day-to-day management. None of the Directors are politicians. The Senior INED, Datuk Noripah Binti Kamso acts as a sounding board for the Executive Chairman.

Diversity

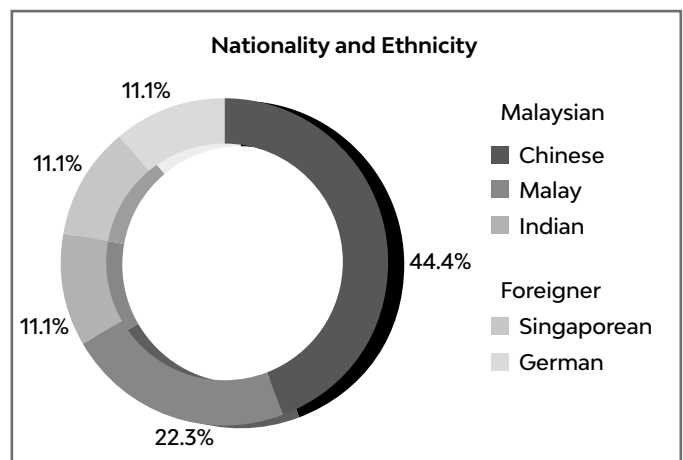
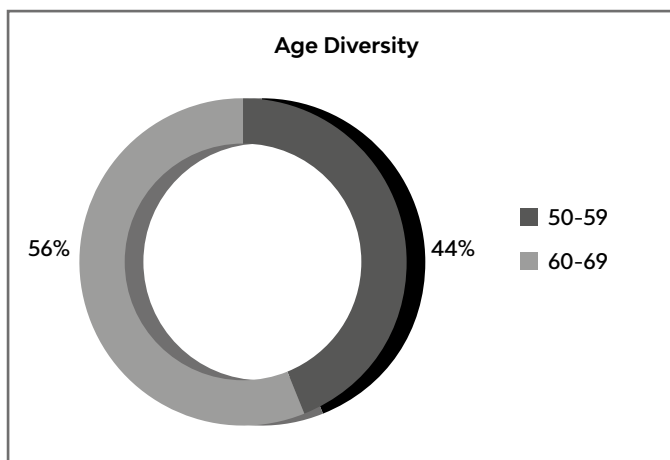
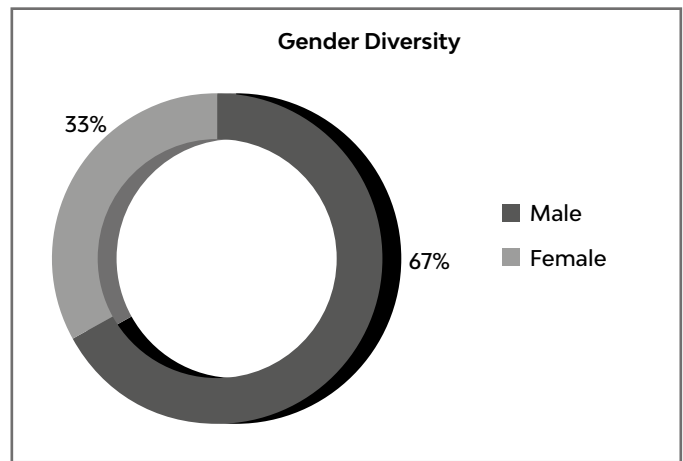
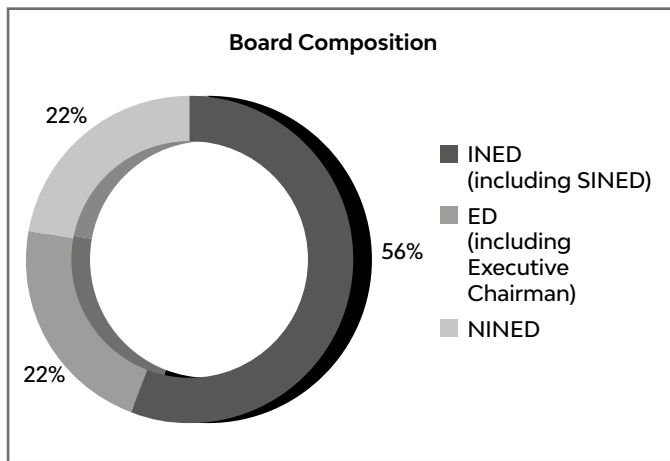
Selection of Board candidates is based on several perspectives, including but not limited to expertise, experience, corporate industry standing and skills, and ethnicity that can strengthen the Board composition to achieve the objectives and strategic goals of the Group.

The presence of three (3) highly qualified women directors who represent 33.3% of the Board composition, and this is in line with the recommendation of the MCCG of having at least 30% women representation on the Board.

The Board believes that inclusion of women in decision-making positions should not be focused on board positions alone but should be extended to include members of KSM to derive the same benefits.

Collectively, the Board members have a diverse range of qualifications, background, professional experiences and skills that are very useful to the Group. There is also a healthy diversity of ethnicity and gender on Board. Such diversity engenders wide ranging viewpoints that contribute to a very robust discussion of issues tabled for decision-making.

Board diversity from perspectives of composition, gender, age as well as nationality and ethnicity during the year under review are as tabulated:



Corporate Governance Overview Statement

Skills Set Matrix

	DLSJ	THC	DLBY	VP	DNK	TA	SH	AV	OHM
Leadership	✓	✓			✓	✓	✓	✓	✓
Strategic Planning	✓	✓		✓	✓	✓	✓	✓	
Audit, Accounting, Financial Reporting and Taxation			✓		✓	✓	✓	✓	✓
Human Capital					✓			✓	
Legal and Regulatory		✓	✓	✓				✓	✓
Information Technology									
Corporate Governance, Risk Management and Internal Controls		✓	✓		✓	✓	✓	✓	✓
Government and Policy		✓			✓			✓	✓
Corporate Finance/Investment Banking				✓	✓	✓		✓	
General/Business Management	✓	✓			✓	✓	✓	✓	✓
Entrepreneurial	✓	✓		✓	✓			✓	
Sales and Marketing	✓	✓			✓				
Production and Quality Assurance	✓							✓	
International Knowledge/ Experience	✓	✓		✓	✓	✓	✓	✓	
Health, Safety and Environment				✓	✓			✓	

Independence

Our INEDs are Datuk Noripah Binti Kamso, YM Tunku Afwida Binti Tunku A. Malek, Stefan Heitmann, Abraham Verghese A/L T V Abraham and Ong Huey Min. As such, the Board complies with Paragraph 15.02 of the MMLR, which mandates at least two (2) directors or one-third (1/3) of the Board of the Company, whichever is higher, to be independent directors.

As at to-date, the tenure of all INEDs is less than nine (9) years of service.

The qualifications, experiences and personal qualities, particularly of the INEDs's integrity, calibre and objectivity in discharging their responsibilities in the best interest of the Company are the predominant factors to determine their ability to serve effectively as an INED. The Board is also confident that the INEDs themselves, after having provided all the relevant confirmations on their independence, will be able to determine if they can continue to bring independent and objective judgement during Board deliberations and decision making.

As part of the Initial Public Listing ("IPO") process, the then Board together with the advisers had assessed the independence of all the INEDs based on various perspectives to determine that the INEDs are independent of management and free from any business or other relationship which could impair their independence or their ability to act in the best interest of the Company and the Group.

Tenure of the INEDs

The Board has adopted the Step-Up Practice 5.4 of the MCCG which limits the tenure of its INEDs to nine (9) years without further extension.

Board and Board Committees meetings

Meetings of Board and Board Committees are scheduled quarterly (or annually, as applicable) with additional meetings convened as and when necessary.

An annual Board calendar incorporating meeting dates (after taking into consideration black-out dates as informed by the Directors) will be circulated to the Directors in advance before the commencement of a new financial year. Meeting materials are provided to the Board and Board Committees at least five (5) business days prior to the meetings to accord the Directors sufficient time to assess and review the proposals or information.

The Chairman of the Board and Board Committees chair the respective meetings where robust and vigorous deliberations were properly recorded. Should there be an actual, potential or perceived conflict of interest, the Director involved would make full disclosure and act honestly in the best interest of the Company. The Director concerned would not participate in deliberations and would abstain from casting his/her votes in any matter arising unless otherwise provided for in the Constitution of the Company. Based on the annual Board assessment and evaluation in respect of FYE2023 as conducted by the Nomination Committee in April 2023, no issue of conflict of interest was recorded.

Minutes of the Board and Board Committees' meetings are tabled at the following meetings for confirmation. The status of matters arising are also tabled at the subsequent meetings of the respective Committees to ensure that they are duly acted upon.

The meeting attendance for the Board and Board Committees during the financial year under review are recorded as follows:

Directors	Board	AC	RMC	NC	RC	EXCO
Datuk Lim Siow Jin	7/7					1/1
Teoh Hang Ching	7/7		4/4			1/1
Dato' Lim Boon Yee	7/7					
Vibhav Panandiker	7/7					
Datuk Noripah Binti Kamso	7/7			1/1	1/1	
YM Tunku Afwida Binti Tunku A. Malek	7/7	3/5		1/1	1/1	
Stefan Heitmann	5/7	4/5	4/4			
Abraham Verghese A/LTV Abraham	6/7	5/5	4/4			
Wong Wen Miin ⁽¹⁾	3/3			NA	NA	
Ong Huey Min ⁽²⁾	2/2			NA	NA	

Note:

⁽¹⁾ Attendance computed up to the date of resignation on 9 July 2022

⁽²⁾ Attendance at the meetings is from date of appointment on 1 August 2022

The absence of Stefan Heitmann and Abraham Verghese A/LTV Abraham from Board meetings was due, in part, to illness and scheduling of special meetings (to attend matters in connection with the eventual listing of the Company on the Main Market of Bursa Securities) which conflicted with their prior engagements and could not be rescheduled.

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company. At present, none of the Directors hold more than five directorships in any other public listed companies at any point of time.

Corporate Governance Overview Statement

The major focus of the Board (or the non-interested Directors, as applicable) at their meetings during FYE2023 were as tabulated:

Business Performance, Financials and Operations	<ul style="list-style-type: none"> Quarterly financial results and audited financial statements Other interim financial reporting for submission to the Securities Commission in connection with the Company's initial public offering ("IPO") exercise Business performance and operations Risk management and internal controls Budget, forecast and planning on business operations Strategic investments
Stakeholders Management	<ul style="list-style-type: none"> Prospective investors engagement plans in connection with the IPO and feedback from such engagements
Governance, Compliance and Others	<ul style="list-style-type: none"> Approved the Employees Share Option Scheme ("ESOS") for tabling to the shareholders at the Extraordinary General Meeting ("EGM") Reviewed and approved all TORs, policies and guidelines on, among others, business continuity, remuneration, risk management Discussed and approved on Sustainability Policy and focus on the execution of the sustainability roadmap Received updates and reports from the Chairperson of the RMC, NC, AC and RC on their respective oversight of various scopes of work Convened AGM to consider ordinary matters in relation thereto Deliberated and approved recurrent related party transactions ("RRPT") Convened EGMs to consider and approve matters in relation to the IPO exercise and adoption of new Constitution Received reports and updates from CEO on operational and sales performance of the Group and other key matters Approved Authority Matrix Discussed updates on corporate governance and regulatory matters Approved investment in South Asian, Middle East and North African regions to support market expansion o better position the Group in those regions Approved the appointment of Ms. Ong Huey Min as INED

Induction and Continuous Professional Development

All Directors have attended the Mandatory Accreditation Programme. All newly appointed Directors will participate in an induction programme to ease into their new role and assist in enhancing their understanding of the Group's business activities and operations. The Directors will be provided a range of information about the Group and briefings on the Company's business, strategy and operational related matters. The Directors are given the opportunity to meet with other Directors, in particular the Executive Chairman, the Company Secretary, the KSM and visit the Group's key operating sites.

The Directors are encouraged to continuously participate in training programmes, workshops, seminars and conferences to keep abreast as well as gain deeper insights of development of the industry, new statutory and regulatory requirements, from time to time.

The Company Secretary circulated and briefed on the relevant guidelines on statutory and regulatory requirements from time to time and for the Board's reference.

Details of training programmes attended by the Directors during the financial year under review are listed below:

No.	Directors	Training Programmes	Date
1.	Datuk Lim Siow Jin	• Internal briefing on Enhanced Sustainability Disclosure from Bursa Malaysia Securities Berhad	14 November 2022
		• Internal briefing on Dealings in listed securities under Chapter 14 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad	16 May 2023
2.	Teoh Hang Ching	• Mandatory Accreditation Programme	12 - 14 April 2022
		• Chapter 10 (Main Market Listing Requirements) Transactions with 3rd Party and Related Party	31 October 2022
		• Anti-Bribery and Corruption Training	9 November 2022
		• Internal briefing on Enhanced Sustainability Disclosure from Bursa Malaysia Securities Berhad	14 November 2022
		• Internal briefing on Dealings in listed securities under Chapter 14 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad	16 May 2023
3.	Dato' Lim Boon Yee	• Internal briefing on Enhanced Sustainability Disclosure from Bursa Malaysia Securities Berhad	14 November 2022
		• Anti-Bribery and Corruption Training	8 June 2023
4.	Vibhav Panandiker	• Internal briefing on Enhanced Sustainability Disclosure from Bursa Malaysia Securities Berhad	14 November 2022
		• IFC - Invest2Equal Kickoff Event	17 August 2022
		• IFC - Hiring, Retention and Promotion	2 November 2022
		• IFC - Respectful Workplace	25 January 2023
		• IFC - Investing in Women Entrepreneurs	15 March 2023
		• IFC - Gender Action Plans and Portfolio Measurement Approaches	19 April 2023
		• Internal briefing on Dealings in listed securities under Chapter 14 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad	16 May 2023
		• IFC - Gender Impact	31 May 2023

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No.	Directors	Training Programmes	Date
5.	Datuk Noripah Binti Kamsu	• Internal briefing on Enhanced Sustainability Disclosure from Bursa Malaysia Securities Berhad	14 November 2022
		• 2022 Board Away Day: Be Relevant and Sustainable in Gloves and Healthcare Business	2022 - 2023
		• Top Glove Annual Leadership Summit 2022	2022 - 2023
		• Levelling Up Top Glove's Human Rights Practices to International Standards by Dato Mah Weng Kwai Commissioner, Human Rights Commission of Malaysia ("SUHAKAM") on Business & Human Rights to BOD & Top Management	2022 - 2023
		• Audit Oversight Board Conversation with Audit Committees 2022 - "How the Audit Committees And Auditors Can Work Together Towards Reliable Audited Financial Statements"	2022 - 2023
		• Global Islamic Finance and United Nations SDGs Taskforce Meeting - "Green and Sustainable Sukuk & How It Can Contribute to COP 28"	2022 - 2023
		• Global Islamic Finance Forum 2022 - "Whole-of-ecosystem Alignment to The Values"	2022 - 2023
		• Khazanah Megatrends Forum 2022 - "Developments and Complexities. Steering Our Way Through a Perfect Storm"	2022 - 2023
		• Internal Briefing on Dealings in listed securities under Chapter 14 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad	16 May 2023
6.	YM Tunku Afwida Binti Tunku A. Malek	• Internal briefing on Enhanced Sustainability Disclosure from Bursa Malaysia Securities Berhad	14 November 2022
		• Mobile World Capital ("MWC") Barcelona: Connectivity Unleashed	28 February - 3 March 2022
		• What Lies Ahead and Cold Hard Truth	28 July 2022
		• Global trends: Challenges faced by Telcos globally (group) and within segments	
		• Local trends: Challenges and opportunities for Telcos and competitor landscape	
		• Cold hard truth of TM's current position in reference to market trends	
		• Climate Change and Principle - based Taxonomy ("CCPT")	27 July 2022
		• Annual Compliance Attestation	2 August 2022
		• Unlocking TM's Value	15 September 2022
		• Impact of new growth and evolved business profile on TM's valuation	
		• Potential to unlock further TM's value from certain parts of the valuation	23 September 2022
		• Sustainability Governance, Management & Reporting - How Sustainability is operationalised & what it means to the Group	3 & 4 October 2022
		• Khazanah Megatrends Forum 2022: Development and Its Complexities - Steering Our Way Through a Perfect Storm	7 February 2023
		• Briefing by Amazon Web Services ("AWS")	7 March 2023
• Demystifying Cyber	9 March 2023		
• FIDE Elective: Risk Management Committee - Banking Sector	16 May 2023		

No.	Directors	Training Programmes	Date
7.	Stefan Heitmann	• Mandatory Accreditation Programme	23-25 August 2022
		• ICDM International Directors Summit 2022	26-28 September 2022
		• Internal briefing on Enhanced Sustainability Disclosure from Bursa Malaysia Securities Berhad	14 November 2022
		• Powertalk: Navigating ESG Data into Decisions	21 March 2023
		• Powertalk: Advancing Cyber Resilience: Board's Top 3 Must-Knows	25 May 2023
		• Board Audit Committee Dialogue and Networking: A Serious Allegation Is Reported – What Should Boards Do?	6 June 2023
8.	Abraham Verghese A/LTV Abraham	• MIA International Accountants Conference 2022 - various topics under the overall theme of Learning ESG Charting Sustainability	8 & 9 June 2022
		• Climate Change and Carbon: From the Financial and Reporting Perspective	4 August 2022
		• Characteristics of ESG & Sustainability Leadership	11 August 2022
		• International Directors' Summit 2022 - various topics under the overall theme of Unleash the Bold and Brave Board in You	26-28 August 2022
		• Internal briefing on Enhanced Sustainability Disclosure from Bursa Malaysia Securities Berhad	14 November 2022
		• Internal briefing on Dealings in listed securities under Chapter 14 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad	16 May 2023
9.	Ong Huey Min	• KPMG - Board Leadership Center Empowering and Rewarding the "Boardroom Brigade" – A Board Remuneration Masterclass	18 May 2022
		• KPMG - 2022 KPMG Board and Audit Committee Priorities webinar	31 May 2022
		• Rosli Dahlan Saravana Partnership ("RDS") - The Tax Treatment Of Interest Expenses and Borrowing Costs L65	16 June 2022
		• RDS - Recent Developments On Liquidated and Ascertained Damages	30 June 2022
		• KPMG - Navigating through the evolution of Corporate Governance with the introduction of Tax Corporate Governance Framework ("TCGF")	13 July 2022
		• RDS - RDS Penang Legal Forum 2022 – Recent Tax and Customs Cases	22 July 2022
		• Chartered Tax Institute of Malaysia ("CTIM") - National Tax Conference 2022	2 & 3 August 2022
		• Bursa Malaysia - Advocacy Sessions for Directors and Key Senior Management of Main Market Listed Issuers	9 August 2022
		• MICPA-BDO Complimentary Webinar on Common Transfer Pricing Challenges in Malaysia	22 September 2022
		• Bursa - Advocacy for Directors and Key Senior Management of Main Market Listed Issuers ("Advocacy") - Advocacy Session on the Continuing Disclosure Requirements and Corporate Disclosure Policy of the Listing Requirements	20 September 2022
		• Securities Commission: Conversation with Audit Committees - Session 1	17 November 2022
		• Internal briefing on Dealings in listed securities under Chapter 14 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad	16 May 2023

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DXN'S APPROACH TO SUSTAINABILITY

The Board recognises the importance of sustainability and its impact to the business. The Group has set up a Sustainability Department led by a Sustainability Officer. The Sustainability Officer is responsible for developing the Sustainability framework for implementing, monitoring the sustainability-related matter as well as to address material sustainability risks and recommending sustainability strategies which focus on incorporating the ESG sustainability elements into the business processes.

DXN's commitment to sustainability starts from the Board and the EXCO is supported by the Sustainability Officer and the Sustainability Working Committee and thereafter, is reinforced at every level within the Group.

In order to operate in a sustainable manner, DXN focused activities on the following key impact areas:

ECONOMICS	ENVIRONMENT	SOCIAL
<ul style="list-style-type: none"> to be the trusted brand, high quality yet affordably priced products; to uphold ethical business conduct and maintain sound governance system; and to promote human well-being, quality of life and equality without threatening the ecosystem's sustainability. 	<ul style="list-style-type: none"> to embrace responsibility energy and resource management in day-to day operation, adoption carbon reduction strategies, use green technologies, instilling environmentally sustainable practices, where applicable; to comply with laws and regulations related to environment; to innovate and promote responsible product design, packaging, use and disposal of products; and to raise awareness on sustainable and responsible environment conduct within the Group and stakeholders. 	<ul style="list-style-type: none"> to embrace diversity, inclusivity, gender equality and environment free of discrimination and harassment; to continuously cultivate and nourish talent; to recognise human rights, respect cultures and values in dealings with employees and communities; to provide and maintain a healthy and safe working environment; to enable appropriate/adequate controls for business continuity and emergency responses for our operations and communities; and to continuously support and contribute to the social, economic and development of the local communities.

Details of the Group's sustainability management efforts and activities are disclosed in the Sustainability Statement in this Annual Report.

NOMINATION COMMITTEE ("NC")

The NC was established on 10 February 2022 and comprises exclusively of INEDs as follows:

Composition	Key Roles and Responsibilities
YM Tunku Afwida Binti Tunku A. Malek INED Chairperson	<ul style="list-style-type: none"> Oversee Board appointment process including the identification, nomination and selection of Directors and KSM Recommend candidates to fill vacancies on the Board and Board Committees Assess Directors' training needs vis-à-vis changing regulatory and business landscapes and make recommendations thereof Oversee the annual Board assessment and evaluation for the Board, Directors and Board Committees as well as the KSM to assess the performance and effectiveness of individual Directors, Board, Board Committees and KSM. This is also inclusive of assessing the fit and properness of Directors who are due for retirement by rotation at the forthcoming Annual General Meeting ("AGM") Assess and review the Board composition (from perspectives of but not limited to size, skill sets, qualifications, experience and diversity) Oversee the succession planning for the Board and KSM of the Group
Datuk Noripah Binti Kamso Senior INED Member	
Ong Huey Min INED Member	

The NC is chaired by YM Tunku Afwida Binti Tunku A. Malek, an INED in compliance with Practice 4.7 of the MCCG.

Details of the roles and responsibilities of the NC are set out in the TOR, which is accessible on the Company's website at www.dxn2u.com.

There was one (1) meeting held during FYE2023 which was attended by all members of the then NC. At the sole meeting, the NC reviewed candidates to fill the vacancy for INED upon the resignation of Madam Wong Wen Miin.

Board Selection and Appointment Process

In selecting and nominating new candidates to the Board, the NC considered the objective criteria and various factors including but not limited to the skills, knowledge, professionalism, experience, diversity, time commitment and independence criteria pursuant to the MMLR for the appointment of an INED.

Following the resignation of Madam Wong Wen Miin, the NC considered the recommendations from the Directors, outsourced corporate secretarial services provider, Boardroom Corporate Services Sdn. Bhd. ("BoardRoom") (as external independent source) and major shareholders in sourcing new candidates to fill the vacancy. The Board and the NC were in agreement to seek a female candidate preferably with professional experiences in law and/or tax which is not available on the then Board. 3 shortlisted candidates; being recommendations from major shareholder and the external independent source, were presented for consideration. Each with background in law (public practice), tax (retired from public practice) as well as investment banking and finance (in commercial environment). All candidates were highly qualified. Upon deliberation and a virtual 'meet & greet' session, the NC recommended the appointment of Ms. Ong Huey Min as INED which was then approved by the Board and formalised on 1 August 2022.

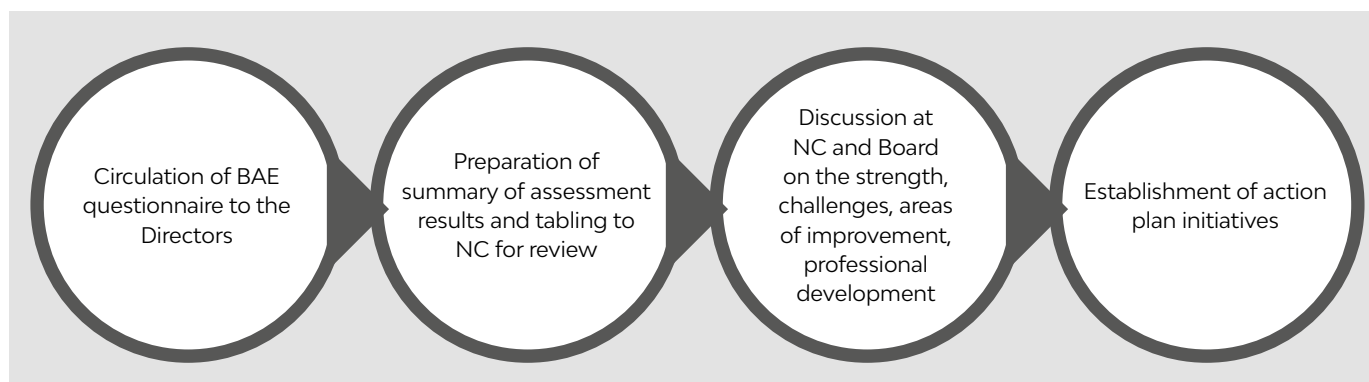
Board, Board Committees and Individual Evaluation

The Board, through the NC and facilitated by BoardRoom, conducted an annual board assessment and evaluation of the of Board, Board Committees and each Individual Director in respect of FYE2023 ("BAE"). As the INEDs were newly appointed with the NC constituted only on 10 February 2022, no BAE was conducted for FYE2022.

The criteria for the Board evaluation included, among others, board mix and composition; quality of information and decision making; Board's relationship with management; Board activities; Chairman's roles and responsibilities; ESG (Environmental, Social, and Governance) issues; Board Committees; character, experience, integrity, competency and time commitment of the Directors and CFO; skill set matrix of the Directors and independence of the INEDs.

A performance assessment was also conducted for KSM focussing on character, experience, integrity, competence and time commitment.

The Board assessment and evaluation process as set out below:



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Following conclusion of the BAE, the NC evaluated the results which included overall strengths of the Board and areas of improvement as follows:

Overall Strengths of the Board	Key Areas of Improvement
<ul style="list-style-type: none"> Collective strength from the perspective of skills set, expertise and professional experience Strong leadership in Executive Chairman who encourages robust discussions and challenges in making informed decisions that reflect the Board's consensus Independence of thoughts in the Directors' willingness to openly express, challenge and debate issues Good working relationship between Board members and KSM 	<ul style="list-style-type: none"> Human capital investment Succession planning Adequacy of board materials and circulation of the same Training Thorough ESG consideration Focussed approach on strategic and business planning Development of key performance indicators for the executive Board members and KSM

Based on the assessment facilitated by BoardRoom, the Board is of the view that the overall performance of the Board and Board Committees and the individual Directors were satisfactory. Given their recent appointment and constitution of the Board Committees, the Board agreed with the NC to maintain the present composition of the Board and Board Committees. The INED have also fulfilled their independent role during Board deliberations and exercised their independent judgement.

Following a review of the term of office and performance of the AC and each of its members for FYE2023, the NC and the Board were satisfied that the AC and its members had performed their duties in accordance with the TOR.

Re-election of Directors

In line with the Company's Constitution, an election of Directors shall take place each year. At the AGM, if one-third (1/3) of the Directors for the time being or if their number is not three (3) or a multiple of three (3), then the number nearest to one-third (1/3) shall retire from office and be eligible for re-election provided always that all Directors shall retire from office at least once every three (3) years but shall be eligible for re-election.

Directors appointed to fill a casual vacancy or as an addition to the existing Directors shall hold office only until the next AGM and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at that meeting.

In the event of any vacancy in the Board of Directors resulting in non-compliance with Para 15.02(1) of the MMLR, the Company must fill the vacancy within 3 months.

Mr. Stefan Heitmann, YM Tunku Afwida Binti Tunku A. Malek and Mr. Abraham Verghese A/L TV Abraham will be retiring by rotation and being eligible for re-election at the forthcoming 2023 AGM. Following the BAE FYE2023, the NC had also reviewed the performance of the retiring Directors, based on their fitness and propriety, experience, integrity, competence, level of contribution and participation at the meetings of the Board and Board Committees and time commitment. The retiring Directors are INEDs and they fulfil the requirements of independence as set out in the MMLR. All of them have demonstrated objectivity and commitment through proactive engagements at meetings of the Board and Board Committees (as applicable) held during the financial year by sharing valuable, relevant, independent and impartial (as applicable) insights, views and opinions on issues tabled for discussion. They have exercised due care and carried out their professional duties proficiently and effectively throughout their tenure as INEDs of the Company. The retiring Directors had abstained from deliberation and decision making on their own eligibility to stand for re-election at the meetings of the NC and the Board. The Board had endorsed the recommendation from the NC for tabling the proposal for the re-election of the retiring Directors at the forthcoming AGM.

Succession Planning

Succession planning is under the purview of the NC to ensure a smooth leadership transition, identify critical positions and highlight potential vacancies, select key competencies and skills necessary for business continuity, and focus on developing individuals to meet future business needs. The CEO shall assist the NC in ensuring that an appropriate succession planning framework, talent management and human capital development programme is in place for the position of the CEO and key pivotal positions. The NC shall be apprised of the progress of the programme on a regular basis, and at least once a year and in tandem with the Company's strategic goals.

REMUNERATION COMMITTEE (“RC”)

The RC was established on 10 February 2022 and comprises exclusively of INEDs as follows:

Composition	Key Roles and Responsibilities
Ong Huey Min INED Chairperson	<ul style="list-style-type: none"> Assess, review and recommend to the Board the remuneration packages of individual Executive Directors and KSM against pre-determined key performance indicators (“KPIs”) Discuss, review and approve KPIs for incentive plans recommended by KSM
Datuk Noripah Binti Kamso Senior INED Member	<ul style="list-style-type: none"> Recommend to the Board for approval the total remuneration packages for Executive Directors, Non-Executive Directors and KSM
YM Tunku Afwida Binti Tunku A. Malek INED Member	

At its sole meeting held during FYE2023, the RC approved the Remuneration Policy & Procedures.

The INEDs are paid Directors’ fees and meeting fees for their attendance at meetings of the Board and Board Committees in the manner as tabulated:

INEDs	Directors’ fees (RM)	Board Meeting fee (RM)	Board Committees meeting fee (RM)
Datuk Noripah Binti Kamso	100,000	1,500	500
Abraham Verghese A/L T V Abraham	85,000	1,500	500
Stefan Heitmann	80,000	1,500	500
YM Tunku Afwida Binti Tunku A. Malek	80,000	1,500	500
Ong Huey Min	75,000	1,500	500

Details of the remuneration, fees and benefits payable received/receivable by the current Directors from the Company and the Group in respect of FYE2023 are tabulated below:

The Company

Name	Salaries RM’000	Directors’ Fees RM’000	Bonus RM’000	Contributions to EPF and SOCSO RM’000	Allowances RM’000	Profit-sharing RM’000	Benefits-in Kind RM’000	Total RM,000
Executive Directors								
Datuk Lim Siow Jin	2,499	-	-	101	-	-	7	2,607
Teoh Hang Ching	456	-	80	27	119	12	41	735
Non-Executive Directors								
Dato’ Lim Boon Yee	298	-	-	38	12	-	-	348
Vibhav Panandiker	-	-	-	-	-	-	-	-
Datuk Noripah Binti Kamso	-	50	-	-	14	-	-	64
YM Tunku Afwida Binti Tunku A. Malek	-	40	-	-	10	-	-	50
Stefan Heitmann	-	40	-	-	12	-	-	52
Abraham Verghese A/L T V Abraham	-	43	-	-	13	-	-	56
Ong Huey Min	-	22	-	-	4	-	-	26

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The Group

Name	Salaries RM'000	Directors' Fees RM'000	Bonus RM'000	Contributions to EPF and SOCSO RM'000	Allowances RM'000	Profit- sharing RM'000	Benefits-in Kind RM'000	Total RM,000
Executive Directors								
Datuk Lim Siow Jin	2,808	-	-	124	-	-	7	2,939
Teoh Hang Ching	456	-	109	27	119	12	41	764
Non-Executive Directors								
Dato' Lim Boon Yee	298	-	-	38	12	-	-	348
Vibhav Panandiker	-	-	-	-	-	-	-	-
Datuk Noripah Binti Kamso	-	50	-	-	14	-	-	64
YM Tunku Afwida Binti Tunku A. Malek	-	40	-	-	10	-	-	50
Stefan Heitmann	-	40	-	-	12	-	-	52
Abraham Verghese A/L T V Abraham	-	43	-	-	13	-	-	56
Ong Huey Min	-	22	-	-	4	-	-	26

Key Senior Management's ("KSM") Remuneration

The Board recognises the importance of transparency in disclosing the remuneration of the KSM. However, due to the intense competition for professional talent, commercial sensitivities associated with the remuneration package of the KSM, and to maintain a stable work environment, the Board opined that the detailed disclosure of remuneration of KSM might be perceived as a disadvantage to the Group's business interest and may give rise to talent recruitment and retention issues.

PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT

Audit Committee ("AC")

The Board is assisted by the AC in overseeing the reliability of the Group's financial statements and disclosures, effectiveness of the Group's internal control and risk management systems and the compliance with relevant laws and regulations.

Collectively, the AC members are financially literate, possess commercial expertise, skills and professional experiences to enable them to discharge their duties and responsibilities pursuant to the AC's TOR.

The AC comprises exclusively of INEDs and the Chairperson of the AC is not the Chairman of the Board in line with Practice 9.1 of the MCGG.

The TOR of the AC incorporates a provision whereby a former partner of the Company's external auditors is to observe a cooling-off period of at least three (3) years before being appointed as a member of the AC. As of the date of this CGOS, none of the AC members is a former partner of the Group's external auditors. The AC is governed by its TOR which is accessible on the Company's website.

The AC is responsible for overseeing the activities carried out by the internal and external auditors. The AC would annually assess the internal and external auditors to determine their suitability, objectivity and independence.

The summary of activities of the AC for the FYE2023 is detailed under the AC Report in this Annual Report 2023.

Risk Management Committee (“RMC”)

The RMC was established on 10 February 2022 and comprises majority of INEDs as follows:

Composition	Key Roles and Responsibilities
Stefan Heitmann INED Chairperson	<ul style="list-style-type: none">Review and recommend the Group’s risk management policies and strategies for the Board’s approval and will include reviewing major investment business proposals and management’s assessment of the key associated risks, including funding options and costs, and investment returns prior to the Board’s approval.
Abraham Verghese A/L T V Abraham INED Member	<ul style="list-style-type: none">Integrate effective governance structures and processes with performance-focused risk management and internal control at every level of the Group and across all operations.
Teoh Hang Ching Executive Director & CEO Member	<ul style="list-style-type: none">Fulfil the Board’s corporate governance, risk management and statutory responsibilities in order to effectively manage the overall risk exposure of the Group.Establish an effective risk management and internal control framework and ensure the adequacy and effectiveness of the framework.

Details of the RMC’s roles and responsibilities are set out in the TOR published on the Company’s website at www.dxn2u.com.

The composition of the RMC is structured in such a way that there is an appropriate balance of views (from both executive leadership and INEDs) and oversight of the Group’s risk management policies and practices to ensure these policies and practices are adequate and effective. The Board of DXN has a stewardship responsibility to understand these risks, provide guidance on dealing with these risks and to ensure risks are managed proactively, in a structured and consistent manner.

DXN Group is committed to the effective identification, mitigation and management of risk as an integral part of the Group’s overall approach to risk governance. The implementation of the Enterprise Risk Management (“ERM”) Policy and Framework is expected to improve DXN’s visibility on its strategic and operational challenges as well as the available opportunities. The design of the ERM Framework reflects the principles outlined in ISO 31000:2018 and the best practices on risk management.

In September 2021, DXN established the Group Governance and Risk Management (“GGRM”) department for the purpose of co-ordinating and advising on risk and control activities to ensure that the management of our Group’s response to mitigate risks identified is carried out effectively, and also performing quarterly risk reviews in line with our Group’s ERM Framework. The GGRM reports to the RMC, CEO and KSM on the risks and mitigating action plan. The RMC met four (4) times during the financial year under review to receive reports from GGRM, approve relevant policies, code and guidelines as well as to review investment proposals.

In April 2022, DXN established a Legal and Regulatory Compliance Committee (“LRCC”) comprising members from different departments and functions in our Group such as finance, project investments, sustainability, legal, marketing, compliance and factory operations. The LRCC is responsible for monitoring and overseeing the Group’s legal and regulatory compliance matters including the compliance with licensing, permits and approvals for the various businesses in the various jurisdictions and to ensure that non-compliance incidents are adequately investigated and reporting of issues to appropriate parties in a timely manner. All entities within the Group shall report to the LRCC on matters relating to legal and regulatory non-compliances. The LRCC shall monitor the status of the Group’s compliance with our requisite legal and regulatory obligations and where necessary.

The Group’s internal audit function is performed in-house by the Group Internal Audit (“GIA”) team led by Ms Teoh Soo Kim who is supported by 15 auditors. The GIA reports directly to the AC on the adequacy and integrity of the Group’s internal controls and ensure compliance with the relevant laws and regulations in the jurisdictions where the Group has operations.

The details of the risk management and internal control systems are under the Statement on Risk Management and Internal Control in this Annual Report 2023.

Corporate Governance Overview Statement

Executive Committee

The EXCO was established on 10 February 2022 and comprises solely of executive Board members as follows:

Composition	Key Roles and Responsibilities
Datuk Lim Siow Jin Executive Chairman Member	<ul style="list-style-type: none"> Ensure that strategies are implemented within pre-determined framework and financial parameters that are approved and agreed by the Board from time to time.
Teoh Hang Ching Executive Director & CEO Member	<ul style="list-style-type: none"> Oversee the implementation of Board policies and strategies in managing the business segments to sustain continued growth, enhance shareholders' value. Review the performance of all business segments and implement corrective action plans, where needed, to address any shortfalls or non-compliance. Review the business plans and budgets and monitor the progress and performance of the business plan and budgets, including performance against agreed key performance indicators in all aspect of the Group's operations. Apply the principles and best practices recommendations of corporate governance, sustainability and corporate responsibility and to ensure compliance with applicable regulatory and legal requirements. Provide support and direction in all aspects of the business strategies and plans as assigned or delegated by the Board and take action or assume any other powers and responsibilities that may from time to time be assigned or delegated by the Board to implement such business strategies and plans.

The key purpose of the EXCO is to provide an effective oversight of the businesses of the Group and to ensure that operations and activities are aligned with the strategies approved by the Board and implemented within the framework and agreed financial limits as approved by the Board from time to time.

The EXCO has primary authority for close oversight of the Group's operations except those matters which are reserved for the Board, the AC, NC, RC and RMC.

The functions of the EXCO are set out in the TOR published on the Company's website at www.dxn2u.com.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

PART I: COMMUNICATION WITH STAKEHOLDERS

The Board recognises the importance of transparency, accountability and timely dissemination of information to all our stakeholders for them to make informed investment decision.

Moving forward from its listing, the Group will engage with its stakeholders by way of announcements through Bursa Securities, press releases and the general meetings. All financial results, notice of dividend and other ad-hoc announcements are available on Bursa Securities' website.

The Board and the Group is guided by Bursa Malaysia Corporate Disclosure Guide in the dissemination of information to stakeholders. At the same time, the Board is in the process of formalising the Corporate Disclosure & Communication Policy to provide detailed guidance on communication with shareholders and other stakeholders.

The corporate website at www.dxn2u.com is structured with drop-down menu providing full access to comprehensive information such as the Group's background to corporate news, products, business, career opportunities, and corporate social responsibility initiatives. There is a tab marked "Investor Relations" on the same corporate website which is a dedicated section detailing TORs as well as selected policies and codes, announcements to Bursa Securities as well as background information on the Board and KSM.

The Board welcomes stakeholders' engagements for the opportunities to hear and understand perspectives of the shareholders and stakeholders. In connection therewith, the Board welcomed queries and concerns relating to the Group's financial performance and governance practices. The stakeholders may channel their enquiries to our Investor Relation personnel:

Investor Relations
T: +603-8680 9850
E: ir@dxn2u.com

PART II: CONDUCT OF GENERAL MEETINGS

General meetings are the principal forum for dialogue and interaction with the shareholders.

The forthcoming 27th AGM scheduled on 21 August 2023 will be the first AGM following our listing on the Main Market of Bursa Securities. This upcoming AGM would provide an avenue for our shareholders to seek clarification and insights into the operations and financial performance of the Group as well as market outlook.

The notice of 27th AGM which sets out the resolutions, would be sent, together with Annual Report 2023, to shareholders at least twenty-eight (28) days before the date of the AGM to enable shareholders to go through the annual report and papers supporting the resolutions proposed, which is in line with Section 316(2) of Companies Act 2016 and paragraph 7.15 of the MMLR. The explanatory notes for the proposed resolutions are to facilitate informed decision-making by shareholders in exercising their voting rights. The notice of AGM would also be circulated in a nationally circulated newspaper together with an announcement on the Bursa Securities' website. This would allow shareholders to have immediate access to the notice of AGM and made necessary preparations to attend the AGM.

The Board, including Chairperson of the Board Committees and KSM will be present at the forthcoming AGM to address queries and concerns, if any, as raised by the shareholders.

The minutes of meeting for the forthcoming AGM will be published on our corporate website within 30 days after the AGM.

This CG Overview Statement was approved by a resolution of the Directors.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors (the “Board”) of DXN Holdings Bhd. (“the Company” or “DXN”) is pleased to present the Statement on Risk Management and Internal Control (the “Statement” or “SORMIC”), which outlines the scope and nature of risk management and internal control of the Company and its subsidiaries (collectively “the Group” or “DXN Group”) for the financial year ended 28 February 2023 (“FYE2023”). This Statement is prepared in line with Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

The Board is committed to safeguarding shareholders’ interests and the Group’s assets as well as reviewing the adequacy, integrity and effectiveness of the risk management and internal control system. Accordingly, the Board has established an Enterprise Risk Management (“ERM”) policy (“Policy” or “ERM Policy”) incorporating an ERM framework (“Framework” or “ERM Framework”) to identify, assess and monitor the Group’s significant risks, determine risk appetite and establish mitigation plans in pursuance of the Group’s business strategies and opportunities.

The design of the Framework reflects the principles outlined in the ISO 31000:2018 and the best practices on risk management.

The Board has full oversight for the Group’s ERM Framework. Matters pertaining to risks are specifically overseen by the Risk Management Committee (“RMC”) and the Audit Committee (“AC”), which in turn are supported by Group Governance and Risk Management Department and an in-house internal audit function.

These Committees are responsible for overseeing the financial reporting process, evaluating internal and external audit processes, as well as reviewing the risk management and internal control processes.

The responsibility for managing risks resides at all levels within the Group, including at the operational level, and is guided by the ERM Policy.

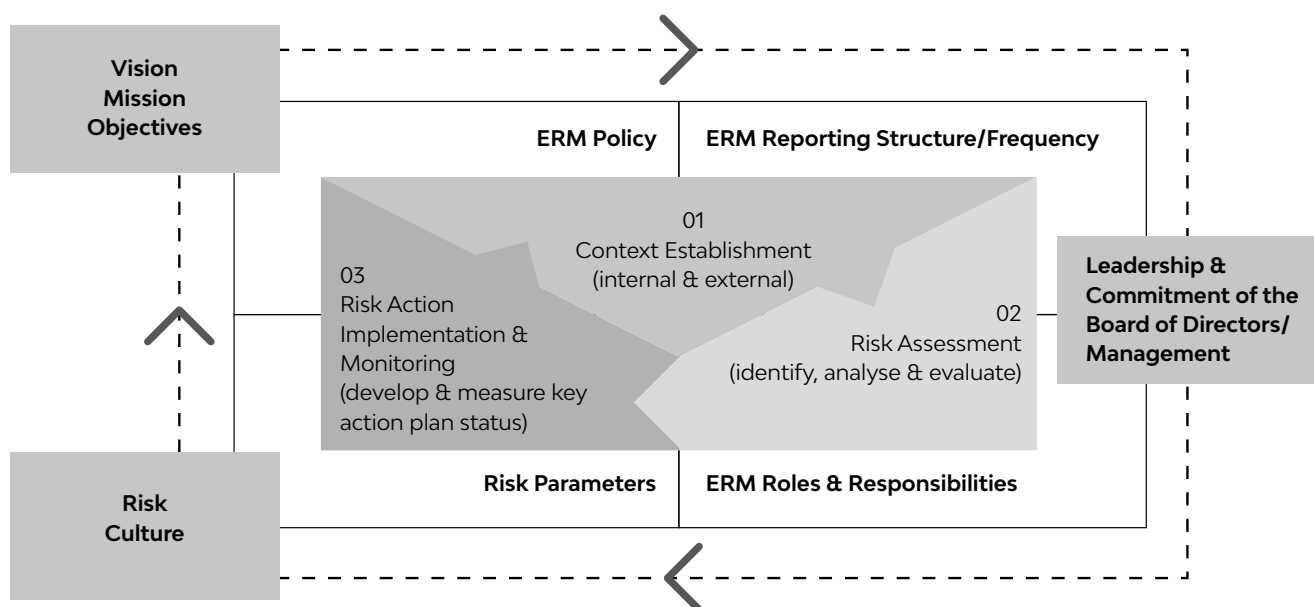
The policies of the Board for ERM are as follows:

- To integrate risk management into DXN’s culture, operational activities and decision-making processes
- To anticipate and respond proactively to the changing landscape in terms of areas that are strategic in nature, environmental, social, governance, compliance, operation, cyber, system and financial
- To manage risks pragmatically, to an acceptable level given the particular circumstances of each situation
- To require that all papers submitted to the Board by Management relating to strategy, key project approval; significant action or investment must include key risk factors and risk management strategy
- To implement a structured and consistent ERM framework in DXN

ERM FRAMEWORK

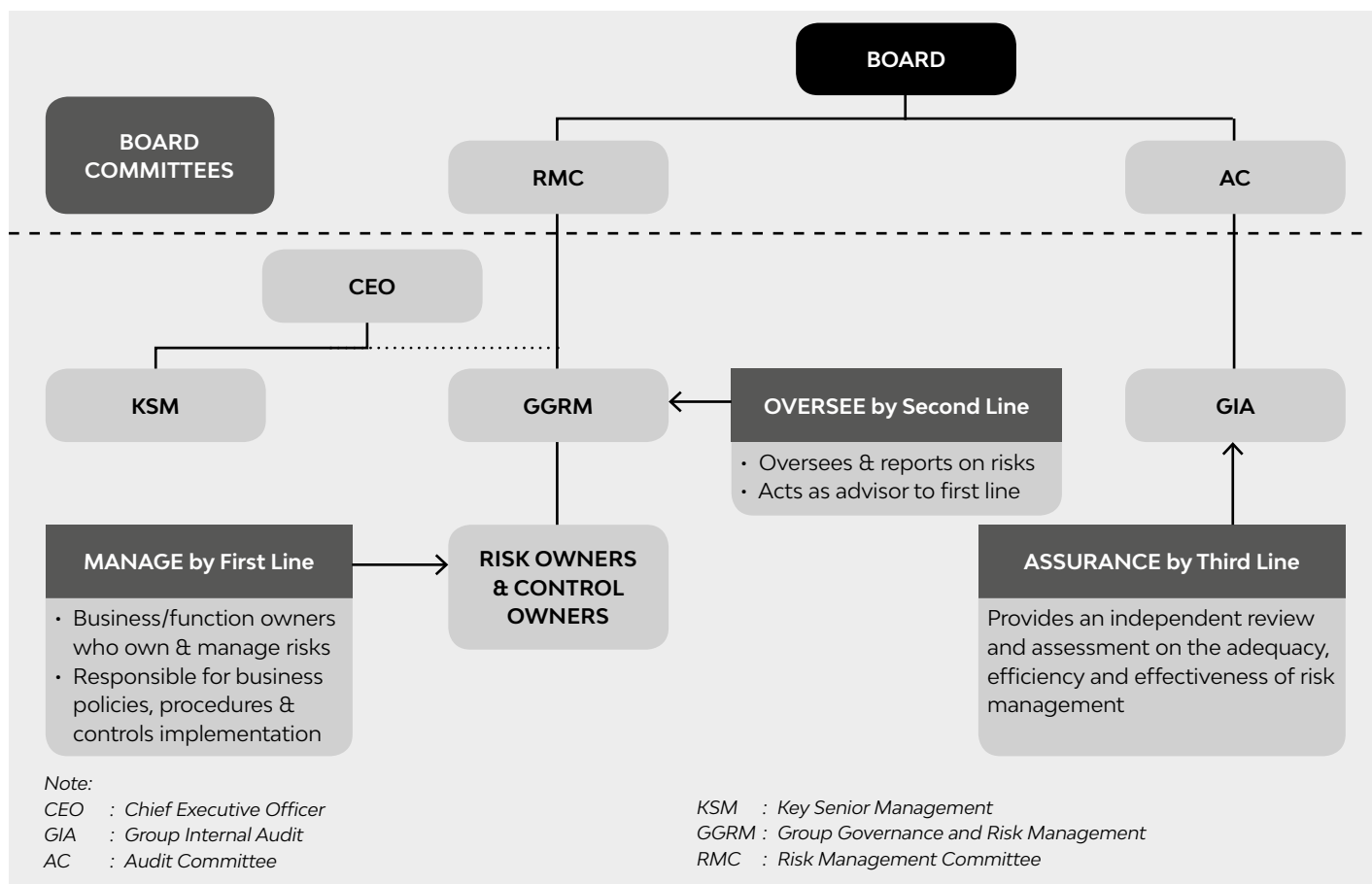
The ERM Framework outlines the process of achieving successful risk management by identifying the key elements required and the process for implementation.

The components of the Framework are illustrated as below:



ERM REPORTING STRUCTURE

The ERM Reporting Structure is illustrated as follows:-



ROLES AND RESPONSIBILITIES

Role	Description
Board	<ul style="list-style-type: none"> Provide overall risk management oversight. Approve and adopt the ERM Policy and Framework. Articulate and provide direction on risk appetite, organisational control environment and risk culture at the Group. Ensure the effectiveness of the ERM Framework and fully supports the risk management process and its control systems in order to manage all risks to which the Group is exposed to.
Audit Committee ("AC")	<ul style="list-style-type: none"> Provide an objective and independent view on the effectiveness of ERM implementation to the Board.
Risk Management Committee ("RMC")	<ul style="list-style-type: none"> Review the context within which risk is managed in relation to the Group's strategic direction and objectives. Oversee and provide oversight and direction for the implementation of risk management in the Group and consistent application of ERM principles. Endorse the ERM Policy for approval by the Board. Annually review the Group's risk management framework and supporting structure, including: <ul style="list-style-type: none"> Satisfying itself that appropriate systems are in place to identify, assess and manage the significant risks affecting the Group. Ensuring that the Group's employees are clear as to their roles and responsibilities with regards to ERM Framework.

Statement on Risk Management and Internal Control

Role	Description
Chief Executive Officer ("CEO")/Key Senior Management ("KSM")	<ul style="list-style-type: none"> The CEO has the ultimate responsibility and accountability for ensuring that risk is managed across the business units within DXN Group and is supported by the KSM. Provide executive leadership in the management of strategic, operational and project risk and generally champion risk management within the group. Ensure that their respective divisional risk profile as entered by each department is reviewed, updated and approved in line with this Policy requirements. Ensure the Group is managed and operates within the agreed risk constraints and operations rules.
Group Internal Audit ("GIA")	<ul style="list-style-type: none"> Assist AC in reviewing the effectiveness of ERM in providing an independent view on specific risks and control issues, trends and events.
Group Governance and Risk Management Department ("GGRM")	<ul style="list-style-type: none"> Report to RMC, CEO, and KSM on risk management information. Lead the development, implementation and review of the ERM Framework, and supporting processes and systems. Co-ordinate ERM activities across DXN Group which includes amongst others, compiling risk reports (such as risk registers, risk profile, risk action plans) from the respective Risk Owners and Control Owners. Provide risk management advice and support. Develop and promote risk management awareness. Provide ERM reports to the AC when requested. Evaluate the adequacy of ERM tools, resources, trainings and subject matter expert.
Risk Owners	<ul style="list-style-type: none"> Senior employees responsible for the management of a particular risk that is to have the necessary level of authority to be able to spend and allocate resources to implement required treatment and strategies towards the identified risk. Review and report on risks via periodic risk assessments. Identify and assess risks as well as implement and monitor risk action plans and key risk indicators. Assign the design and implementation of controls to mitigate the risk through a Control Owner.
Control Owners	<ul style="list-style-type: none"> Senior employee/Head of departments as Control Owners to operate and execute controls which represent a whole range of actions, measures and strategies taken by management to mitigate the risk. Provide support to Risk Owners on key risks identified and to assist in the implementation of risk action plans. Engage and discuss with Risk Owners on internal and external activities or circumstances that may give rise to new risks or changes on rating or control effectiveness of existing risks. Submit prompt reporting of risk reviews on a specified deadline. Highlight risk issues to risk owners and GGRM. Periodically review of risk ratings and control/mitigations actions.

KEY STEPS IN MANAGING RISKS

The risk management process involves the systematic application of policies, procedures and practices to the activities of communicating and consulting, establishing the context as well as assessing, treating, monitoring, reviewing, recording and reporting risk. The process is outlined as below:



KEY RISKS AND RISK TREATMENT

The Group's businesses are subject to a number of risk factors. The treatment of risks to our Group are outlined below:

No.	Key Risks	Risk Treatment
1.	Regulatory Compliance	Establishment of Board Committees, Group Governance and Risk Management Department ("GGRM") and Group Internal Audit ('GIA') to identify and monitor regulatory compliances in selected subsidiaries of the Group.
2.	Corruption	Establishment of the Anti-Bribery and Corruption Policy and provide awareness training to employees in selected subsidiaries of the Group.
3.	Information Security	Continuously monitor implemented process controls and identify system improvements.
4.	ESG Sustainability	Provide awareness trainings and conduct materiality assessments with all stakeholders in selected subsidiaries of the Group with support from external consultants and subject matter experts.
5.	Project Investment	Establishment of the Project Investment Framework to identify and mitigate risks attached to projects invested.

INTERNAL CONTROL SYSTEM

The Group has the GGRM and the in-house GIA to support the AC and the RMC in discharging its duties and responsibilities. The following framework governs the internal control process:

1. Integrity and Ethical Values

The Board has adopted the Code of Conduct & Ethics which provides guidance on the standards of behaviour expected of all Directors, employees and associates of the Group.

The Code of Conduct & Ethics sets out the expectation on managing conflict of interest, preventing anti-bribery and corruption, whistleblowing, "No Gifts" policy and other ethical business practices that are expected for adherence.

The Group has conducted on-going educational and awareness briefings pertaining to the Company's Anti-Corruption and Bribery policy to inculcate ethical culture and integrity in selected subsidiaries of the Group.

2. Delegation of Authority and Responsibilities

The respective Board Committee's TOR defines the delegation of responsibilities to the various board committees.

The Group has also defined limits of authority which sets out the approving limits that have been assigned and delegated to each approving authority within the Group.

Statement on Risk Management and Internal Control

3. Risk Management

The GGRM is leading the development, implementation and review of ERM Framework, supporting processes and systems.

The Risk Management Committee receives risk management information from this department, and subsequently report the Group's risk management matters to the Board.

4. Documented Policies and Procedures

The Group has developed and maintained internal policies and procedures, which are reviewed and revised periodically, to meet changing business and operational requirements as well as statutory reporting needs.

Furthermore, the Board has adopted the following policies during FYE2023:

- Code of Conduct & Ethics
- Anti-Bribery & Corruption Policy
- Whistleblowing Policy
- Enterprise Risk Management Policy
- Sustainability Policy
- Project Investment Framework
- Compliance Management Policy
- Business Continuity Management Policy
- Sanctions Policy

5. Technology Ecosystem

The Group owns the source codes and blueprints for all existing software application including key platforms such as the eWorld website, DXN app, DChat app, personal websites, Online Billing System ("OBS"), Enterprise Resource Planning System ("ERP"), Accounting Information System ("ACIS") and Centralised Processing System ("CPS").

6. Quality Control

The Group is committed to maintaining quality standards throughout the production process, in which the results are demonstrated through the achievement of the following key accreditations:

- ISO 9001:2015
- ISO 14001:2015
- ISO 22716:2007
- MS ISO/IEC 17025:2017myOrganic
- GMP
- Organic EU Certificate
- USDA-NOP Certificate
- HACCP
- Halal Certificate

7. Performance Monitoring and Reporting

The Group carries out on-going performance monitoring and reporting on various areas, including but not limited to:

- Operational results: The Executive Committee monitors the progress and performance of the operation
- Staff performance: Each employee conducts an annual employee performance appraisal based on relevant key performance indicators; and
- Independent review: The GIA department that reports functionally to the AC performs risk-based audit and highlights key control issues and recommendations for improvement to Management and AC. The Group appoints an independent external audit firm to examine financial records of the Group on a periodic basis.

Internal Audit Function

The in-house internal audit function is led by Ms. Teoh Soo Kim, the Head of GIA. Ms. Teoh is an associate member of The Institute of Internal Auditors Malaysia ("IIAM").

As of 28 February 2023, the GIA comprises a team of 15 auditors, all of whom hold tertiary or professional qualifications. Among the team members, several members are Certified Internal Auditor ("CIA").

Headcount of the Internal Audit function by position and by country:

Position	Headcount (by country)				Total
	Malaysia	India	Philippines	Mexico	
Head of Department	1				1
Senior Manager	1				1
Manager	4			1	5
Senior Executive	4	1	1		6
Executive	1	1			2
TOTAL	11	2	1	1	15

The Head of GIA and the auditors have confirmed that they are free from any relationships or conflicts of interest which could impair their objectivity and independence in the audit assignments.

The GIA which is independent, undertakes regular and systematic review of the systems of risk management and internal controls to provide sufficient assurance that the Group has in place a sound risk management, internal control, and governance system.

The GIA maintains its impartiality, proficiency, and professional care when executing its plans and reports directly to the AC. The mission, scope, accountability, independence, responsibilities, and authority of the GIA are described in the Internal Audit Charter. GIA has also established an internal process that requires individual declarations confirming that the assigned internal auditor is free from any relationships or conflicts of interest which could impair objectivity and independence.

All internal audit assignments drawn up are based on the risk-based internal audit methodology closely aligned with the International Professional Practices Framework issued by The Institute of Internal Auditors. The Group's risk-based internal audit plan was drawn up, considering the potential high-risk areas identified based on the risk level and control assessment conducted by the GIA, discussed with CEO, reviewed and approved by AC prior to the commencement of the audits.

A private meeting without the presence of the Management and Executive Directors is held with the Chairman of the AC during the year to discuss the internal audit plan. The risk-based internal audit plan covers the review of key operational and financial activities, including the effectiveness of internal control practices and compliance with Group policies and procedures and relevant laws and regulations.

Statement on Risk Management and Internal Control

The audit reports, including significant findings regarding any non-compliance/process improvement, recommendations based on root-cause analysis, and overall audit conclusion, were highlighted for the Management and the AC's attention. Measures and agreed actions by Management to address the improvement areas highlighted are followed up and reviewed on a timely basis.

During the FYE2023, GIA conducted 25 audit assignments to review the adequacy of the internal control on business operations for sales branches, laboratory and manufacturing, as well as the effectiveness of internal control pertaining to Anti-Bribery and Corruption Policy on selected entities within the Group based on the GIA's risk-based audit methodology.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement pursuant to the scope set out in Audit and Assurance Practice Guide ("AAPG") 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the annual report of the Group for FYE2023, and reported to the Board that nothing has come to their attention that cause them to believe that the statement intended to be included in the Annual Report of the Group, in all material respects:

- (a) has not been prepared in accordance with the disclosures required by Paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or
- (b) is factually inaccurate.

AAPG 3 does not require the external auditors to consider whether the Statement covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board and management thereon. The auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

CONCLUSION

The Board has received assurance from the Executive Director & Chief Executive Officer and Chief Financial Officer that the Group's risk management and internal control system are operating, in all material respects, adequately and effectively for FYE2023 and up to the date of this Statement.

Accordingly, the Board is of the view that the risk management and internal control systems are satisfactory and have not resulted in any material losses, contingencies or uncertainties that would require separate disclosure in the Group's annual report. Nevertheless, the Board, through the RMC, AC and the KSM, shall continue to take the appropriate and necessary measures to continuously improve the Group's risk management and internal control system to meet the Group's corporate objectives.

This Statement was approved by a resolution of the Directors.

AUDIT COMMITTEE REPORT

The Audit Committee (“AC”) of DXN Holdings Bhd. (“DXN” or “the Group”) was established by the Board of Directors (“Board”) on 10 February 2022 and comprises exclusively of Independent Non-Executive Directors. The members of the AC are:-

Designation	Name
Chairman	Abraham Verghese A/L T V Abraham (Independent Non-Executive Director)
Members	YM Tunku Afwida Binti Tunku A. Malek (Independent Non-Executive Director) Stefan Heitmann (Independent Non-Executive Director)

The AC is chaired by Mr. Abraham Verghese A/L T V Abraham (“Mr. Abraham”), which is in line with Practice 9.1 of the Malaysian Code of Corporate Governance (“MCCG”) 2021 that the Chairman of the AC is not the Chairman of the Board. Mr. Abraham became an associate member of the Association of Chartered Certified Accountants (“ACCA”) in 1982 and has been a fellow member of the ACCA since 1987. He has been a member of the Malaysian Institute of Certified Public Accountants (formerly known as Malaysian Association of Certified Public Accountants) (“MICPA”) since 1989 and is currently a member of the Malaysia Institute of Accountants (“MIA”). He is also a member of the Institute of Corporate Directors Malaysia.

Mr. Abraham has over three decades of experience in accounting, auditing and financial consulting, initial public offering, corporatisation, and privatisation of entities in varying industries. He is supported by the other two AC members, who have vast experience in corporate finance, including compliance and funding advisory-related services, equity analysis and healthcare consultancy services. The AC has a policy where a former partner of the Company’s external audit firm is required to observe a cooling-off period of at least three (3) years before being appointed as an AC member. As of the date of this Statement, none of our AC members is a former partner of our external audit firm.

The AC is governed by a TOR and it is published on the Company’s website at www.dxn2u.com. The TOR was reviewed by the AC and was subsequently tabled and approved by the Board at a meeting held on 22 February 2022.

MEETING ATTENDANCE

There were five (5) meetings held during the FYE2023. Details of the record of attendance are set out on page 69 of the Corporate Governance Overview Statement. The AC also met with the External Auditors and in-house Group Internal Audit (“GIA”) during the financial year without the presence of the Management team. The External Auditors and the GIA were given the opportunity to raise any issues of concern directly to the AC.

The AC members are provided with the agenda and relevant Committee papers before each meeting. The Management team, the External Auditors and the GIA were invited to attend the AC meeting to present their papers and address the enquiries of the AC.

Subsequently, matters deliberated by the AC are reported to the Board after each AC meeting so that the Board is promptly apprised of key deliberations or concerns raised during the meeting.

Audit Committee Report

Summary of activities undertaken by the AC during the FYE2023 is as follows:-

Financial Reporting

- a) Reviewed the unaudited quarterly financial results of the Group. The reviews ensured that the Group's financial reporting and disclosures presented a true and fair view of the Group's financial position and performance and complied with the Listing Requirements, applicable accounting standards and other legal requirements.
- b) Reviewed significant matters highlighted, including financial reporting issues, significant judgments made by Management, significant and unusual events and/or transactions, significant adjustments arising from the audit and how these matters are addressed.
- c) Reviewed the audited financial statements of the Group which covers the financial position and performance for the year to ensure it is presented on a true and fair view and complied with all disclosures and regulatory requirements and recommended the audited financial statements to the Board for approval.

External Audit

- a) Reviewed and approved the reports issued by the External Auditors and recommended the same to the Board for approval and adoption.
- b) Held a private session with the External Auditors in the absence of management to discuss audit matters.
- c) Reviewed management letter issued by the External Auditors.
- d) Assessed the coordination efforts and level of cooperation between the Group's Management team and the External Auditors and problems encountered during the course of the audit work, including any restrictions on the scope of activities or access to required information.

Internal Audit

- a) Reviewed and approved the Internal Audit Charter of the GIA Function.
- b) Reviewed and approved the internal audit plan to ensure the scope is adequate and there is a comprehensive coverage of the Group's activities. The review also included an assessment of the resources required within the internal audit team to carry out the audit works.
- c) Reviewed internal audit reports issued by the GIA and monitored the implementation of management action plans for outstanding issues on a quarterly basis to ensure that all key risks and control weaknesses were properly addressed.

Related Party Transactions

- a) Reviewed related party transactions ("RPT") and conflict of interest situation that arose to ensure that current procedures for the monitoring of related party transactions within the Group are complied with.
- b) Reviewed and recommended RPT reports to non-interested Director for consideration and approval.

Compliance and others

- a) Reviewed results of special investigation.
- b) Discussed and reviewed non-compliance issues reported by Management.

INTERNAL AUDIT FUNCTION

The Group's internal audit function was performed in-house and is headed by Ms. Teoh Soo Kim, who is an associate member of The Institute of Internal Auditors Malaysia ("IIAM"). Ms. Teoh Soo Kim is supported by an Internal Audit Team that comprises 15 auditors who possess tertiary or professional qualifications. Some of the auditors are Certified Internal Auditors ("CIA"). The Head of the GIA and the auditors have confirmed that they are free from any relationships or conflicts of interest which could impair their objectivity and independence in the audit assignment. The GIA maintains its impartiality, proficiency and professional care when executing its plans and reports directly to the AC.

The internal audit is based on the risk-based internal audit methodology closely aligned with the International Professional Practices Framework issued by the The Institute of Internal Auditors.

During the FYE2023, the GIA conducted 25 audit assignments to review the adequacy of the internal control systems on business operations for sales branches, laboratory, and manufacturing, as well as assess the effectiveness of the Group's internal control system against the Group's Anti-Bribery and Corruption Policy.

SUMMARY OF THE INTERNAL AUDIT ACTIVITIES CARRIED OUT DURING THE FYE2023

- Prepared and presented the risk-based internal audit plan within the Group for the approval of the AC.
- Performed operational audits on the Group's business units according to the internal audit plan to ascertain a proper risk management system and adequacy of the internal control systems. Key control issues and recommendations for improvement were highlighted to enable the AC to execute its oversight function.
- Issued internal audit reports to the AC and Management, providing results of the assessments of internal controls, identifying key areas of concern as well as highlighting recommendations for improvements. Results of the internal audit reviews were reported to the AC on a quarterly basis.
- Performed follow-up reviews to ensure that audit recommendations and action plans were implemented by Management.
- Reviewed RPT/Recurrent Related Party Transactions ("RRPT") and conflict of interest situations that may arise within the Group. Reported to the AC on the adequacy, appropriateness, and compliance with the procedures established to monitor RRPTs.
- Performed ad-hoc/investigation audits on allegations of mismanagement or improper acts reported through the whistleblowing procedures and other channels as requested by the AC and/or Management.

The operation cost incurred for the internal audit function of the Group in respect of the FYE2023 amounted to RM837,692. Details of the internal audit function are disclosed in the Statement on Risk Management and Internal Control in this Annual Report.

This Audit Committee Report was approved by a resolution of the Directors.

ADDITIONAL COMPLIANCE INFORMATION

1. UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSAL

There is no utilisation of proceeds raised from corporate proposal as at financial year ended 28 February 2023 as the initial public offering ("IPO") exercise of the Company was concluded with its listing on the Main Market of Bursa Malaysia Securities Berhad only on 19 May 2023.

In conjunction with its IPO exercise, the Company undertook a public issue of 160 million new ordinary shares at an issued price of RM0.70 per ordinary share, raising gross proceeds of RM112.0 million which shall be utilised in the following manner:

Details of Use of Proceed	Estimated Timeframe for Use from the Date of Listing	Amount (RM'000)	Actual Amount of Utilisation (RM'000)	Unutilised Amount (RM'000)
Repayment of bank borrowing	Within 12 months	80,000	N/A	N/A
Working capital	Within 6 months	7,913	N/A	N/A
Defray fees and expenses for our IPO listing expenses	Within 6 months	24,087	N/A	N/A
Total		112,000	N/A	N/A

2. AUDIT AND NON-AUDIT FEES

The fees payable to KPMG PLT and its affiliates in relation to the audit and non-audit services rendered to the Company and its subsidiaries for the financial year ended 28 February 2023 are as follows:

	The Company (RM'000)	The Group (RM'000)
Audit fees	100	1,138
Non-audit fees	2,220	3,839

The non-audit services were mainly services rendered by the external auditors and its affiliates in relation to the Company's IPO exercise.

3. MATERIAL CONTRACTS INVOLVING DIRECTORS, CHIEF EXECUTIVE AND MAJOR SHAREHOLDERS' INTEREST

Save as disclosed in the prospectus dated 28 April 2023 in connection with the Company's IPO exercise, there were no material contracts (not being contracts entered into in the ordinary course of business) which had been entered into by the Company and its subsidiaries involving the interest of the directors, chief executive or major shareholders, either still subsisting at the end of the financial year ended 28 February 2023 or entered into since the end of the previous period.

4. RECURRENT RELATED PARTY TRANSACTIONS

The Company will be seeking its first shareholders' mandate for the Recurrent Related Party Transactions ("RRPTs"), following its listing on 19 May 2023, at its forthcoming Annual General Meeting to be held on 21 August 2023. The details of the proposed shareholders' mandate for RRPTs to be entered by the Company and/or its subsidiaries with the related parties are disclosed in the Circular to Shareholders dated 30 June 2023 to be issued together with this Annual Report 2023.

5. UPDATES ON NON-COMPLIANCES WITH THE RELEVANT LAWS, REGULATIONS, RULES AND REQUIREMENTS GOVERNING THE CONDUCT OF THE OPERATIONS OF MATERIAL SUBSIDIARIES OF OUR GROUP AS DISCLOSED IN THE PROSPECTUS DATED 28 APRIL 2023

Malaysia

No.	Property Title/Description	Status Updates as at 31 May 2023
1.	GM 1109 Lot 2116 and GM1134, Lot 2150, Mukim Malau, Daerah Kubang Pasu, Negeri Kedah	<ul style="list-style-type: none"> Buildings (farm's surau/toilet) at lot 2150 had been demolished on 4 April 2023. Buildings at lot 2116 will be demolished before the construction of four units of new building on the site - warehouse, office, canteen & guard post. New Kebenaran Merancang (Planning Permission) ("KM") for these 4 buildings had been submitted on 6 April 2023 & obtained "Lulus dengan Pindaan Plan" on 7 June 2023. We are currently in the progress of carrying out the amendment and it's estimated to submit by end of June 2023.
2.	Lot 1319, 832, 833 and 60041, Mukim Malau, District of Kubang Pasu, State of Kedah	<ul style="list-style-type: none"> All buildings at lot 60041 had been completely demolished on 13 April 2023. All buildings except Spray Dry Building, 2 units of spirulina ponds & machinery store at lot 1319 had been completely demolished on 13 April 2023. Application for Kebenaran Merancang Terhad ("KMT") on these 4 remaining buildings at lot 1319 had been submitted on 26 March 2023 & obtained "Lulus dengan Pindaan Plan" from Kubang Pasu Minicipal Council ("KPMC") on 21 May 2023. Currently, we are in the progress of carrying out the amendment required and is to submit by end of June 2023. KMT application for lot 832 & 833 had been submitted on 26 March 2023 & obtained "Lulus dengan Pindaan Plan" from KPMC on 21 May 2023. Currently, we are in the progress of carrying out the amendment required and estimated to submit by end of June 2023.
3.	Lot 2112, Mukim Malau, District of Kubang Pasu, State of Kedah	Completed the dismantling & demolition of the buildings that is in non-compliance on 13 April 2023. Status: Closed
4.	Lot 2729, Mukim Malau, District of Kubang Pasu, State of Kedah	KMT approval obtained on 25 April 2022 Permit Sementara (Temporary Permit) ("PS") approval obtained on 29 August 2022 for 3 years. Status: Closed
5.	Lot 805 Mukim Malau, District of Kubang Pasu, State of Kedah	KMT approval obtained on 12 September 2022 PS approval obtained on 23 February 2023 for 3 years. Status: Closed.
6.	Lot 618 & 619, Mukim Malau, District of Kubang Pasu, State of Kedah	<ul style="list-style-type: none"> KM for lot 618 & 619 had been submitted on 13 October 2022 & obtained full approval by KPMC on 13 March 2023. Online submission on building plan had been done on 27 April 2023 and was rejected. We had submitted for appeal on 14 May 2023 & currently awaiting for feedback.
7.	Lot 2149, Mukim Malau, District of Kubang Pasu, State of Kedah	KM & building plan had been submitted on 10 March 2020 and KPMC had commented on the building plan. We are now in progress of amending the plan as commented & estimated to submit by end of June 2023.

India

a) Daxen Agritech

No.	Property Title/Description	Status Updates as at 31 May 2023
1.	Non-filing of Form Foreign Currency-Transfer of Shares ("FCTRS") and non-payment of consideration amount for transfer of shares from an Indian resident shareholder to a non-Indian resident	<ul style="list-style-type: none"> The application was submitted to Reserve Bank of India ("RBI") Chandigarh in the end of January, 2023. Based on numerous follow ups and discussion with RBI Chandigarh, the application was again submitted to the Authorised Dealer Bank ("AD") Bank, Mumbai, which has been forwarded to RBI along with their comments

Additional Compliance Information

No.	Property Title/Description	Status Updates as at 31 May 2023
2.	Non-reporting of downstream investment in DXN Marketing India	<ul style="list-style-type: none"> As this non-compliance can be regularised after regularisation of 1 and 5, the reporting made to the RBI has been rejected for one of necessary documents which can only be furnished post regularization of 1 and 5
3.	Non-filing of Foreign Liabilities and Assets Returns ("FLA Returns")	<ul style="list-style-type: none"> This stands regularised
4.	Non-registration of Entity User Registration with the RBI	<ul style="list-style-type: none"> This stands regularised

b) DXN Marketing India

No.	Property Title/Description	Status Updates as at 31 May 2023
5.	Non-receipt of approval from Department for Promotion of Industry and Internal Trade ("DPIIT") in relation to foreign investment exceeding 49% equity interest in DXN Marketing India	<ul style="list-style-type: none"> The application has been submitted on 31 March 2023. In reference to the email received from the DPIIT on 17 May 2023, the original set of application was submitted on 24 May 2023 (Note: the physical set of application can only be submitted after receipt of email from DPIIT). Further, DPIIT, vide its email 24 May 2023 sought additional clarifications, which was submitted on 1 June 2023
6.	Non-registration Entity User Registration with the RBI	<ul style="list-style-type: none"> This stands regularised

c) ESEN Lifesciences

No.	Property Title/Description	Status Updates as at 31 May 2023
7.	FCTRS	<ul style="list-style-type: none"> Two out of three Indian sellers are ready to cooperate with us. Thus, we are in discussion with them and asked them to connect us with their relationship managers for issuance of Foreign Inward Remittance Certificate ("FIRC") and further processing. The documents have already been shared with them for signatures Estimate to dispatch the document to third seller on 30 June 2023, after completion of all formalities on documents
8.	Non-filing of FLA Returns	<ul style="list-style-type: none"> This stands regularised
9.	Non-registration of Entity User Registration with the RBI	<ul style="list-style-type: none"> This stands regularised

China

Anxi Gande

No.	Issue	Status Updates as at 31 May 2023
1.	Disposal of all shares in Florin Fujian	<ul style="list-style-type: none"> DXN Corporation has entered into an agreement to dispose Florin Fujian (including Anxi Gande as it is a wholly owned subsidiary of Florin Fujian) on 17 May 2022 DXN has extended the deadline for the buyer to complete the share transfer process and disposal agreement until 30 June 2023
2.	Demolition of factory and guard booth	<ul style="list-style-type: none"> Is yet to be rectified due to the disposal of Florin Fujian
3.	Two plots of leased land that did not obtain 2/3 consent from Anxi Gande Huaidong village members	<ul style="list-style-type: none"> Is yet to be rectified due to the disposal of Florin Fujian
4.	Anxi Gande Foluohua environmental appraisal	<ul style="list-style-type: none"> Is yet to be rectified due to the disposal of Florin Fujian
5.	DXN Corporation Ningxia environmental appraisal	<ul style="list-style-type: none"> DXN Corporation Ningxia has obtained the acceptance of environmental for the healthy beverage processing project on 9 May 2023

FINANCIAL STATEMENTS

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DIRECTORS' REPORT

for the year ended 28 February 2023

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 28 February 2023.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding and provision of management services whilst the principal activities and details of the subsidiaries are disclosed in Note 7 to the financial statements.

There has been no significant change in the nature of these activities during the financial year.

RESULTS

	Group	Company
	RM'000	RM'000
Profit for the year attributable to:		
- Owners of the Company	275,396	154,229
- Non-controlling interests	13,931	-
	<hr/> 289,327	<hr/> 154,229

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year under review except as disclosed in the financial statements.

DIVIDENDS

Since the end of the previous financial year, the amount of dividends paid by the Company were as follows:

- i) In respect of financial year ended 28 February 2022 as reported in the Directors' Report of that year:
 - Third interim dividend of approximately 6.23 sen per ordinary share totalling RM15,000,000 declared on 7 April 2022 and paid on 8 April 2022; and
 - Fourth interim dividend of approximately 6.23 sen per ordinary share totalling RM15,000,000 declared on 28 June 2022 and paid on 15 July 2022.
- ii) In respect of financial year ended 28 February 2023:
 - First interim dividend of approximately 16.61 sen per ordinary share totalling RM40,000,000 declared on 18 October 2022 and paid on 15 November 2022; and
 - Second interim dividend of approximately 8.31 sen per ordinary share totalling RM20,000,000 declared on 6 March 2023 and paid on 13 March 2023.

The Directors do not recommend any other dividends to be paid for the financial year ended 28 February 2023.

Directors' Report

for the year ended 28 February 2023

DIRECTORS OF THE COMPANY

Directors who served during the financial year until the date of this report are:

Datuk Lim Siow Jin	
Teoh Hang Ching	
Dato' Lim Boon Yee	
Vibhav Panandiker	
Datuk Noripah Binti Kamso	
Yang Mulia Tunku Afwida Binti Tunku A. Malek	
Stefan Heitmann	
Abraham Verghese A/L T V Abraham	
Ong Huey Min	(Appointed on 1 August 2022)
Lim Yew Lin	(Resigned on 16 May 2022)
Tan Yip Chian	(Resigned on 16 May 2022)
Wong Wen Miin	(Resigned on 9 July 2022)

DIRECTORS OF THE SUBSIDIARIES

The Directors of the Company's subsidiaries who served on the respective boards of the subsidiaries (excluding Directors who are also Directors of the Company) during the financial year until the date of this report are disclosed in Appendix I to the financial statements.

DIRECTORS' INTERESTS IN SHARES

The interests and deemed interests in the ordinary shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial year end (including the interests of the spouses and/or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares		
	At 1.3.2022	Bought	(Sold) At 28.2.2023
<u>The Company</u>			
Datuk Lim Siow Jin			
Indirect interests [#]	178,870,941	-	- 178,870,941

	Number of ordinary shares of Pakistan Rupee 10 each		
	At 1.3.2022	Bought	(Sold) At 28.2.2023
<u>Interest in subsidiary</u>			
- <u>DXN International Pakistan (Private) Limited</u>			
Dato' Lim Boon Yee			
Direct interest	1	-	- 1

[#] Deemed interested by virtue of his shareholding in LSJ Global Sdn. Bhd. (formerly known as DXN Global Sdn. Bhd.) ("LSJ Global"), pursuant to Section 8(4) of the Companies Act 2016, out of which 705,581 (1.3.2022: 705,581) ordinary shares and 62,598,640 (1.3.2022: 62,598,640) ordinary shares in the Company are held on trust by LSJ Global for Datuk Lim Siow Jin and his spouse, Datin Leong Bee Ling respectively.

By virtue of his interests in the shares of the Company, Datuk Lim Siow Jin is also deemed to be interested in the shares of the Company's subsidiaries to the extent the Company has an interest.

None of the other Directors holding office at 28 February 2023 had any interest in the shares of the Company and of its related corporations during the financial year.

Directors' Report

for the year ended 28 February 2023

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director has received nor become entitled to receive any benefit (other than those shown below) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than those transactions entered in the ordinary course of business between certain related corporations with certain Directors of the Company and companies in which certain Directors have a substantial financial interest as disclosed in Note 30 to the financial statements.

The benefits paid to or receivable by Directors of the Company in respect of the financial year ended 28 February 2023 are as follows:

	From the Company	From subsidiaries
	RM'000	RM'000
- Fees	211	-
- Remuneration	3,772	361
- Estimated money value of benefits-in-kind	52	-
	4,035	361

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

ISSUE OF SHARES AND DEBENTURES

There were no changes in the issued and paid-up capital of the Company and no debentures were issued during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

INDEMNITY AND INSURANCE COSTS

The total cost of insurance effected for the Directors and officers of the Group and of the Company was RM52,355 for a total sum insured of RM30,000,000.

There was no indemnity given to or insurance effected for the auditors of the Company during the financial year.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

- i) all known bad debts have been written off and adequate provision made for doubtful debts, and
- ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

- i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or

Directors' Report

for the year ended 28 February 2023

OTHER STATUTORY INFORMATION (CONTINUED)

- ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or
- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- iv) not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

- i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, and
- ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, other than the impairment loss on property, plant and equipment, expenses incurred in relation to the Company's Initial Public Offering and impairment of investments in subsidiaries as disclosed in Note 25, the financial performance of the Group and of the Company for the financial year ended 28 February 2023 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

SIGNIFICANT EVENTS

The details of such events are disclosed in Note 36 to the financial statements.

SUBSEQUENT EVENTS

The details of such events are disclosed in Note 38 to the financial statements.

Directors' Report

for the year ended 28 February 2023

AUDITORS

The auditors, KPMG PLT, have indicated their willingness to accept re-appointment.

The audit and non-audit remuneration of the Group and of the Company during the year are as follows:

	Group RM'000	Company RM'000
Audit fees		
- KPMG PLT and affiliates	1,138	100
- Other auditors	390	-
	1,528	100
Non-audit fees		
- KPMG PLT and affiliates	3,839	2,220
	5,367	2,320

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

Teoh Hang Ching
Director

Dato' Lim Boon Yee
Director

Penang,

Date: 30 June 2023

STATEMENTS OF FINANCIAL POSITION

as at 28 February 2023

	Note	Group		Company	
		28.2.2023	28.2.2022	28.2.2023	28.2.2022
		RM'000	RM'000	RM'000	RM'000
Assets					
Property, plant and equipment	3	646,461	584,927	147,136	122,976
Right-of-use assets	4	32,775	31,138	-	-
Investment properties	5	6,855	7,118	-	-
Intangible assets	6	79	55	93	78
Investments in subsidiaries	7	-	-	239,246	175,891
Investment in an associate	8	-	-	-	-
Investment in joint venture	9	-	-	-	-
Deferred tax assets	10	106,022	49,705	188	-
Prepayments	11	14,683	8,333	-	-
Trade and other receivables, including derivatives	15	-	-	34,119	31,994
Total non-current assets		806,875	681,276	420,782	330,939
Biological assets	12	1,515	96	-	-
Inventories	13	323,127	217,226	-	-
Contract assets	14	643	569	-	-
Trade and other receivables, including derivatives	15	114,421	77,482	109,285	114,894
Current tax assets		9,943	21,142	-	602
Short term investments	16	44,378	33,792	28,248	3,657
Cash and cash equivalents	17	459,035	409,572	23,000	30,623
		953,062	759,879	160,533	149,776
Assets classified as held for sale	18	-	32,425	-	24,097
Total current assets		953,062	792,304	160,533	173,873
Total assets		1,759,937	1,473,580	581,315	504,812

Statements of Financial Position

as at 28 February 2023

	Note	Group		Company	
		28.2.2023 RM'000	28.2.2022 RM'000	28.2.2023 RM'000	28.2.2022 RM'000
Equity					
Share capital	19	60,191	60,191	60,191	60,191
Translation reserve		(5,365)	(2,309)	-	-
Retained earnings		908,253	702,857	274,650	190,421
Equity attributable to owners of the Company		963,079	760,739	334,841	250,612
Non-controlling interests		62,052	50,876	-	-
Total equity		1,025,131	811,615	334,841	250,612
Liabilities					
Loans and borrowings	20	49,709	32,620	46,746	29,843
Retirement benefits	21	5,266	5,244	-	-
Lease liabilities		12,454	14,771	-	-
Deferred tax liabilities	10	13,468	8,456	-	160
Total non-current liabilities		80,897	61,091	46,746	30,003
Loans and borrowings	20	187,861	213,565	185,714	207,804
Lease liabilities		8,891	8,068	-	-
Trade and other payables, including derivatives	22	396,819	337,034	11,853	16,393
Current tax liabilities		60,338	38,631	2,161	-
		653,909	597,298	199,728	224,197
Liabilities classified as held for sale	18	-	3,576	-	-
Total current liabilities		653,909	600,874	199,728	224,197
Total liabilities		734,806	661,965	246,474	254,200
Total equity and liabilities		1,759,937	1,473,580	581,315	504,812

The notes on pages 110 to 193 are an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 28 February 2023

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Revenue	23	1,600,814	1,242,856	224,309	193,553
Other income		17,063	22,443	9,676	6,147
Changes in work-in-progress and manufactured inventories		57,253	51,262	-	-
Raw materials used and trading inventories sold		(286,838)	(224,284)	-	-
Depreciation and amortisation		(38,908)	(38,590)	(3,796)	(4,275)
Employee benefits expense	24	(151,340)	(127,204)	(19,432)	(16,069)
Net loss on impairment of financial assets	25	(161)	(1,245)	(13,256)	(16,173)
Other expenses		(740,408)	(562,446)	(30,610)	(26,502)
Results from operating activities	25	457,475	362,792	166,891	136,681
Interest income		3,872	2,740	4,183	1,973
Finance costs	26	(5,832)	(2,614)	(5,529)	(2,951)
Profit before tax		455,515	362,918	165,545	135,703
Tax expense	27	(166,188)	(117,474)	(11,316)	(3,354)
Profit for the year		289,327	245,444	154,229	132,349
Other comprehensive expense, net of tax:					
Item that may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations		(5,811)	6,481	-	-
Total comprehensive income for the year		283,516	251,925	154,229	132,349
Profit for the year attributable to:					
Owners of the Company		275,396	242,922	154,229	132,349
Non-controlling interests		13,931	2,522	-	-
		289,327	245,444	154,229	132,349
Total comprehensive income for the year attributable to:					
Owners of the Company		272,340	249,569	154,229	132,349
Non-controlling interests		11,176	2,356	-	-
		283,516	251,925	154,229	132,349
Basic/Diluted earnings per ordinary share (sen)	28	5.71	5.03		

The notes on pages 110 to 193 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 28 February 2023

← *Attributable to owners of the Company* →

	<i>Non-distributable</i>		<i>Distributable</i>		Non-Controlling Interests	Total Equity
	Share Capital	Translation Reserve	Retained Earnings	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group						
At 1 March 2021	60,191	(8,956)	529,935	581,170	48,520	629,690
Profit for the year	-	-	242,922	242,922	2,522	245,444
Foreign currency translation differences for foreign operations (representing other comprehensive income/(expense) for the year)	-	6,647	-	6,647	(166)	6,481
Total comprehensive income for the year	-	6,647	242,922	249,569	2,356	251,925
Dividends paid to owners of the Company (Note 29)	-	-	(70,000)	(70,000)	-	(70,000)
Total transaction with owners of the Company	-	-	(70,000)	(70,000)	-	(70,000)
At 28 February 2022	60,191	(2,309)	702,857	760,739	50,876	811,615
	Note 19					
At 1 March 2022	60,191	(2,309)	702,857	760,739	50,876	811,615
Profit for the year	-	-	275,396	275,396	13,931	289,327
Foreign currency translation differences for foreign operations (representing other comprehensive expense for the year)	-	(3,056)	-	(3,056)	(2,755)	(5,811)
Total comprehensive (expense)/income for the year	-	(3,056)	275,396	272,340	11,176	283,516
Dividends paid to owners of the Company (Note 29)	-	-	(70,000)	(70,000)	-	(70,000)
Total transaction with owners of the Company	-	-	(70,000)	(70,000)	-	(70,000)
At 28 February 2023	60,191	(5,365)	908,253	963,079	62,052	1,025,131
	Note 19					

STATEMENT OF CHANGES IN EQUITY

for the year ended 28 February 2023

	<i>Distributable</i>		Total Equity
	Share Capital	Retained Earnings	
	RM'000	RM'000	RM'000
Company			
At 1 March 2021	60,191	128,072	188,263
Profit for the year representing total comprehensive income for the year	-	132,349	132,349
Dividends paid to owners of the Company (Note 29)	-	(70,000)	(70,000)
At 28 February 2022/1 March 2022	60,191	190,421	250,612
Profit for the year representing total comprehensive income for the year	-	154,229	154,229
Dividends paid to owners of the Company (Note 29)	-	(70,000)	(70,000)
At 28 February 2023	60,191	274,650	334,841

Note 19

The notes on pages 110 to 193 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

for the year ended 28 February 2023

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cash flows from operating activities					
Profit before tax		455,515	362,918	165,545	135,703
Adjustments for:					
Depreciation of:					
- Property, plant and equipment	3	29,105	29,473	3,759	4,238
- Right-of-use assets	4	9,524	8,777	-	-
- Investment properties	5	226	236	-	-
Amortisation of intangible assets	6	53	104	37	37
Fair value changes on biological assets	12	(813)	550	-	-
Gain on derecognition of right-of-use assets and lease liabilities		(69)	(48)	-	-
Retirement benefits expense	21	705	183	-	-
Property, plant and equipment written off		441	1,634	-	-
Impairment loss on:					
- Property, plant and equipment	3	7,998	1,457	-	1,457
- Investments in subsidiaries	25	-	-	4,452	11,018
- Investment in associate	25	-	1	-	1
- Investment in joint venture	25	-	1	-	1
Dividend income	23	-	-	(200,115)	(173,432)
Interest income		(3,872)	(2,740)	(4,183)	(1,973)
Gain on disposal of property, plant and equipment	25	(332)	(388)	(347)	-
Interest expense	26	5,832	2,614	5,529	2,951
Bargain purchase gain on business combination	35	(19)	-	-	-
Operating profit/(loss) before working capital changes		504,294	404,772	(25,323)	(19,999)
Changes in:					
Inventories		(101,701)	(55,300)	-	-
Biological assets		(606)	-	-	-
Trade and other receivables		(35,872)	14,586	3,484	(1,101)
Contract assets		(74)	296	-	-
Trade and other payables		65,390	16,365	(4,540)	11,561
Contract liabilities		-	(8,305)	-	-
Cash generated from/(used in) operations		431,431	372,414	(26,379)	(9,539)
Tax paid		(183,825)	(112,090)	(8,901)	(425)
Retirement benefits paid	21	(548)	(311)	-	-
Dividends received		-	-	200,115	173,432
Net cash from operating activities		247,058	260,013	164,835	163,468

Statements of Cash Flows

for the year ended 28 February 2023

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cash flows from investing activities					
Increase in investments in subsidiaries		-	-	(43,710)	(53,653)
Purchase of:					
- Property, plant and equipment	B	(90,943)	(189,451)	(26,260)	(52,444)
- Right-of-use assets		-	(1,638)	-	-
- Intangible assets	6	(88)	(74)	(52)	(50)
Proceeds from disposal of property, plant and equipment		2,779	1,576	2,398	24
Acquisition of subsidiary, net of cash and cash equivalents	35	(5)	-	-	-
Interest received		3,872	2,740	4,183	1,973
Placement of pledged deposits		(19)	(253)	-	-
(Placement)/Withdrawal of short term investments		(10,586)	159,983	(24,591)	77,587
Net cash used in investing activities		(94,990)	(27,117)	(88,032)	(26,563)
Cash flows from financing activities					
Dividends paid to owners of the Company	D	(70,000)	(122,700)	(70,000)	(122,700)
Interest paid	26	(8,886)	(4,961)	(7,673)	(3,714)
Repayment of:					
- Lease liabilities	20.2	(9,160)	(8,457)	-	-
- Hire purchase liabilities	20.2	(1,291)	(1,040)	(565)	(247)
- Revolving credits	20.2	(27,933)	(34,603)	(22,690)	(15,730)
Drawdown of term loans	20.2	14,742	21,759	16,502	23,511
Net cash used in financing activities		(102,528)	(150,002)	(84,426)	(118,880)
Net increase/(decrease) in cash and cash equivalents		49,540	82,894	(7,623)	18,025
Foreign currency translation differences		(291)	774	-	-
Cash and cash equivalents at beginning of the year		407,021	323,353	30,623	12,598
Cash and cash equivalents at end of the year	A	456,270	407,021	23,000	30,623

Statements of Cash Flows

for the year ended 28 February 2023

Notes

A. Cash and cash equivalents

Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position amounts:

	Note	Group		Company	
		2023	2022	2023	2022
		RM'000	RM'000	RM'000	RM'000
Cash and cash equivalents	17	459,035	409,572	23,000	30,623
Assets classified as held for sale	18	-	327	-	-
Less: Pledged deposits	17.1	(2,765)	(2,878)	-	-
		456,270	407,021	23,000	30,623

B. Purchase of property, plant and equipment

	Note	Group		Company	
		2023	2022	2023	2022
		RM'000	RM'000	RM'000	RM'000
Total additions	3	90,394	185,476	29,970	53,595
Less:					
Amount financed through hire purchase	20.2	(2,747)	(388)	(1,566)	(388)
Changes in prepayment for purchase of plant and equipment		6,350	6,710	-	-
Interest expense capitalised	26	(3,054)	(2,347)	(2,144)	(763)
		90,943	189,451	26,260	52,444

C. Cash outflows for leases as a lessee

	Note	Group		Company	
		2023	2022	2023	2022
		RM'000	RM'000	RM'000	RM'000
Included in net cash from operating activities					
Payment relating to short-term leases	25	4,823	4,189	407	404
Payment relating to low-value assets	25	515	367	385	267
Interest paid in relation to lease liabilities	26	951	953	-	-
Included in net cash used in financing activities					
Payment of lease liabilities	20.2	9,160	8,457	-	-
Total cash outflows for leases		15,449	13,966	792	671

Statements of Cash Flows

for the year ended 28 February 2023

Notes (continued)

D. Dividends paid to owners of the Company

	Note	Group		Company	
		2023	2022	2023	2022
		RM'000	RM'000	RM'000	RM'000
Total dividends declared	29	70,000	70,000	70,000	70,000
Amount paid for dividends declared in prior year		-	52,700	-	52,700
		70,000	122,700	70,000	122,700

The notes on pages 110 to 193 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

DXN Holdings Bhd. is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad subsequent to the end of the financial year. The addresses of the principal place of business and registered office of the Company are as follows:

Principal place of business

Wisma DXN
213, Lebuhraya Sultan Abdul Halim
05400 Alor Setar
Kedah Darul Aman

Registered office

170-09-01, Livingston Tower
Jalan Argyll
10050 George Town
Penang

The consolidated financial statements of the Company as at and for the financial year ended 28 February 2023 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interests in associate and joint venture. The financial statements of the Company as at and for the financial year ended 28 February 2023 do not include other entities.

The Company is principally engaged in investment holding and provision of management services whilst the principal activities of the subsidiaries are as stated in Note 7 to the financial statements.

These financial statements were authorised for issue by the Board of Directors on 30 June 2023.

1. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Group and the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act 2016 in Malaysia.

The following are accounting standard and amendments that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company:

MFRSs and amendments effective for annual periods beginning on or after 1 January 2023

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 17, *Insurance Contracts - Initial application of MFRS 17 and MFRS 9 - Comparative Information*
- Amendments to MFRS 101, *Presentation of Financial Statements - Disclosures of Accounting Policies*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates*
- Amendments to MFRS 112, *Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction and International Tax Reform - Pillar Two Model Rules*

MFRSs and amendments effective for annual periods beginning on or after 1 January 2024

- Amendment to MFRS 16, *Leases - Lease Liability in a Sale and Leaseback*
- Amendment to MFRS 101, *Presentation of Financial Statements - Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current*
- Amendments to MFRS 107 *Statement of Cash Flows* and MFRS 7 *Financial Instruments: Disclosures - Supplier Finance Arrangements*

MFRSs and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

Notes to the Financial Statements

1. BASIS OF PREPARATION (CONTINUED)

(a) Statement of compliance (continued)

The Group and the Company plan to apply the abovementioned amendments, where applicable in the respective financial years when the abovementioned amendments become effective.

The Group and the Company do not plan to apply MFRS 17, Insurance Contracts that is effective for annual periods beginning on or after 1 January 2023 as it is not applicable to the Group and the Company.

The initial application of the amendments, where applicable is not expected to have any material financial impacts to the current period and prior period financial statements of the Group and the Company.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2 to the financial statements.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

- Note 3.1 - Impairment loss on property, plant and equipment
- Note 4.2 - Extension options and incremental borrowing rate in relation to leases;
- Note 10 - Deferred tax assets/(liabilities)

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by Group entities, unless otherwise stated.

(a) Basis of consolidation

(i) *Subsidiaries*

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

(ii) *Business combinations*

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(iii) *Acquisitions of non-controlling interests*

The Group accounts for all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against the Group's reserves.

(iv) *Loss of control*

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity accounted investee or as a financial asset depending on the level of influence retained.

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (continued)

(v) *Associates*

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses, unless it is classified as held for sale or distribution. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associates, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not re-measured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Investments in associates are measured in the Company's statement of financial position at cost less any impairment losses unless the investment is classified as held for sale or distribution. The cost of investments includes transaction costs.

(vi) *Joint arrangements*

Joint arrangements are arrangements of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements' returns.

The Group's joint arrangement is classified as "joint venture" where the Group has rights only to the net assets of the arrangements. The Group accounts for its interest in the joint venture using the equity method. Investments in joint venture are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

(vii) *Non-controlling interests*

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (continued)

(vii) *Non-controlling interests (continued)*

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(viii) *Transactions eliminated on consolidation*

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency

(i) *Foreign currency transactions*

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting period except for those that are measured at fair value which are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss.

(ii) *Operations denominated in functional currencies other than Ringgit Malaysia*

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period. Income and expenses of foreign operations, are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve ("FCTR") in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(c) Financial instruments

(i) *Recognition and initial measurement*

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

(i) *Recognition and initial measurement (continued)*

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

An embedded derivative is recognised separately from the host contract where the host contract is not a financial asset, and accounted for separately if, and only if, the derivative is not closely related to the economic characteristics and risks of the host contract and the host contract is not measured at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

(ii) *Financial instrument categories and subsequent measurement*

Financial assets

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group or the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

(a) **Amortised cost**

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 2(l)(i)) where the effective interest rate is applied to the amortised cost.

(b) **Fair value through profit or loss**

All financial assets not measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. This includes derivative financial assets (except for a derivative that is a designated and effective hedging instrument). On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in profit or loss.

All financial assets, except for those measured at fair value through profit or loss are subject to impairment assessment (see Note 2(l)(i)).

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

(ii) *Financial instrument categories and subsequent measurement (continued)*

Financial liabilities

The categories of financial liabilities at initial recognition are as follows:

(a) **Fair value through profit or loss**

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination and financial liabilities that are specifically designated into this category upon initial recognition.

On initial recognition, the Group or the Company may irrevocably designate a financial liability that otherwise meets the requirements to be measured at amortised cost as at fair value through profit or loss:

- (a) if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise;
- (b) a group of financial liabilities or assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the Group's key management personnel; or
- (c) if a contract contains one or more embedded derivatives and the host is not a financial asset in the scope of MFRS 9, where the embedded derivative significantly modifies the cash flows and separation is not prohibited.

Financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair value with gains or losses, including any interest expense are recognised in profit or loss.

For financial liabilities where it is designated as fair value through profit or loss upon initial recognition, the Group and the Company recognise the amount of change in fair value of the financial liability that is attributable to change in credit risk in the other comprehensive income and remaining amount of the change in fair value in profit or loss, unless the treatment of the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch.

(b) **Amortised cost**

Other financial liabilities not categorised as fair value through profit or loss are measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gains or losses on derecognition are also recognised in profit or loss.

(iii) **Financial guarantee contracts**

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

(iii) *Financial guarantee contracts (continued)*

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at higher of:

- the amount of the loss allowance; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance to the principles of MFRS 15, Revenue from Contracts with Customers.

Liabilities arising from financial guarantees are presented together with other provisions.

(iv) *Derecognition*

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(v) *Offsetting*

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group or the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

(d) Property, plant and equipment

(i) *Recognition and measurement*

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" and "other expenses" respectively in profit or loss.

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Property, plant and equipment (continued)

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The depreciation rates for the current and comparative periods based on their estimated useful lives are as follows:

	%
Buildings	2 - 20
Farms	2 - 20
Plant and machinery	6.7 - 25
Furniture, fittings and office equipment	3 - 50
Motor vehicle and vessel	10 - 25
Aircrafts	20

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period, and adjusted as appropriate.

(e) Leases

(i) Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Leases (continued)

(i) Definition of a lease (continued)

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group is a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

(ii) Recognition and initial measurement

(a) As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the respective Group entities' incremental borrowing rate. Generally, the Group entities use their incremental borrowing rates as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any incentives receivable; and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The Group excludes variable lease payments that are linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(b) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

If an arrangement contains lease and non-lease components, the Group applies MFRS 15 to allocate the consideration in the contract based on the stand-alone selling prices.

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Leases (continued)

(iii) *Subsequent measurement*

(a) **As a lessee**

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(b) **As a lessor**

The Group recognises lease payments received under operating leases as other income on a straight-line basis over the lease term.

(f) **Intangible assets**

(i) **Software costs**

Software costs which have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

(ii) **Amortisation**

Software costs are amortised from the date that they are available for use. Amortisation is based on the cost of an asset less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets.

The depreciate rates for the current and comparative periods based on estimated useful life of software costs ranged from 20% - 50%.

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Investment properties

Investment property carried at cost

Investment properties are properties which are owned or right-of-use asset held under a lease contract to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are stated at cost less any accumulated depreciation and any accumulated impairment losses, consistent with the accounting policy for property, plant and equipment as stated in accounting policy Note 2(d).

Cost includes expenditure that is attributable to the acquisition of the investment property. The cost of self-constructed investment property includes materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs. Right-of-use asset held under a lease contract that meets the definition of investment property is initially measured similarly as other right-of-use assets.

Transfers between investment property, property, plant and equipment and inventories do not change the carrying amount and the cost of the property transferred.

Freehold land is not depreciated. Depreciation on buildings is charged to profit or loss on a straight-line basis over the estimated useful lives ranging from 20 - 50 years.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

(h) Biological assets

The biological assets of the Group comprise agricultural produce from productive plants, i.e. reishi gano, ganocelium, tea leaves, spirulina and black ginger which are presented as current assets in the consolidated statement of financial position.

Growing crops are stated at fair value less the estimated costs necessary to make the sale. Gains or losses arising from the initial recognition of growing crops at fair value less estimated costs to sell and the subsequent changes in fair value less costs to sell at each reporting date are recognised in profit or loss in the period in which such gains or losses occur.

Fair value is determined by applying estimates of production volume with the estimated market price at the reporting date.

(i) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is calculated using the first-in, first-out method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of work-in-progress and manufactured inventories, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(j) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits, if any.

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Contract asset/Contract liability

A contract asset is recognised when the Group's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment in accordance to MFRS 9, Financial Instruments (see Note 2(l)(i)).

A contract liability is stated at cost and represents the obligation of the Group to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers.

(l) Impairment

(i) Financial assets

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost and contract assets. Expected credit losses are a probability-weighted estimate of credit losses.

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for cash and bank balance and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

The Group and the Company estimate the expected credit losses on trade receivables and contract assets using a provision matrix with reference to historical credit loss experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's or the Company's procedures for recovery of amounts due.

(ii) Other assets

The carrying amounts of other assets (except for contract assets, inventories, biological assets and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Impairment (continued)

(ii) *Other assets (continued)*

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units.

The recoverable amount of an asset or cash-generating unit is the greater of its value-in-use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amounts of the assets in the cash-generating unit (groups of cash-generating units) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

(m) Equity instruments

Ordinary shares classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(n) Employee benefits

(i) *Short-term employee benefits*

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) *State plans*

The Group's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Employee benefits (continued)

(iii) Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income. The Group determines the net interest expense or income on the net defined liability or asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability or asset, taking into account any changes in the net defined benefit liability or asset during the period as a result of contributions and benefit payments.

Net interest expense and other expenses relating to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(o) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(p) Non-current asset held for sale

Non-current assets, or disposal group comprising assets and liabilities, that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale or distribution.

Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less costs of disposal.

Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, contract assets, contract costs, financial assets, deferred tax assets, employee benefit assets and investment property, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Intangible assets and property, plant and equipment once classified as held for sale are not amortised or depreciated.

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Revenue and other income

(i) Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Group or the Company recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

The Group or the Company transfers control of a good or service at a point in time unless one of the following overtime criteria is met:

- (a) the customer simultaneously receives and consumes the benefits provided as the Group or the Company performs;
- (b) the Group's or the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- (c) the Group's or the Company's performance does not create an asset with an alternative use and the Group or the Company has an enforceable right to payment for performance completed to date.

(ii) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established.

(iii) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss.

(iv) Rental income

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

(v) Government grants

Grants that compensate the Group and the Company for expenses incurred are recognised in profit or loss as other income on a systematic basis in the same period in which the expenses are recognised.

(r) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statements of financial position and their tax bases. Deferred tax is not recognised for the temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Income tax (continued)

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised investment tax allowance, being a tax incentive that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against the unutilised tax incentive can be utilised.

(s) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

(t) Earnings per ordinary share

The Group presents basic earnings per share ("EPS") data for its ordinary shares.

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares, where applicable.

(u) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segment results are reviewed regularly by the chief operating decision maker, which in this case is the Chief Executive Officer of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(v) Fair value measurements

Fair value of an asset or a liability, except for lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

Notes to the Financial Statements

3. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold Land	Buildings	Farms	Plant and Machinery	Furniture, Fittings and office Equipment	Motor Vehicle and Vessel	Aircrafts	Capital Work-in-progress	Total
Cost	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 March 2021	70,645	123,721	12,850	105,557	40,091	18,367	11,119	208,657	591,007
Additions	5,882	18,150	1,381	19,789	6,345	6,068	-	127,861	185,476
Disposals	-	-	-	-	(170)	(470)	-	(1,048)	(1,688)
Written-off	-	(274)	(451)	(885)	(1,171)	-	-	(129)	(2,910)
Effect of movement in exchange rates	(82)	1,779	-	717	(22)	(9)	-	3,401	5,784
Reclassification	-	102,776	3,165	3,835	1,992	31	-	(111,799)	-
Transfer to intangible assets (Note 6)	-	-	-	-	-	-	-	(32)	(32)
Transfer to assets classified as held for sale (Note 18)	-	(17,423)	-	(4,886)	(706)	(145)	-	(1,589)	(24,749)
At 28 February 2022/1 March 2022	76,445	228,729	16,945	124,127	46,359	23,842	11,119	225,322	752,888
Additions	3,854	5,763	480	13,259	6,473	5,040	-	55,525	90,394
Acquisition of a subsidiary (Note 35)	-	-	-	-	15	-	-	-	15
Disposals	-	(79)	-	(111)	(68)	(799)	(7,900)	(9)	(8,966)
Written-off	-	(165)	(364)	(1,493)	(381)	(45)	-	(22)	(2,470)
Effect of movement in exchange rates	436	(5,666)	-	(1,635)	(1,302)	(45)	-	(5,085)	(13,297)
Reclassification	-	76,311	117	12,214	16,048	-	-	(104,690)	-
Transfer from investment properties (Note 5)	-	44	-	-	-	-	-	-	44
Transfer from intangible assets (Note 6)	-	-	-	-	14	-	-	-	14
Transfer from assets classified as held for sale	-	17,423	-	4,886	706	145	-	1,589	24,749
At 28 February 2023	80,735	322,360	17,178	151,247	67,864	28,138	3,219	172,630	843,371

Notes to the Financial Statements

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Freehold land RM'000	Buildings RM'000	Farms RM'000	Plant and machinery RM'000	Furniture, fittings and office equipment RM'000	Motor vehicle and vessel RM'000	Aircrafts RM'000	Capital work-in-progress RM'000	Total RM'000
Depreciation and impairment loss									
At 1 March 2021									
Accumulated depreciation	-	21,203	4,765	60,717	23,757	11,185	3,565	-	125,192
Accumulated impairment losses	10,723	-	-	888	1	-	-	3,593	15,205
	10,723	21,203	4,765	61,605	23,758	11,185	3,565	3,593	140,397
Depreciation for the year	-	7,050	1,172	11,029	4,512	2,569	3,141	-	29,473
Disposals	-	-	-	-	(147)	(353)	-	-	(500)
Written-off	-	(68)	(138)	(505)	(565)	-	-	-	(1,276)
Effect of movement in exchange rates	-	145	-	109	(77)	(28)	-	-	149
Reclassification	-	503	-	50	(546)	(7)	-	-	-
Transfer to assets classified as held for sale (Note 18)	-	(849)	-	(590)	(271)	(29)	-	-	(1,739)
Impairment loss for the year (Note 3.1)	-	-	-	-	-	-	1,457	-	1,457
At 28 February 2022									
Accumulated depreciation	-	27,984	5,799	70,810	26,663	13,337	6,706	-	151,299
Accumulated impairment losses	10,723	-	-	888	1	-	1,457	3,593	16,662
	10,723	27,984	5,799	71,698	26,664	13,337	8,163	3,593	167,961

Notes to the Financial Statements

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Freehold land RM'000	Buildings RM'000	Farms RM'000	Plant and machinery RM'000	Furniture, fittings and office equipment RM'000	Motor vehicle and vessel RM'000	Aircrafts RM'000	Capital work-in-progress RM'000	Total RM'000
Depreciation and impairment loss									
At 1 March 2022	-	27,984	5,799	70,810	26,663	13,337	6,706	-	151,299
Accumulated depreciation	10,723	-	-	888	1	-	1,457	3,593	16,662
Accumulated impairment losses	10,723	27,984	5,799	71,698	26,664	13,337	8,163	3,593	167,961
Depreciation for the year	-	9,531	1,430	7,657	6,223	3,191	1,073	-	29,105
Disposals	-	(2)	-	(48)	(68)	(384)	(6,017)	-	(6,519)
Written-off	-	(95)	(277)	(1,344)	(268)	(45)	-	-	(2,029)
Effect of movement in exchange rates	-	(646)	-	(249)	(441)	(14)	-	-	(1,350)
Transfer from investment properties (Note 5)	-	5	-	-	-	-	-	-	5
Transfer from assets classified as held for sale	-	849	-	590	271	29	-	-	1,739
Impairment loss for the year (Note 3.1)	-	3,585	894	2,474	177	-	-	868	7,998
At 28 February 2023	-	37,626	6,952	77,416	32,380	16,114	3,219	-	173,707
Accumulated depreciation	10,723	3,585	894	3,362	178	-	-	4,461	23,203
Accumulated impairment losses	10,723	41,211	7,846	80,778	32,558	16,114	3,219	4,461	196,910
Carrying amounts									
At 1 March 2021	59,922	102,518	8,085	43,952	16,333	7,182	7,554	205,064	450,610
At 28 February 2022/1 March 2022	65,722	200,745	11,146	52,429	19,695	10,505	2,956	221,729	584,927
At 28 February 2023	70,012	281,149	9,332	70,469	35,306	12,024	-	168,169	646,461

Notes to the Financial Statements

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Freehold land RM'000	Buildings RM'000	Office equipment RM'000	Motor vehicle and vessel RM'000	Aircrafts RM'000	Capital work-in- progress RM'000	Total RM'000
Company							
Cost							
At 1 March 2021	13,706	8,096	3,315	2,020	11,119	44,323	82,579
Additions	5,692	8,808	485	2,363	-	36,246	53,594
Transfer from subsidiaries	-	-	3	-	-	-	3
Written-off	-	-	(2)	-	-	-	(2)
Transfer to subsidiaries	-	-	(27)	-	-	-	(27)
Reclassification	-	53,156	1,378	-	-	(54,534)	-
At 28 February 2022/ 1 March 2022	19,398	70,060	5,152	4,383	11,119	26,035	136,147
Additions	3,854	-	392	1,816	-	23,862	29,924
Transfer from subsidiaries	-	-	48	-	-	-	48
Written-off	-	-	(3)	-	-	-	(3)
Transfer to subsidiaries	-	-	(3)	-	-	-	(3)
Disposals	-	-	-	(299)	(7,900)	-	(8,199)
At 28 February 2023	23,252	70,060	5,586	5,900	3,219	49,897	157,914
Depreciation and impairment loss							
At 1 March 2021							
Accumulated depreciation	-	1,054	1,704	1,156	3,565	-	7,479
Depreciation for the year	-	271	350	476	3,141	-	4,238
Impairment loss	-	-	-	-	1,457	-	1,457
Transfer from subsidiaries	-	-	2	-	-	-	2
Written-off	-	-	(2)	-	-	-	(2)
Transfer to subsidiaries	-	-	(3)	-	-	-	(3)
At 28 February 2022							
Accumulated depreciation	-	1,325	2,051	1,632	6,706	-	11,714
Accumulated impairment loss	-	-	-	-	1,457	-	1,457
	-	1,325	2,051	1,632	8,163	-	13,171

Notes to the Financial Statements

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Freehold land RM'000	Buildings RM'000	Office equipment RM'000	Motor vehicle and vessel RM'000	Aircrafts RM'000	Capital work-in- progress RM'000	Total RM'000
Company							
Depreciation and impairment loss							
At 1 March 2022							
Accumulated depreciation	-	1,325	2,051	1,632	6,706	-	11,714
Accumulated impairment loss	-	-	-	-	1,457	-	1,457
	-	1,325	2,051	1,632	8,163	-	13,171
Depreciation for the year	-	1,401	534	751	1,073	-	3,759
Transfer from subsidiaries	-	-	2	-	-	-	2
Written-off	-	-	(3)	-	-	-	(3)
Disposals	-	-	-	(134)	(6,017)	-	(6,151)
At 28 February 2023							
Accumulated depreciation	-	2,726	2,584	2,249	3,219	-	10,778
	-	2,726	2,584	2,249	3,219	-	10,778
Carrying amounts							
At 1 March 2021	13,706	7,042	1,611	864	7,554	44,323	75,100
At 28 February 2022/ 1 March 2022	19,398	68,735	3,101	2,751	2,956	26,035	122,976
At 28 February 2023	23,252	67,334	3,002	3,651	-	49,897	147,136

3.1 Impairment loss

- During the financial year ended 28 February 2023, the Group recognised an impairment loss of RM7,998,000 collectively in relation to the cessation of operations by a subsidiary in Indonesia and the impending demolition of certain building structures in Kedah, Malaysia. The impairment loss was recognised as other expenses in profit or loss using the fair value less cost to sell method.
- During the financial year ended 28 February 2022, the Group and the Company recognised an impairment loss of RM1,457,000 in respect of an aircraft that was not in use. The impairment loss was recognised as other expenses in profit or loss. The fair value of the aircraft was determined to be RM2,345,000 using fair value less cost to sell method and was classified as level 3 in the fair value hierarchy. The said aircraft was disposed of during the current financial year.

Notes to the Financial Statements

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

3.2 Security

The carrying amounts of properties charged as security for loans and borrowings granted to the Group and the Company as disclosed in Note 20.1 are as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Freehold land	38,970	32,929	11,453	11,453
Buildings	88,692	87,753	55,531	56,678
Capital work-in-progress	46,897	26,035	46,897	26,035
	174,559	146,717	113,881	94,166

3.3 Assets held in trust

Included in property, plant and equipment of the Group and the Company was an aircraft with a carrying amount of Nil (2022: RM1,883,000) held in trust by a third party trust company.

3.4 Included in additions of property, plant and equipment of the Group and the Company are capitalised borrowing costs of RM3,054,000 (2022: RM2,347,000) and RM2,144,000 (2022: RM763,000) respectively.

The capitalisation rate used from determine the amount of borrowing costs included in capital work-in-progress is 3.43% (2022: 2.01%).

4. RIGHT-OF-USE ASSETS - GROUP

	Leasehold land RM'000	Agriculture land RM'000	Buildings RM'000	Total RM'000
At 1 March 2021	6,082	7,198	15,566	28,846
Additions	1,638	-	8,739	10,377
Remeasurement	-	-	5,312	5,312
Derecognition	-	-	(1,102)	(1,102)
Depreciation for the year	(271)	(381)	(8,125)	(8,777)
Effect of movement in exchange rates	316	63	(65)	314
Transfer to assets classified as held for sale (Note 18)	(3,569)	-	(263)	(3,832)
At 28 February 2022/ 1 March 2022	4,196	6,880	20,062	31,138
Additions	-	-	8,328	8,328
Remeasurement	-	-	335	335
Derecognition	-	-	(789)	(789)
Depreciation for the year	(222)	(382)	(8,920)	(9,524)
Effect of movement in exchange rates	(251)	(36)	(258)	(545)
Transfer from assets classified as held for sale	3,569	-	263	3,832
At 28 February 2023	7,292	6,462	19,021	32,775

The Group leases a number of warehouses, offices, hostels for employees, factory buildings as well as leasehold and agriculture lands that run between 1 year and 92 years. Certain leases are with options to renew the lease after expiry of the initial lease periods.

Notes to the Financial Statements

4. RIGHT-OF-USE ASSETS - GROUP (CONTINUED)

4.1 Variable lease payments based on future performance

The lease of an agriculture land with carrying amount of RM5,558,000 (2022: RM5,668,000) contains variable lease payments that are based on the future performance of a subsidiary i.e. 20% of the profits from the sales of produce derived from the subsidiary's plantation activities carried out on the leasehold land are to be shared by the lessor. The variable lease payments will be recognised in profit or loss in the period in which the performance occurs. The Group has yet to carry out any major plantation activities on the said land to date.

4.2 Extension options

Certain leases of agriculture land, factory buildings, warehouses, hostels for employees and offices contain extension options up to 5 years exercisable by the Group before the end of the non-cancellable contract period. Where applicable, the Group seeks to include extension options in new leases to provide operational flexibility.

The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement whether it is reasonably certain to exercise the extension options. The Group will reassess whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

	2023	2022
	RM'000	RM'000
Lease liabilities recognised (discounted)		
Offices	2,034	2,649
Warehouses	1,261	1,718
Hostels for employees	-	62
Agriculture land	-	123
	3,295	4,552

4.3 Significant judgements and assumptions in relation to lease

The Group assesses at lease commencement by applying significant judgement whether it is reasonably certain to exercise the extension options. The Group considers all facts and circumstances including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help them determine the lease term.

The Group also applied judgement and assumptions in determining the incremental borrowing rates of the respective leases. The Group first determines the closest available borrowing rates before using significant judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases.

Notes to the Financial Statements

5. INVESTMENT PROPERTIES - GROUP

	Freehold land RM'000	Buildings RM'000	Total RM'000
Cost			
At 1 March 2021	2,528	7,819	10,347
Effect of movement in exchange rates	(97)	(179)	(276)
At 28 February 2022/1 March 2022	2,431	7,640	10,071
Transfer to property, plant and equipment (Note 3)	-	(44)	(44)
Effect of movement in exchange rates	-	2	2
At 28 February 2023	2,431	7,598	10,029
Accumulated depreciation			
At 1 March 2021	-	2,794	2,794
Depreciation for the year	-	236	236
Effect of movement in exchange rates	-	(77)	(77)
At 28 February 2022/1 March 2022	-	2,953	2,953
Transfer to property, plant and equipment (Note 3)	-	(5)	(5)
Depreciation for the year	-	226	226
At 28 February 2023	-	3,174	3,174
Carrying amounts			
At 1 March 2021	2,528	5,025	7,553
At 28 February 2022/1 March 2022	2,431	4,687	7,118
At 28 February 2023	2,431	4,424	6,855

Investment properties comprise freehold land, residential properties, shop lots and shop offices that are leased to external parties and/or held for capital appreciation.

5.1 Fair value information

The fair value of investment properties is based on the Directors' estimation using the latest available market information, recent experience and knowledge in the location and category of the property being valued. The fair value of the investment properties of the Group as at 28 February 2023 is classified as level 3 in the fair value hierarchy and estimated to be approximately RM15.66 million (2022: RM15.22 million).

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the investment properties.

Estimation uncertainty and key assumptions

The Directors estimate the fair value of the Group's investment properties (comprising freehold land, residential properties, shop lots and shop offices) by comparing the Group's investment properties with similar properties that were published for sale within the same locality or other comparable localities.

Notes to the Financial Statements

5. INVESTMENT PROPERTIES - GROUP (CONTINUED)

5.1 Fair value information (continued)

Estimation uncertainty and key assumptions (continued)

The most significant input is the price per square foot which ranged from RM207.51 to RM952.20 (2022: RM27.84 to RM952.20) which would increase/(decrease) the estimated fair value if the price per square foot is higher/(lower). In doing so, the Directors have determined the current use of the Group's investment properties as their highest and best use.

5.2 Income and expenses of investment properties

The following are recognised in profit or loss in respect of investment properties:

	2023 RM'000	2022 RM'000
Rental income	285	266
Direct operating expenses:		
- Income generating investment properties	45	69
- Non-income generating investment properties	37	39

The operating lease payments to be received are as follows:

	2023 RM'000	2022 RM'000
Less than one year	289	287
One to two years	74	225
Two to three years	-	74
Total undiscounted lease payments	363	586

6. INTANGIBLE ASSETS

	Software costs RM'000
Group	
Cost	
At 1 March 2021	5,199
Additions	74
Effect of movement in exchange rates	1
Transfer to assets classified as held for sale (Note 18)	(5)
Transfer from property, plant and equipment (Note 3)	32
At 28 February 2022/1 March 2022	5,301
Additions	88
Effect of movement in exchange rates	(9)
Transfer from assets classified as held for sale	5
Transfer to property, plant and equipment (Note 3)	(14)
At 28 February 2023	5,371

Notes to the Financial Statements

6. INTANGIBLE ASSETS (CONTINUED)

	Software costs RM'000
Group	
Amortisation and impairment loss	
At 1 March 2021	5,144
Amortisation for the year	104
Effect of movement in exchange rates	(1)
Transfer to assets classified as held for sale (Note 18)	(1)
At 28 February 2022/1 March 2022	5,246
Amortisation for the year	53
Effect of movement in exchange rates	(8)
Transfer from assets classified as held for sale	1
At 28 February 2023	5,292
Carrying amounts	
At 1 March 2021	55
At 28 February 2022/1 March 2022	55
At 28 February 2023	79
Company	
Cost	
At 1 March 2021	2,420
Additions	50
At 28 February 2022/1 March 2022	2,470
Additions	26
Transfer from subsidiaries	26
At 28 February 2023	2,522
Accumulated amortisation	
At 1 March 2021	2,355
Amortisation for the year	37
At 28 February 2022/1 March 2022	2,392
Amortisation for the year	37
At 28 February 2023	2,429
Carrying amounts	
At 1 March 2021	65
At 28 February 2022/1 March 2022	78
At 28 February 2023	93

Notes to the Financial Statements

7. INVESTMENTS IN SUBSIDIARIES - COMPANY

	Note	2023 RM'000	2022 RM'000
Investments, at cost		266,719	223,009
Less: Transfer to assets classified as held for sale	18	-	(24,097)
Impairment loss		(27,473)	(23,021)
		239,246	175,891

During the current financial year, the Company increased its investments in Amazing Discovery Sdn. Bhd. and DXN Corporation (Ningxia) Co., Ltd. by RM41 million. The Company also acquired a new wholly-owned subsidiary, PT Suryasoft Konsultama ("PT Suryasoft") for a total cash consideration of RM92,000 as disclosed in Note 35 to the financial statements. Subsequent to the acquisition, the Company increased its investments in PT Suryasoft by RM2.88 million.

During the current financial year, the Company carried out assessments to estimate the recoverable amount of certain non-profitable subsidiaries. Based on the assessments performed, the carrying amount of the subsidiaries were noted to be higher than the recoverable amount determined using fair value less costs to sell method. An impairment loss of RM4,452,000 (2022: RM11,018,000) was therefore recognised which was included as part of the Company's other operating expenses in profit or loss.

Details of the subsidiaries are as follows:

Name of Subsidiaries	Principal Place of Business/Country of Incorporation	Effective Ownership and Voting Interest		Principal Activities
		2023	2022	
DXN Marketing Sdn. Bhd.	Malaysia	100%	100%	Sales of health supplements and other products on direct sales basis
DXN Industries (M) Sdn. Bhd.	Malaysia	100%	100%	Manufacture and distribution of health food supplements and other products
DXN Pharmaceutical Sdn. Bhd.	Malaysia	100%	100%	Manufacture of health food supplements and other products
DXN Solutions Sdn. Bhd.	Malaysia	100%	100%	Information technology adviser and consultant and trading in computer hardware and software equipment
DXN Materials Sdn. Bhd.	Malaysia	100%	100%	Property holding
DXN Biotech Consultants Sdn. Bhd.	Malaysia	100%	100%	Research and development and experimental work in relation to biotechnology, bio-chemical and agricultural products and trading of agricultural products
DXN Biofuels Sdn. Bhd.	Malaysia	100%	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 Cafe Sdn. Bhd.	Malaysia	100%	100%	Operating of a cafe

Notes to the Financial Statements

7. INVESTMENTS IN SUBSIDIARIES - COMPANY (CONTINUED)

Details of the subsidiaries are as follows (continued):

Name of Subsidiaries	Principal Place of Business/Country of Incorporation	Effective Ownership and Voting Interest		Principal Activities
		2023	2022	
DXN Safari Eco Park Sdn. Bhd.	Malaysia	100%	100%	Plantation and cultivation of rubber trees and cash crops
Bio Synergy Laboratories Sdn. Bhd.	Malaysia	100%	100%	Research and development, analytical lab tests, experimental work in relation to pharmaceutical and biological products and trading of cosmetics and chemical materials
DXN Mycotech Sdn. Bhd.	Malaysia	70%	70%	Property investment
DXN Agrotech Sdn. Bhd.	Malaysia	100%	100%	Agricultural and forest plantation, processing of virgin palm oil and operating of a marine sanctuary and provision of tour activities
DXN Food Tech Sdn. Bhd.	Malaysia	80%	80%	Confectionery and biscuits manufacturer
Amazing Discovery Sdn. Bhd.	Malaysia	100%	100%	Operating a glamping resort, namely Boulder Valley
DXN Biogreen Sdn. Bhd.	Malaysia	100%	100%	Research and development in aquaponics farming, cultivation, processing and trading of agricultural and horticultural crops and plants
DXN Agro Park Sdn. Bhd.	Malaysia	100%	100%	Operating a tourism village complex, namely Ayer Hangat Village Langkawi
DXN (Terengganu) Sdn. Bhd.	Malaysia	-	100%	Struck off on 11 July 2022
DXN International Holding Limited ^(c)	British Virgin Islands	100%	100%	Investment holding and provision of management services
DXN Corporation (Ningxia) Co., Ltd. ("DXN Ningxia") ^(a)	People's Republic of China	100%	100%	Investment holding, research and development and experimental works in biotechnology. Processing and trading of food and beverages
DXN Korea Co., Ltd. ^(c)	Korea	100%	100%	Inactive
DXN Marketing Bangladesh Ltd. ^(a)	Bangladesh	100%	100%	Manufacturing, marketing, sales and distribution of health food, non-alcoholic drinks and associated products

Notes to the Financial Statements

7. INVESTMENTS IN SUBSIDIARIES - COMPANY (CONTINUED)

Details of the subsidiaries are as follows (continued):

Name of Subsidiaries	Principal Place of Business/Country of Incorporation	Effective Ownership and Voting Interest		Principal Activities
		2023	2022	
Esen Lifesciences Private Limited ^(a)	India	100%	100%	Commenced operation on 15 March 2023 in manufacturing of health food supplements, spirulina cereals and cordyceps cereal products
PT Daehsan Indonesia ^(a)	Indonesia	100%	100%	Trading and distribution of food and beverages, food supplements and consumer products on direct sales basis
PT Daxen Agrotech Nusantara ^(c)	Indonesia	100%	100%	Inactive
Daxen Logistic LLC. ^(c)	United States of America	100%	100%	Inactive
PT Suryasoft Konsultama ^{(c)(e)}	Indonesia	100%	-	Provision of information technology ("IT") services including IT systems, IT consultancy and customised software development systems
DXN Bangladesh Industries Pvt. Ltd. ^{(a)(f)}	Bangladesh	100%	-	Inactive
Dexin Manufacturing Nepal Private Limited ^{(a)(h)}	Nepal	100%	-	Inactive
<u>Subsidiary of DXN Biotech Consultants Sdn. Bhd.</u>				
DXN Bio Oil Sdn. Bhd.	Malaysia	100%	100%	Struck off on 2 March 2023
<u>Subsidiary of PT Daxen Agrotech Nusantara</u>				
PT Daxen Agri Pratama ^(c)	Indonesia	90%	90%	Inactive
<u>Subsidiaries of DXN International Holding Limited</u>				
DXN International (UK) Limited ^(c)	United Kingdom	100%	100%	Inactive
DXN International (Hong Kong) Limited ^(a)	Hong Kong	100%	100%	Direct selling of health care products

Notes to the Financial Statements

7. INVESTMENTS IN SUBSIDIARIES - COMPANY (CONTINUED)

Details of the subsidiaries are as follows (continued):

Name of Subsidiaries	Principal Place of Business/Country of Incorporation	Effective Ownership and Voting Interest		Principal Activities
		2023	2022	
<u>Subsidiaries of DXN International Holding Limited</u> (continued)				
DXN (Singapore) Pte Ltd ^(a)	Singapore	100%	100%	Direct sales and trading in health products and provision of related services and investment holding
PT Daxen Indonesia ^(a)	Indonesia	99%	99%	Manufacturing of traditional medicines, cosmetics and beverages
DXN International (Australia) Pty. Ltd. ^(c)	Australia	100%	100%	Trading and distribution of food and beverages, food supplements and consumer products on direct sales basis
DXN International Pakistan (Private) Limited ^(a)	Pakistan	99.99%	99.99%	Trading and distribution of food and beverages, food supplements and consumer products
DXN International Private Ltd. ^(a)	Labuan	100%	100%	Investment holding and trading and distribution of food and beverages, food supplements and consumer products on direct sales basis
DXN International Peru S.A.C. ^(b)	Peru	100%	100%	Trading and distribution of food and beverages, food supplements and consumer products on direct sales basis
Daehsan Europe Export-Import Korlátolt Felelősségű Társaság ^(a)	Hungary	100%	100%	Investment holding, trading and distribution of food and beverages, food supplements and consumer products
DXN International Chile S.p.A. ^(c)	Chile	100%	100%	Inactive
Daxen Mexico, S.A. DE C.V. ^(a)	Mexico	100%	100%	Inactive
DXN Mexico, S.A. DE C.V. ^(b)	Mexico	100%	100%	Manufacturing and distribution of food and beverages, food supplements and consumer products
DXN International (Thailand) Co., Ltd. ("DXN Thailand") ^{(a)(d)}	Thailand	49%	49%	Trading and distribution of food and beverages, food supplements and consumer products on direct sales basis

Notes to the Financial Statements

7. INVESTMENTS IN SUBSIDIARIES - COMPANY (CONTINUED)

Details of the subsidiaries are as follows (continued):

Name of subsidiaries	Principal Place of Business/Country of Incorporation	Effective Ownership and Voting Interest		Principal Activities
		2023	2022	
<u>Subsidiaries of DXN International Holding Limited</u> (continued)				
DXN Bolivia S.R.L. ^(b)	Bolivia	100%	100%	Trading and distribution of food and beverages, food supplements and consumer products on direct sales basis
Golden Health Trading Limited ^(a)	Hong Kong	100%	100%	Provision of marketing consultancy services and general trading
Daxen Agritech India Private Limited ^(a)	India	100%	100%	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
DXN Colombia SAS ^(a)	Colombia	100%	100%	Trading and distribution of food and beverages, food supplements and consumer products on direct sales basis
Daehsan Mexico Import & Export, S.A. de C.V. ^(c)	Mexico	100%	100%	Under liquidation
DXN Mauritania SARL ^(a)	Mauritania	100%	100%	Trading and distribution of food and beverages, food supplements and consumer products on direct sales basis
DXN-Niger SA ^(c)	Niger	100%	100%	Inactive
<u>Subsidiaries of DXN (Singapore) Pte Ltd</u>				
DXN Argentina S.R.L. ^(c)	Argentina	100%	100%	Inactive
DXN Trading Ecuador CIA. LTDA. ^(a)	Ecuador	100%	100%	Trading and distribution of food and beverages, food supplements and consumer products on direct sales basis
DXN International Panama S.A. ^(c)	Panama	100%	100%	Trading and distribution of food and beverages, food supplements and consumer products on direct sales basis
DXN Marketing (Brasil) LTDA ^(c)	Brazil	100%	100%	Inactive

Notes to the Financial Statements

7. INVESTMENTS IN SUBSIDIARIES - COMPANY (CONTINUED)

Details of the subsidiaries are as follows (continued):

Name of Subsidiaries	Principal Place of Business/Country of Incorporation	Effective Ownership and Voting Interest		Principal Activities
		2023	2022	
<u>Subsidiaries of DXN (Singapore) Pte Ltd (continued)</u>				
Daxen LLC ^(a)	Mongolia	100%	100%	Trading and distribution of food and beverages, food supplements and consumer products
DXN Europe Trading GmbH ^(c)	Germany	90%	90%	Under liquidation
FE LLC "DAXEN UBZ" ^(c)	Uzbekistan	100%	100%	Importation and distribution of food and beverages, food supplements and consumer products
DXN RUS LLC ^(c)	Russia	100%	100%	Inactive
<u>Subsidiaries of DXN Corporation (Ningxia) Co., Ltd.</u>				
Florin (Fujian) Integrated Agricultural Science and Technology Co., Ltd. ("Florin Fujian") ^(c)	People's Republic of China	82.82% ^(g)	82.82% ^(g)	Investment holding
DXN Biotechnology (Ningxia) Co., Ltd. ^(a)	People's Republic of China	100%	100%	Inactive
DXN International Trading (Ningxia) Co., Ltd. ^(a)	People's Republic of China	100%	100%	Trading and distribution of food and beverages, food supplements, cosmetics and consumer products
DXN Healthtech (Guangzhou) Co., Ltd. ^(c)	People's Republic of China	60%	60%	Inactive
DXN Agrotech (Ningxia) Co., Ltd. ^(a)	People's Republic of China	100%	100%	Research, cultivation, manufacture and trading of mushroom and spirulina
<u>Subsidiary of DXN International Private Ltd</u>				
DXN Manufacturing (India) Private Limited ^(b)	India	100%	100%	Manufacturing of health food, traditional medicine, all kinds of confectioneries and food products
<u>Subsidiaries of Daehsan Europe Export-Import Korlátolt Felelősségű Társaság</u>				
Daxen Inc. ^(c)	United States of America	100%	100%	Trading and distribution of food and beverages, food supplements and consumer products on direct sales basis

Notes to the Financial Statements

7. INVESTMENTS IN SUBSIDIARIES - COMPANY (CONTINUED)

Details of the subsidiaries are as follows (continued):

Name of Subsidiaries	Principal Place of Business/Country of Incorporation	Effective Ownership and Voting Interest		Principal Activities
		2023	2022	
<u>Subsidiaries of Daehsan Europe Export-Import Korlátolt Felelősségű Társaság (continued)</u>				
DXN International CZ s.r.o. ^(c)	Czech Republic	100%	100%	Trading and distribution of food and beverages, food supplements and consumer products on direct sales basis
DXN Germany GmbH ^(c)	Germany	-	100%	Deregistered on 21 July 2022
DXN Bulgaria Ltd. ^(c)	Bulgaria	100%	100%	Inactive
Daxen Slovakia s.r.o. ^(c)	Slovakia	100%	100%	Trading and distribution of food and beverages, food supplements and consumer products on direct sales basis
DXN Greece EPE ^(c)	Greece	100%	100%	Trading and distribution of food and beverages, food supplements and consumer products on direct sales basis
DXN International Poland Sp.z.o.o ^(c)	Poland	100%	100%	Trading and distribution of food and beverages, food supplements and consumer products on direct sales basis
DXN Internacional Spain S.L. Unipersonal ^(c)	Spain	100%	100%	Trading and distribution of food and beverages, food supplements and consumer products on direct sales basis
DXN Italy SRL ^(c)	Italy	100%	100%	Trading and distribution of food and beverages, food supplements and consumer products on direct sales basis
DXN Marketing Private ithalat Ve Pazarlama Limited Şirketi ^(c)	Turkey	100%	100%	Trading and distribution of food and beverages, food supplements and consumer products on direct sales basis
Daxen Morocco LLC ^(a)	Morocco	100%	100%	Trading and distribution of food and beverages, food supplements and consumer products on direct sales basis
<u>Subsidiary of Daxen Agritech India Private Limited</u>				
DXN Marketing India Private Limited ("DM IPL") ^{(b)(d)}	India	50%	50%	Trading and distribution of food and beverages, food supplements and consumer products on direct sales basis

Notes to the Financial Statements

7. INVESTMENTS IN SUBSIDIARIES - COMPANY (CONTINUED)

Details of the subsidiaries are as follows (continued):

Name of Subsidiaries	Principal Place of Business/Country of Incorporation	Effective Ownership and Voting Interest		Principal Activities
		2023	2022	
<u>Subsidiary of PT Daxen Agri Pratama</u>				
PT Daxen KJP Agro ^(a)	Indonesia	81%	81%	Manufacturing of virgin coconut oil. Ceased operation on 15 December 2022
<u>Subsidiary of DXN Italy SRL</u>				
DXN Global Marketing Nigeria Limited ^(a)	Nigeria	100%	100%	Trading and distribution of food and beverages, food supplements and consumer products on direct sales basis
<u>Subsidiary of DXN Manufacturing (India) Private Limited</u>				
DXN Clinics Private Limited ^(a)	India	99.99%	99.99%	Provision of consultation and treatment services using ganotherapy
<u>Subsidiary of Florin (Fujian) Integrated Agricultural Science and Technology Co., Ltd.</u>				
Anxi Gande Foluohua Integrated Agricultural Science and Technology Co., Ltd. ^(c)	People's Republic of China	82.82%^(g)	82.82% ^(g)	Tea plantation, processing, research & development, wholesale trading and retailing of tea, pre-packaged food and beverages and other products

^(a) Not audited by KPMG PLT.

^(b) Audited by member firms of KPMG International.

^(c) The unaudited management accounts were consolidated in the Group's financial statements as these subsidiaries were not required by their respective local legislations to have their financial statements audited.

^(d) The Company regards DXN Thailand and DMIPL as its subsidiaries by virtue of having board control and being the single largest shareholder in these companies. The remaining voting rights are held by individual investees and there is no indication that the other shareholders will exercise their votes collectively.

^(e) Became a subsidiary on 4 April 2022.

^(f) Incorporated on 9 June 2022.

^(g) The registered ownership is 80.0% pursuant to Florin Fujian's Articles of Association and registration information.

^(h) Incorporated on 15 December 2022.

Notes to the Financial Statements

7. INVESTMENTS IN SUBSIDIARIES - COMPANY (CONTINUED)

7.1 Non-controlling interest in subsidiaries

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows:

	DMIPL RM'000	DXN Thailand RM'000	Other Subsidiaries with Immaterial NCI RM'000	Total RM'000
2023				
NCI percentage of ownership interest and voting interest	50%	51%		
Carrying amount of NCI	49,063	9,198	3,791	62,052
Profit/(Loss) allocated to NCI	13,904	543	(516)	13,931
Other comprehensive expense allocated to NCI	(2,718)	(2)	(35)	(2,755)

	DMIPL RM'000	DXN Thailand RM'000
Summarised financial information before intra-group elimination		
As at 28 February 2023		
Non-current assets	6,813	12,856
Current assets	166,001	8,462
Current liabilities	(74,688)	(3,283)
Net assets	98,126	18,035
Year ended 28 February 2023		
Revenue	171,921	14,788
Profit for the year	27,809	1,065
Total comprehensive income	22,374	1,061
Cash flows (used in)/from operating activities	(9,695)	1,182
Cash flows from/(used in) investing activities	10,709	(11)
Cash flows used in financing activities	(2,224)	-
Net (decrease)/increase in cash and cash equivalents	(1,210)	1,171

Notes to the Financial Statements

7. INVESTMENTS IN SUBSIDIARIES - COMPANY (CONTINUED)

7.1 Non-controlling interest in subsidiaries (continued)

	DMIPL RM'000	DXN Thailand RM'000	Other Subsidiaries with Immaterial NCI RM'000	Total RM'000
2022				
NCI percentage of ownership interest and voting interest	50%	51%		
Carrying amount of NCI	37,876	8,657	4,343	50,876
Profit/(Loss) allocated to NCI	1,881	959	(318)	2,522
Other comprehensive income/(expense) allocated to NCI	156	(396)	74	(166)

	DMIPL RM'000	DXN Thailand RM'000
Summarised financial information before intra-group elimination		
As at 28 February 2022		
Non-current assets	5,808	13,088
Current assets	138,315	6,766
Current liabilities	(68,371)	(2,880)
Net assets	75,752	16,974

Year ended 28 February 2022		
Revenue	141,114	17,762
Profit for the year	3,762	1,881
Total comprehensive income	4,074	1,104

Cash flows from operating activities	20,265	34
Cash flows used in investing activities	(15,002)	(37)
Cash flows used in financing activities	(364)	-
Net increase/(decrease) in cash and cash equivalents	4,899	(3)

7.2 Significant restriction

The jurisdictions of India in which certain subsidiaries of the Company operate in prohibit those subsidiaries from providing advances or pay dividend to parties outside of India.

Notes to the Financial Statements

8. INVESTMENT IN AN ASSOCIATE - GROUP/COMPANY

	2023 RM'000	2022 RM'000
Investment, at cost	1	1
Less: Impairment loss	(1)	(1)
	-	-

Details of the associate are as follows:

Name of Associate	Principal Place of Business/Country of Incorporation	Effective Ownership and Voting Interest		Nature of the Relationship
		2023	2022	
Box Park Management Sdn. Bhd.	Malaysia	40%	40%	Venture into the business of management of real estate on a fee or contract basis

9. INVESTMENT IN JOINT VENTURE - GROUP/COMPANY

	2023 RM'000	2022 RM'000
Investment, at cost	1	1
Less: Impairment loss	(1)	(1)
	-	-

Details of the joint venture are as follows:

Name of Joint Venture	Principal Place of Business/Country of Incorporation	Effective Ownership and Voting Interest		Nature of the Relationship
		2023	2022	
DNC Food Industries Sdn. Bhd.	Malaysia	50%	50%	Venture into the business of manufacture and trading of spices and curry powder

Notes to the Financial Statements

10. DEFERRED TAX ASSETS/(LIABILITIES)

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

Group	Assets		Liabilities		Net	
	28.2.2023	28.2.2022	28.2.2023	28.2.2022	28.2.2023	28.2.2022
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment and intangible assets						
- capital allowance	-	-	(7,911)	(4,982)	(7,911)	(4,982)
Inventories	72,838	30,012	(524)	(2,756)	72,314	27,256
Biological assets	-	-	(268)	(23)	(268)	(23)
Unabsorbed capital allowances	308	-	-	-	308	-
Tax losses carry-forward	190	-	-	-	190	-
Provisions	26,917	19,805	-	-	26,917	19,805
Right-of-use assets	-	-	(4,763)	(5,115)	(4,763)	(5,115)
Lease liabilities	5,153	5,225	-	-	5,153	5,225
Other items	616	-	-	(919)	616	(919)
	106,022	55,042	(13,466)	(13,795)	92,556	41,247
Set-off of tax	-	(5,337)	-	5,337	-	-
Transfer (from)/to assets held for sale (Note 18)	-	-	(2)	2	(2)	2
Net deferred tax assets/(liabilities)	106,022	49,705	(13,468)	(8,456)	92,554	41,249
Company						
Property, plant and equipment and intangible assets						
- capital allowance	-	-	(146)	(257)	(146)	(257)
Unabsorbed capital allowances	208	-	-	-	208	-
Provisions	126	97	-	-	126	97
	334	97	(146)	(257)	188	(160)
Set-off of tax	(146)	(97)	146	97	-	-
Net deferred tax assets/(liabilities)	188	-	-	(160)	188	(160)

Notes to the Financial Statements

10. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

Recognised deferred tax assets/(liabilities) (continued)

The movements in temporary differences during the year are as follows:

Group

	At 1.3.2021 RM'000	Recognised in Profit or Loss (Note 27) RM'000	Transfer to Assets Held for Sale (Note 18) RM'000	Effect of Movement in Exchange Rates RM'000	At 28.2.2022 RM'000
Property, plant and equipment and intangible assets					
- capital allowance	(4,171)	(809)	-	(2)	(4,982)
Inventories	14,901	12,355	-	-	27,256
Biological assets	(155)	132	-	-	(23)
Unabsorbed capital allowances	111	(111)	-	-	-
Tax losses carry-forward	2,508	(2,508)	-	-	-
Unutilised investment tax allowance	295	(295)	-	-	-
Provisions	19,912	(133)	-	26	19,805
Right-of-use assets	(4,285)	(832)	2	2	(5,113)
Lease liabilities	4,414	811	-	-	5,225
Other items	544	(1,483)	-	20	(919)
	34,074	7,127	2	46	41,249

	At 1.3.2022 RM'000	Recognised in Profit or Loss (Note 27) RM'000	Transfer From Assets Held for Sale RM'000	Effect of Movement in Exchange Rates RM'000	At 28.2.2023 RM'000
Property, plant and equipment and intangible assets					
- capital allowance	(4,982)	(2,963)	-	34	(7,911)
Inventories	27,256	45,058	-	-	72,314
Biological assets	(23)	(245)	-	-	(268)
Unabsorbed capital allowances	-	308	-	-	308
Tax losses carry-forward	-	206	-	(16)	190
Provisions	19,805	6,398	-	714	26,917
Right-of-use assets	(5,113)	345	(2)	5	(4,765)
Lease liabilities	5,225	(72)	-	-	5,153
Other items	(919)	1,530	-	5	616
	41,249	50,565	(2)	742	92,554

Notes to the Financial Statements

10. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

Recognised deferred tax assets/(liabilities) (continued)

Company

	At 1.3.2021 RM'000	Recognised in Profit or Loss (Note 27) RM'000	At 28.2.2022/ 1.3.2022 RM'000	Recognised in Profit or Loss (Note 27) RM'000	At 28.2.2023 RM'000
Property, plant and equipment and intangible assets					
- capital allowance	(90)	(167)	(257)	111	(146)
Unabsorbed capital allowances	111	(111)	-	208	208
Tax losses carry-forward	2,508	(2,508)	-	-	-
Provisions	109	(12)	97	29	126
	2,638	(2,798)	(160)	348	188

Deferred tax assets and liabilities are offset when there are legally enforceable rights to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxation authority. Deferred tax assets are recognised to the extent it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	2023 RM'000	2022 RM'000
Group		
Unabsorbed capital allowances	24,360	14,766
Tax losses carry-forward	107,907	79,856
Other items	-	3
	132,267	94,625

The unabsorbed capital allowances do not expire under current tax legislation. The tax losses carry-forward will expire in the following years of assessment based on the tax legislations in the countries which the group entities operate:

	2023 RM'000	2022 RM'000
Tax losses carry-forward:		
Expiring not more than 5 years	37,645	29,249
Expiring between 6 to 7 years	23,864	22,369
Expiring between 8 to 10 years	42,499	24,518
With no expiry period	3,899	3,720
	107,907	79,856

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profits will be available against which the Group entities can utilise the benefits therefrom.

Notes to the Financial Statements

11. PREPAYMENTS - GROUP/COMPANY

The non-current prepayments comprise amount paid for the purchase of plant and equipment.

12. BIOLOGICAL ASSETS - GROUP

	2023 RM'000	2022 RM'000
At 1 March 2022/2021	96	646
Additions	606	-
Fair value movement on remeasurement of biological assets and changes due to harvest	813	(550)
At 28 February	1,515	96

Biological assets of the Group comprise agricultural produce i.e. reishi gano, ganocelium, tea leaves, spirulina and black ginger.

13. INVENTORIES - GROUP

	2023 RM'000	2022 RM'000
Raw materials	114,259	65,595
Work-in-progress	9,977	12,011
Manufactured inventories	198,820	139,533
Trading inventories	71	87
	323,127	217,226

14. CONTRACT ASSETS - GROUP

	2023 RM'000	2022 RM'000
Contract assets	643	569

Movements in the contract assets are as follows:

	2023 RM'000	2022 RM'000
At 1 March 2022/2021	569	(7,440)
Revenue recognised as a result of measure of progress	22,155	19,002
Decrease due to billings raised during the year	(22,081)	(10,993)
At 28 February	643	569

The contract assets primarily relate to the Group's rights to consideration for work performed but not yet billed at the reporting date for its research and development, analytical lab testing and experiment works. Typically, the amount will be billed within 10 days and payment is expected based on the payment terms contracted with the customers. The contract assets will be transferred to trade receivables when the rights become unconditional.

Notes to the Financial Statements

15. TRADE AND OTHER RECEIVABLES, INCLUDING DERIVATIVES

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Non-current					
Non-trade					
Amount due from a subsidiary	15.1	-	-	34,119	31,994
Current					
Trade					
Trade receivables		44,495	20,539	-	-
Non-trade					
Amount due from:					
- Subsidiaries	15.1	-	-	104,136	110,373
- Joint venture	15.2	2,260	2,250	2,260	2,250
- Companies in which certain Directors have a substantial financial interest	15.3	-	332	-	-
Other receivables	15.4	39,723	36,621	2,265	1,451
Derivative financial assets	15.5	-	80	-	-
Prepayments		22,836	12,958	-	-
Deposits		5,107	4,702	624	820
		69,926	56,943	109,285	114,894
		114,421	77,482	109,285	114,894
Total trade and other receivables including derivatives		114,421	77,482	143,404	146,888
Financial instruments:					
Trade and other receivables (excluding prepayments and indirect taxes)		73,984	48,733	143,404	146,888
Add: Short term investments	16	44,378	33,792	28,248	3,657
Cash and cash equivalents	17	459,035	409,572	23,000	30,623
Total financial assets measured at amortised cost		577,397	492,097	194,652	181,168

15.1 Amount due from subsidiaries - Company

The non-current amount due from a subsidiary is unsecured, earns interest at 9.79% (2022: 5.26%) per annum and is not expected to be recoverable within the next 12 months.

The current non-trade amount due from subsidiaries is unsecured, repayable on demand and interest-free other than RM27,185,000 (2022: RM12,844,000) which earns interest at rates ranging from 2.00% to 4.30% (2022: 3.00% to 6.00%) per annum.

Notes to the Financial Statements

15. TRADE AND OTHER RECEIVABLES, INCLUDING DERIVATIVES (CONTINUED)

15.2 Amount due from joint venture company - Group/Company

The non-trade amount due from joint venture company is unsecured, interest-free and repayable on demand.

15.3 Amount due from companies in which certain Directors have a substantial financial interest - Group

The non-trade amount due from companies in which certain Directors have a substantial financial interest is unsecured, earns interest at Nil (2022: 4.82%) per annum and repayable on demand.

15.4 Other receivables - Group

Included in other receivables of the Group are:

- indirect taxes receivable of RM17,601,000 (2022: RM15,791,000); and
- RM5,404,000 (2022: RM5,308,000) which earns interest at rates ranging from 5.00% to 10.00% (2022: 5.00% to 10.00%) per annum.

15.5 Derivatives financial (liabilities)/assets - Group

	2023		2022	
	Nominal Value	(Liabilities)	Nominal Value	Assets
	RM'000	RM'000	RM'000	RM'000
Derivatives at fair value through profit or loss				
- Forward exchange contracts	2,194	(76)	4,808	80

Forward exchange contracts are used to manage the foreign currency exposures arising from certain receivables and payables denominated in currencies other than the functional currencies of the Group entities. The forward exchange contracts have maturities of less than one year after the end of the reporting period.

16. SHORT TERM INVESTMENTS

Short term investments comprise investments in fixed income trusts/funds.

17. CASH AND CASH EQUIVALENTS

	Note	Group		Company	
		2023	2022	2023	2022
		RM'000	RM'000	RM'000	RM'000
Short term deposits	17.1	39,817	8,331	-	-
Cash and bank balances		419,218	401,241	23,000	30,623
		459,035	409,572	23,000	30,623

17.1. Short term deposits

Short term deposits of the Group amounting to RM2,765,000 (2022: RM2,878,000) are pledged for loans and borrowings and bank guarantees granted to the Group as disclosed in Note 20.1.

Notes to the Financial Statements

18. ASSETS/(LIABILITIES) CLASSIFIED AS HELD FOR SALE

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Assets classified as held for sale					
Property, plant and equipment	3	-	23,010	-	-
Right-of-use assets	4	-	3,832	-	-
Intangible assets	6	-	4	-	-
Investments in subsidiaries	7	-	-	-	24,097
Deferred tax assets	11	-	2	-	-
Trade and other receivables		-	1,050	-	-
Inventories		-	4,200	-	-
Cash and cash equivalents		-	327	-	-
		-	32,425	-	24,097
Liabilities classified as held for sale					
Trade payables and other payables		-	3,306	-	-
Lease liabilities	20.2	-	270	-	-
		-	3,576	-	-

On 17 May 2022, a Share Sale Agreement (“SSA”) was entered into by DXN Corporation (Ningxia) Co., Ltd., a wholly-owned subsidiary of the Company to effect the disposal of Florin (Fujian) Integrated Agricultural Science and Technology Co., Ltd., where the disposal was originally expected to be completed within 6 months from the date of the SSA.

During the current financial year 28 February 2023, 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. In view of the above, the assets and liabilities of Florin Fujian are no longer presented as held for sale as at 28 February 2023.

19. SHARE CAPITAL - GROUP/COMPANY

	2023		2022	
	Amount RM'000	Number of Shares '000	Amount RM'000	Number of Shares '000
Issued and paid-up ordinary shares with no par value classified as equity instruments	60,191	240,764	60,191	240,764

19.1 Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Notes to the Financial Statements

20. LOANS AND BORROWINGS

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Non-current				
Hire purchase liabilities	2,582	1,363	1,440	578
Term loans, secured	47,127	31,257	45,306	29,265
	49,709	32,620	46,746	29,843
Current				
Hire purchase liabilities	1,141	905	450	311
Term loans, secured	11,458	10,997	11,312	10,851
Revolving credits, secured	173,952	196,642	173,952	196,642
Revolving credits, unsecured	1,310	5,021	-	-
	187,861	213,565	185,714	207,804
Total loans and borrowings	237,570	246,185	232,460	237,647

20.1 Securities

The term loans and revolving credit are secured by way of legal charges over lands and buildings (see Note 3.2) and short term deposits (see Note 17.1) of the Group, and corporate guarantee by the Company.

Notes to the Financial Statements

20. LOANS AND BORROWINGS (CONTINUED)

20.2 Reconciliation of movements of liabilities to cash flows arising from financing activities

Group	At 1.3.2021		Acquisition of New Hire Purchase/ Lease	Remeasurement of Existing Lease	Net Changes from Financing Cash Flows	Derecognised Due to Termination of Lease	Reclassified to Liabilities held for Sale	Effect of Movement in Exchange Rates	At 28.2.2022	
	RM'000	RM'000							RM'000	RM'000
Hire purchase liabilities	2,920	388	-	(1,040)	-	-	-	-	-	2,268
Term loans	19,812	-	-	21,759	-	-	-	683	-	42,254
Revolving credits	235,131	-	-	(34,603)	-	-	-	1,135	-	201,663
Lease liabilities	18,638	8,739	5,312	(8,457)	(1,150)	(270)	27	-	-	22,839
	276,501	9,127	5,312	(22,341)	(1,150)	(270)	1,845	-	-	269,024
Company										
Hire purchase liabilities	748	388	-	(247)	-	-	-	-	-	889
Term loans	16,605	-	-	23,511	-	-	-	-	-	40,116
Revolving credits	212,372	-	-	(15,730)	-	-	-	-	-	196,642
	229,725	388	-	7,534	-	-	-	-	-	237,647
Group	At 1.3.2022		Acquisition of New Hire Purchase/ Lease	Remeasurement of Existing Lease	Net Changes from Financing Cash Flows	Derecognised Due to Termination of Lease	Reclassified to Liabilities held for Sale	Effect of Movement in Exchange Rates	At 28.2.2023	
	RM'000	RM'000							RM'000	RM'000
Hire purchase liabilities	2,268	2,747	-	(1,291)	-	-	-	(1)	-	3,723
Term loans	42,254	-	-	14,742	-	-	-	1,589	-	58,585
Revolving credits	201,663	-	-	(27,933)	-	-	-	1,532	-	175,262
Lease liabilities	22,839	8,328	335	(9,160)	(858)	270	(409)	-	-	21,345
	269,024	11,075	335	(23,642)	(858)	270	2,711	-	-	258,915
Company										
Hire purchase liabilities	889	1,566	-	(565)	-	-	-	-	-	1,890
Term loans	40,116	-	-	16,502	-	-	-	-	-	56,618
Revolving credits	196,642	-	-	(22,690)	-	-	-	-	-	173,952
	237,647	1,566	-	(6,753)	-	-	-	-	-	232,460

Notes to the Financial Statements

21. RETIREMENT BENEFITS - GROUP

	2023 RM'000	2022 RM'000
Non-current		
Defined benefits liability	5,266	5,244
Movements in defined benefits liability		
	2023 RM'000	2022 RM'000
Balance at 1 March 2022/2021	5,244	5,408
Included in profit or loss		
Current service cost	573	(87)
Past service cost	(186)	(40)
Interest cost	318	310
	705	183
Included in other comprehensive expense		
Effect of movement in exchange rates	(135)	(36)
Benefits paid	(548)	(311)
Balance at 28 February	5,266	5,244

Retirement benefits expense was recognised as part of employee benefits expense (Note 24) in the consolidated statement of profit or loss and other comprehensive income.

Actuarial assumptions

Principal actuarial assumptions at the end of the reporting period (expected as weighted averages):

	2023	2022
Discount rates	6.58% - 10.0%	5.76% - 9.75%
Future salary growth	3.00% - 9.75%	4.56% - 9.75%
Retirement age	55 - 65 years	56 - 65 years

At 28 February 2023, the weighted-average duration of the defined benefits liability was 7 to 20 years (2022: 7 to 20 years).

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefits liability by the amounts shown below.

	2023		2022	
	Increase	Decrease	Increase	Decrease
	RM'000	RM'000	RM'000	RM'000
Defined benefits liability				
Discount rate (1% movement)	(448)	504	(463)	565
Future salary growth (1% movement)	489	(430)	528	(441)

Notes to the Financial Statements

22. TRADE AND OTHER PAYABLES, INCLUDING DERIVATIVES

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Trade					
Trade payables		23,123	13,596	-	-
Non-trade					
Amount due to:					
- Directors	22.1	7,944	5,638	-	61
- Subsidiaries	22.2	-	-	5,613	11,966
- Company in which certain Directors have a substantial financial interest	22.3	80	30	80	30
Other payables	22.4	255,342	225,624	1,160	416
Accrued expenses		110,254	92,146	5,000	3,920
Derivatives financial liabilities	15.5	76	-	-	-
		373,696	323,438	11,853	16,393
		396,819	337,034	11,853	16,393
Financial instruments:					
Trade and other payables (excluding derivatives)		396,743	337,034	11,853	16,393
Loans and borrowings	20	237,570	246,185	232,460	237,647
Total financial liabilities measured at amortised cost		634,313	583,219	244,313	254,040

22.1 Amount due to Directors - Group/Company

The amount due to Directors is unsecured, interest-free and payable on demand.

22.2 Amount due to subsidiaries - Company

The amount due to subsidiaries is unsecured, interest-free and payable on demand.

22.3 Amount due to a company in which certain Directors have a substantial financial interest - Group/Company

The amount due to a company in which certain Directors have a substantial financial interest is unsecured, interest-free and payable on demand.

22.4 Other payables - Group

Included herein are members' bonus and stockists' commission of RM198,500,000 (2022: RM181,499,000) incurred in the course of selling the Group's products on direct sales basis and payable in accordance with the Group's marketing plan.

Notes to the Financial Statements

23. REVENUE

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Revenue from contracts with customers				
<i>Recognised over time:</i>				
Rendering of services	22,155	19,002	24,194	20,121
<i>Recognised at point in time:</i>				
Sales of goods	1,660,003	1,286,944	-	-
Less: Consideration due/paid to customers	(81,344)	(63,090)	-	-
	1,578,659	1,223,854	-	-
	1,600,814	1,242,856	24,194	20,121
Other revenue				
Dividend income from subsidiaries	-	-	200,115	173,432
	1,600,814	1,242,856	224,309	193,553

23.1 Disaggregation of revenue from contracts with customers

	2023 RM'000	2022 RM'000
Major products and services:		
Group		
Fortified food and beverages	1,084,750	851,794
Health and dietary supplements	409,098	318,506
Personal care products	104,342	74,889
Lab testing services	22,155	19,002
Skin care and cosmetics	8,009	9,864
Starter kits	7,087	6,875
Other miscellaneous and promotion items	46,717	25,016
	1,682,158	1,305,946
Less: Consideration due/paid to customers	(81,344)	(63,090)
	1,600,814	1,242,856
Company		
Management services provided to subsidiaries	24,194	20,121

Notes to the Financial Statements

23. REVENUE (CONTINUED)

23.1 Disaggregation of revenue from contracts with customers (continued)

	2023 RM'000	2022 RM'000
Primary geographical markets:		
Group		
- South America	676,756	511,697
- Asia (excluding Malaysia)	343,768	311,306
- North America	238,069	213,607
- Africa	160,997	63,473
- Malaysia	117,696	107,599
- Europe	85,294	59,545
- Middle East	55,592	33,883
- Oceania	3,986	4,836
	1,682,158	1,305,946
Less: Consideration due/paid to customers	(81,344)	(63,090)
	1,600,814	1,242,856

No disaggregation of revenue by geographical market is presented for the Company as the management services are rendered solely in Malaysia.

23.2 Nature of goods and services

The following information reflects the typical transactions of the Group and the Company:

Nature of Goods or Services	Timing of Recognition or Method Used to Recognise Revenue	Significant Payment Terms	Variable Element in Consideration	Warranty
Sales of fortified food and beverages, health and dietary supplements, personal care products, skin care and cosmetics and other related products on direct sales basis	Revenue is recognised at point in time when the goods are delivered to and accepted by the customers.	Cash term.	The following performance bonus are provided by the Group i.e. group effort related performance bonus and personal effort related performance bonus. Personal effort related performance bonus is accounted as a reduction in transaction price, whilst group effort related performance bonus is a consideration paid or payable to customers for distinct services provided to the Group.	Assurance warranty of 1 year is given for certain products which do not form a separate performance obligation.

Notes to the Financial Statements

23. REVENUE (CONTINUED)

23.2 Nature of goods and services (continued)

The following information reflects the typical transactions of the Group and the Company: (continued)

Nature of Goods or Services	Timing of Recognition or Method Used to Recognise Revenue	Significant Payment Terms	Variable Element in Consideration	Warranty
Sales of fortified food and beverages, health and dietary supplements, personal care products, skin care and cosmetics and other related products (other than on direct sales basis)	Revenue is recognised at point in time when the goods are delivered to the customers.	Cash term or credit period of 30 - 60 days (2022: 30 - 90 days) from invoice date.	Discounts may be given to customers on a case-by-case basis.	Assurance warranty of 1 year is given for certain products which do not form a separate performance obligation.
Revenue from operating a café, glamping resort and tourism village complex	Revenue is recognised at point in time when the services are rendered.	Cash term or credit period of 30 days from invoice date if on account.	Not applicable.	Not applicable.
Research and development and analytical lab test services	Revenue is recognised over time when the services are rendered. These contracts would meet the no alternative use criteria and the Group has rights to payment for work performed.	Credit period of up to 90 days from invoice date.	Not applicable.	Not applicable.
Management services provided to subsidiaries	Revenue is recognised over time when the services are rendered. These contracts would meet the no alternative use criteria and the Company has rights to payment for work performed.	Cash term.	Not applicable.	Not applicable.

The goods sold by the Group are allowed to be returned within 7 to 30 days after the date of purchase in accordance with the Group's distributorship policies and legal requirements in the jurisdictions in which certain subsidiaries operate.

The Group applies the practical expedient on the exemption for disclosure of information on remaining performance obligations that will be fulfilled within one year or shorter after the financial year end.

Notes to the Financial Statements

24. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Directors of the Company				
- Current				
- Fees (Current year)	195	-	195	-
- Fees (Prior year)	14	-	14	-
- Wages, salaries and others	3,867	3,733	3,529	3,434
- Contributions to state plan	189	205	166	185
	4,265	3,938	3,904	3,619
- Past				
- Fees (Current year)	16	-	16	-
- Fees (Prior year)	3	-	3	-
- Wages, salaries and others	69	172	69	61
- Contributions to state plan	8	12	8	2
	96	184	96	63
Other key management personnel				
Wages, salaries and others	2,104	2,515	1,230	1,172
Contributions to state plan	175	120	147	101
	2,279	2,635	1,377	1,273
Total key management personnel compensation	6,640	6,757	5,377	4,955
Others				
Wages, salaries and others	134,429	112,110	12,595	9,939
Contributions to state plans	10,271	8,337	1,460	1,175
	144,700	120,447	14,055	11,114
Total employee benefits expense	151,340	127,204	19,432	16,069

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Company and certain Key Senior Management of the Group.

The estimated monetary value of benefits received or receivable by Directors and key management personnel otherwise than in cash of the Group and the Company amounted to RM51,800 (2022: RM28,500) and RM35,500 (2022: RM13,700) respectively.

Notes to the Financial Statements

25. RESULTS FROM OPERATING ACTIVITIES

Results from operating activities are arrived at after charging/(crediting):

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Auditors' remuneration:				
Audit fee				
- KPMG PLT	511	328	100	65
- Overseas affiliates of KPMG PLT	627	600	-	-
- Other auditors	390	365	-	-
Non-audit fee				
- KPMG PLT	2,215	710	2,215	710
- Local affiliate of KPMG PLT	50	44	5	5
- Overseas affiliates of KPMG PLT	1,574	977	-	-
Material expenses/(income)				
Impairment loss on:				
- Property, plant and equipment	7,998	1,457	-	1,457
- Investments in subsidiaries	-	-	4,452	11,018
- Investment in associate	-	1	-	1
- Investment in joint venture	-	1	-	1
Gain on disposal of property, plant and equipment	(332)	(388)	(347)	-
Written-off:				
- Property, plant and equipment	441	1,634	-	-
- Inventories	752	220	-	-
Initial public offering expenses (excluding non-audit fees)	8,257	2,068	8,257	2,068
Government grants*	(176)	(1,973)	-	(404)
Proceeds from insurance claim	(102)	(6,172)	-	-
Loss/(Gain) on foreign exchange:				
- Realised	7,335	13,726	(2,760)	(1,203)
- Unrealised	9,038	592	473	2,472
Net loss on impairment of financial assets				
(Reversal)/Impairment loss on:				
- Trade and other receivables	(56)	617	-	-
- Amount owing from subsidiaries, associate and joint venture	133	687	13,208	16,140
Bad debts written off	84	462	48	33
Bad debts recovered	-	(521)	-	-
	161	1,245	13,256	16,173

Notes to the Financial Statements

25. RESULTS FROM OPERATING ACTIVITIES (CONTINUED)

Results from operating activities are arrived at after charging/(crediting) (continued):

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Expenses/(Income) arising from leases				
Expenses relating to short-term leases [#]	4,823	4,189	407	404
Expenses relating to leases of low-value assets [#]	515	367	385	267
Rental income	(290)	(271)	(1,036)	(514)

* The Group and the Company received government grants in the form of wage subsidies to retain local employees during the approved period of economic uncertainty brought about by the Covid-19 pandemic outbreak. These government grants were recognised as other income in profit or loss.

The Group and the Company lease buildings and lab equipment. These leases are either short-term with contract terms of 1 year or shorter, or leases of low-value items. The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for these leases.

26. FINANCE COSTS

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Interest expense on:				
Lease liabilities	951	953	-	-
Financial liabilities not measured at fair value through profit or loss	7,935	4,008	7,673	3,714
	8,886	4,961	7,673	3,714
Less: Capitalised to property, plant and equipment	(3,054)	(2,347)	(2,144)	(763)
	5,832	2,614	5,529	2,951

The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation is 3.43% (2022: 2.01%).

27. TAX EXPENSE

Recognised in profit or loss

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
- Current year	215,767	125,094	11,648	302
- Prior year	986	(493)	16	254
	216,753	124,601	11,664	556

Notes to the Financial Statements

27. TAX EXPENSE (CONTINUED)

Recognised in profit or loss (continued)

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Deferred tax expense				
- Current year	(48,804)	(12,037)	(341)	158
- Prior year	(1,761)	4,910	(7)	2,640
	(50,565)	(7,127)	(348)	2,798
	166,188	117,474	11,316	3,354

Reconciliation of tax expense

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Profit before tax	455,515	362,918	165,545	135,703
Income tax calculated using Malaysian tax rate of 24%	109,324	87,100	39,731	32,569
Effect of different tax rates in foreign jurisdictions	8,090	2,163	-	-
Tax incentives [#]	(2,195)	(2,434)	-	-
Non-deductible expenses	29,083	10,995	10,033	10,562
Non-taxable income	(3,122)	(1,103)	(38,418)	(42,674)
Effect of deferred tax assets not recognised	9,034	5,370	-	-
Prosperity tax [*]	-	9,103	-	-
Tax on foreign source income	16,749	1,955	-	-
Others	-	(92)	(39)	3
(Over)/Under provision in prior years	(775)	4,417	9	2,894
	166,188	117,474	11,316	3,354

[#] A subsidiary has been granted tax exemption on its statutory income under the P.U. (A) 112 Income Tax (Exemption) (No.11) Order 2006, Income Tax Act, 1967 for five years on the approved activities carried out by the subsidiary namely, Independent Conformity (ICAB) for the laboratory testing of food and chemicals.

^{*} As stipulated in the Income Tax Act, 1967, a one-off prosperity tax at 33% was imposed on a subsidiary with tax chargeable income in excess of RM100 million during the financial year ended 28 February 2022.

Notes to the Financial Statements

28. EARNINGS PER ORDINARY SHARE - GROUP

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share is based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding calculated as follows:

	2023	2022
Profit for the year attributable to owners (RM'000)	275,396	242,922
Weighted average number of ordinary shares at 28 February ('000)#	4,825,000	4,825,000
Basic earnings per ordinary share (sen)	5.71	5.03

The weighted average number of ordinary shares for 2023 and 2022 are based on the enlarged issued share capital of 4,825,000,000 ordinary shares after the completion of Bonus Issue subsequent to the year end as part of the Company's Initial Public Offering scheme (see Note 38(iii)).

Diluted earnings per ordinary share

The diluted earnings per ordinary share is the same as basic earnings per ordinary share as there are no potential dilutive ordinary shares.

29. DIVIDENDS - GROUP/COMPANY

Dividends recognised by the Company are as follows:

	2023	2022
	RM'000	RM'000
<i>In respect of financial year ended 28 February 2021</i>		
- Fifth interim dividend of approximately 12.46 sen per ordinary share paid on 28 June 2021	-	30,000
	-	30,000
<i>In respect of financial year ended 28 February 2022</i>		
- First interim dividend of approximately 12.46 sen per ordinary share paid on 6 October 2021	-	30,000
- Second interim dividend of approximately 4.15 sen per ordinary share paid on 10 January 2022	-	10,000
- Third interim dividend of approximately 6.23 sen per ordinary share paid on 8 April 2022	15,000	-
- Fourth interim dividend of approximately 6.23 sen per ordinary share paid on 15 July 2022	15,000	-
	30,000	40,000
<i>In respect of financial year ended 28 February 2023</i>		
- First interim dividend of approximately 16.61 sen per ordinary share paid on 15 November 2022	40,000	-
	70,000	70,000

The financial statements do not reflect the second interim dividend of approximately 8.31 sen per ordinary share totalling RM20,000,000 in respect of the financial year ended 28 February 2023, which was declared on 6 March 2023 and paid on 13 March 2023. The second interim dividend which was declared after the end of the reporting period will be accounted for as an appropriation of retained earnings in the financial year ending 29 February 2024.

Notes to the Financial Statements

30. RELATED PARTIES

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

- i) Subsidiaries, associate and joint venture as disclosed in the financial statements
- ii) Key management personnel of the Group and the Company defined in Note 24
- iii) Other related parties
 - a) LSJ Global Sdn. Bhd. (formerly known as DXN Global Sdn. Bhd.) ("LSJ Global") and its subsidiaries in which Datuk Lim Siow Jin and his spouse, Datin Leong Bee Ling are the substantial shareholders.
 - b) DXN Eco Lodge PLC, Daehsan Biotech Private Limited, Sunyatee International Foundation, Bulgano Ltd. and Zaman Biotech Sdn. Bhd. in which Datuk Lim Siow Jin is the substantial shareholder. Datuk Lim Siow Jin disposed of his shares in Sunyatee International Foundation in March 2022.
 - c) Stargate Land Sdn. Bhd. (formerly known as DXN Development Sdn. Bhd.) in which Dato' Lim Boon Yee and his spouse, Datin Kee Yew Oi are the substantial shareholders.
 - d) DCT Tours Sdn. Bhd. (formerly known as DXN Comfort Tours Sdn. Bhd.) in which Dato' Lim Boon Yee is the substantial shareholder.
 - e) Mr. Ling Chung Hwa, being the spouse of Ms. Lim Yew Lin. (deceased on 25 April 2023).
 - f) Tropical Paradise Sdn. Bhd. and LSJ Plantation Sdn. Bhd. ("LSJ Plantation") in which Datin Wan Illiyyin Binti Wan Mohd Nazi, being the spouse of Datuk Lim Siow Jin is the substantial shareholder. Datin Wan Illiyyin Binti Wan Mohd Nazi became a substantial shareholder of LSJ Plantation on 3 November 2021 when she acquired the entire equity interests in LSJ Plantation from LSJ Global.

Significant related parties transactions

The significant related party transactions were entered in the normal course of business and have been established under negotiated terms.

The significant related party transactions of the Group and of the Company are shown below. The outstanding balances with related parties are shown in Notes 15 and 22.

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Transactions with subsidiaries				
Management fee income	-	-	24,194	20,121
Dividend income	-	-	200,115	173,432
Interest income	-	-	3,686	1,778
Other purchases	-	-	-	309
Rental income (premises and motor vehicles)	-	-	1,036	514
Rental expense (premises)	-	-	150	150

Notes to the Financial Statements

30. RELATED PARTIES (CONTINUED)

Significant related parties transactions (continued)

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Transactions with companies in which certain Directors have a substantial financial interest				
Purchase of trading goods	8,100	7,685	-	-
Purchase of raw materials	2,026	-	-	-
Rental expense (premises)	572	588	150	150
Purchase of air tickets	337	50	304	-
Purchase of property, plant and equipment	481	763	-	-
Sales of property, plant and equipment	15	79	-	-
Sales of raw materials	42	-	-	-
Donation	-	955	-	-
Interest income	2	203	-	-
Transactions with Directors and persons connected to Directors				
Insurance premium expense	2,106	1,698	358	325
Rental expense (premises)	98	76	-	-
Sales of property, plant and equipment	281	-	-	-

The remuneration paid to key management personnel are disclosed in Note 24 to the financial statements.

31. OPERATING SEGMENTS

The Group has the following reportable segments as described below. The segments offer different products or services, and are managed separately because they require different technology, operational and marketing strategies. For each of the segment, the Group's Chief Executive Officer (the chief operating decision maker ("CODM")) reviews internal management reports at least on a quarterly basis:

Manufacture and sale of health and wellness consumer products Manufacture and sale of fortified food and beverages, health and dietary supplements, personal care products, skin care and cosmetics and other related products

Investment holding Investment holding and provision of management services

Other non-reportable segments comprise the provision of lab test services, provision of consultation and treatment services with ganothrapy, operating of a café, glamping resort, tourism village complex, marine sanctuary and related tour activities, forest plantation and related forestry support services. None of these segments met the quantitative threshold for reporting segment in both financial years 2023 and 2022.

Segment information is presented in respect of the Group's business operations. The business operations are based on the Group's management and internal reporting structure.

There are varying levels of integration between the segments such as rental of premises and shared administrative services. Inter-segment pricing is determined on negotiated basis.

Notes to the Financial Statements

31. OPERATING SEGMENTS (CONTINUED)

Performance is measured based on segment profit before tax as included in the internal management reports that are reviewed by the Group's Chief Executive Officer (the chief operating decision maker). Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Segment assets

The total of segment asset is measured based on all assets (excluding deferred tax assets and current tax assets) of a segment, as included in the internal management reports that are reviewed by the Group's Chief Executive Officer. Segment total asset is used to measure the return of assets of each segment.

Segment liabilities

Segment liabilities information is neither included in the internal management reports nor provided regularly to the Group's Chief Executive Officer. Hence, no disclosure is made on segment liabilities.

Segment capital expenditure

Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant and equipment, right-of-use assets, investment properties and intangible assets.

	Manufacture and Sale of Health and Wellness Consumer Products RM'000	Investment Holding RM'000	Other Non- Reportable Segments RM'000	Elimination RM'000	Consolidated RM'000
2023					
Revenue from external customers	1,576,167	-	24,647	-	1,600,814
Inter-segment revenue	103	235,711	788	(236,602)	-
Total revenue	1,576,270	235,711	25,435	(236,602)	1,600,814
Segment profit/(loss)	454,601	213,096	(665)	(211,517)	455,515
Included in the measure of segment profit/(loss) are:					
- Impairment loss on property, plant and equipment	(7,998)	-	-	-	(7,998)
- (Loss)/Gain on disposal of property, plant and equipment	(14)	346	-	-	332
- Property, plant and equipment written off	(300)	-	(141)	-	(441)
- Inventories written off	(752)	-	-	-	(752)
- Depreciation of property, plant and equipment	(19,248)	(3,839)	(6,018)	-	(29,105)
- Depreciation of right-of-use assets	(9,307)	-	(217)	-	(9,524)
- Depreciation of investment properties	(193)	-	(33)	-	(226)
- Amortisation of intangible assets	(9)	(37)	(7)	-	(53)
- Reversal/(Impairment loss) on trade and other receivables	56	(133)	-	-	(77)

Notes to the Financial Statements

31. OPERATING SEGMENTS (CONTINUED)

	Manufacture and Sale of Health and Wellness Consumer Products RM'000	Investment Holding RM'000	Other Non- Reportable Segments RM'000	Elimination RM'000	Consolidated RM'000
2023 (continued)					
- Bad debts written off	(36)	(48)	-	-	(84)
Segment assets	1,478,477	106,189	59,306	-	1,643,972
Included in the measure of segment assets are:					
- Additions to property, plant and equipment	76,463	6,105	7,826	-	90,394
- Additions and remeasurement of right-of-use assets	8,312	-	351	-	8,663
- Additions to intangible assets	57	26	5	-	88
2022					
Revenue from external customers	1,222,387	-	20,469	-	1,242,856
Inter-segment revenue	190	178,995	130	(179,315)	-
Total revenue	1,222,577	178,995	20,599	(179,315)	1,242,856
Segment profit/(loss)	355,343	166,744	(295)	(158,874)	362,918
Included in the measure of segment profit/(loss) are:					
- Impairment loss on property, plant and equipment	-	(1,457)	-	-	(1,457)
- Gain on disposal of property, plant and equipment	388	-	-	-	388
- Property, plant and equipment written off	(1,480)	-	(154)	-	(1,634)
- Inventories written off	(220)	-	-	-	(220)
- Depreciation of property, plant and equipment	(20,722)	(4,200)	(4,551)	-	(29,473)
- Depreciation of right-of-use assets	(8,558)	-	(219)	-	(8,777)
- Depreciation of investment properties	(202)	-	(34)	-	(236)
- Amortisation of intangible assets	(51)	(37)	(16)	-	(104)
- Impairment loss on trade and other receivables	(547)	(757)	-	-	(1,304)
- Bad debts written off	(299)	(32)	(131)	-	(462)
- Bad debts recovered	521	-	-	-	521
Segment assets	1,259,620	79,285	63,828	-	1,402,733

Notes to the Financial Statements

31. OPERATING SEGMENTS (CONTINUED)

	Manufacture and Sale of Health and Wellness Consumer Products	Investment Holding	Other Non- Reportable Segments	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000
2022 (continued)					
Included in the measure of segment assets are:					
- Assets classified as held for sale	32,425	-	-	-	32,425
- Additions to property, plant and equipment	155,977	16,727	12,772	-	185,476
- Additions and remeasurement of right-of-use assets	15,373	-	316	-	15,689
- Additions to intangible assets	39	18	17	-	74

Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on geographical location of customers as disclosed in Note 23.1. Segment assets are based on the geographical location of the assets. The amount of non-current assets do not include financial instruments and deferred tax assets.

Geographical information	Non-current Assets RM'000
2023	
South America	1,199
Asia (Excluding Malaysia)	348,417
North America	25,734
Malaysia	318,967
Europe	4,364
Africa	879
Oceania	1,293
	700,853
2022	
South America	1,970
Asia (Excluding Malaysia)	313,806
North America	21,656
Malaysia	287,897
Europe	4,256
Africa	701
Oceania	1,285
	631,571

Notes to the Financial Statements

31. OPERATING SEGMENTS (CONTINUED)

Major customers

There were no customers which individually contributed to more than 10% of the Group's revenue.

32. CAPITAL COMMITMENTS

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Contracted but not provided for:				
Property, plant and equipment	33,572	73,053	9,825	28,392

33. FINANCIAL INSTRUMENTS

33.1 Categories of financial instruments

Trade and other receivables (excluding prepayments and indirect taxes) short term investments and cash and cash equivalents are categorised as financial assets at amortised cost (Note 15) while trade and other payables, loans and borrowings are categorised as financial liabilities measured at amortised cost (Note 22).

The Group's financial instruments categorised as fair value through profit or loss ("FVTPL") are as follows:

	2023	2022
	RM'000	RM'000
Derivative financial (liabilities)/assets	(76)	80

33.2 Net gains/(losses) arising from financial instruments

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Financial assets measured at amortised cost	(1,013)	2,784	(15,447)	(16,710)
Financial (liabilities)/assets measured at fair value through profit or loss	(156)	76	-	-
Financial liabilities measured at amortised cost	(19,584)	(19,615)	(3,586)	(2,473)
	(20,753)	(16,755)	(19,033)	(19,183)

33.3 Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

Notes to the Financial Statements

33. FINANCIAL INSTRUMENTS (CONTINUED)

33.4 Credit risk

Credit risk is the risk of a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers. The Company's exposure to credit risk arises principally from advances to subsidiaries, associate and joint venture and financial guarantees given to banks for borrowings granted to subsidiaries.

Trade receivables and contract assets

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. The majority of the Group's revenue from direct sales are transacted on cash term. Normally credit evaluations are performed on distributors and other customers requiring credit over a certain amount.

At each reporting date, the Group assesses whether any of the trade receivables and contract assets are credit impaired.

The gross carrying amounts of credit impaired trade receivables and contract assets are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables and contract assets that are written off could still be subject to enforcement activities.

There are no significant changes as compared to prior year.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables and contract assets are represented by the carrying amounts in the statements of financial position.

Concentration of credit risk

The exposure to credit risk for trade receivables and contract assets as at the end of the reporting period by geographical region was:

	2023 RM'000	2022 RM'000
Malaysia	4,399	3,322
Asia (excluding Malaysia)	8,168	1,139
Europe	2,218	3,132
Middle East	29,542	12,911
Others	811	604
	45,138	21,108

Recognition and measurement of impairment losses

In managing credit risk of trade receivables, the Group takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. Generally, trade receivables will pay within credit the period granted.

The Group uses an allowance matrix to measure expected credit losses ("ECLs") of trade receivables. Consistent with the Group's debt recovery process, invoices which are past due more than 90 days (2022: 150 days) will be considered as credit impaired.

Loss rates are based on actual credit loss experience over the past three years and forward-looking information. The Group believes that the financial impacts from forward-looking information are inconsequential for the purpose of impairment assessment for trade receivables due to the short term nature of the receivables.

Notes to the Financial Statements

33. FINANCIAL INSTRUMENTS (CONTINUED)

33.4 Credit risk (continued)

Trade receivables and contract assets (continued)

Recognition and measurement of impairment losses (continued)

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets which are grouped together as they are expected to have similar risk nature.

Group	Gross Carrying Amount RM'000	Loss Allowances RM'000	Net Balance RM'000
2023			
Not past due	20,700	-	20,700
Past due 1 - 30 days	5,188	-	5,188
Past due 31 - 120 days	17,905	-	17,905
Past due more than 120 days	1,345	-	1,345
	45,138	-	45,138
Credit impaired			
Individually impaired	527	(527)	-
	45,665	(527)	45,138
Trade receivables	45,022	(527)	44,495
Contract assets	643	-	643
	45,665	(527)	45,138
2022			
Not past due	8,683	-	8,683
Past due 1 - 30 days	5,105	-	5,105
Past due 31 - 120 days	6,115	-	6,115
Past due more than 120 days	1,205	-	1,205
	21,108	-	21,108
Credit impaired			
Individually impaired	585	(585)	-
	21,693	(585)	21,108
Trade receivables	21,124	(585)	20,539
Contract assets	569	-	569
	21,693	(585)	21,108

There are past due trade receivables which the Group has not recognised any loss allowance as the trade receivables are supported by subsequent collection after the end of the reporting period and historical collection trend from these customers.

Notes to the Financial Statements

33. FINANCIAL INSTRUMENTS (CONTINUED)

33.4 Credit risk (continued)

Trade receivables and contract assets (continued)

Recognition and measurement of impairment losses (continued)

The movements in the allowance for impairment in respect of trade receivables and contract assets during the year are shown below.

	2023 RM'000	2022 RM'000
Group		
Balance at 1 March 2022/2021	585	76
(Reversal)/Impairment loss	(56)	511
Effect of movement in exchange rates	(2)	(2)
Balance at 28 February	527	585

Other receivables

Credit risk on other receivables are mainly arising from amounts owing from an associate and joint venture, insurance claim receivable and advances to suppliers and a customer.

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

The movements in allowance for impairment in respect of other receivables during the year were as follows:

	2023 RM'000	2022 RM'000
Group		
Balance at 1 March 2022/2021	9,072	8,279
Impairment loss	133	793
Written off	(208)	-
Effect of movement in exchange rates	8	-
Balance at 28 February	9,005	9,072
Company		
Balance at 1 March 2022/2021	6,759	6,002
Impairment loss	133	757
Balance at 28 February	6,892	6,759

Cash and cash equivalents

The cash and cash equivalents are held with reputable banks and financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

These banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by government agencies. The Group and the Company are of the view that a loss allowance is not required.

Notes to the Financial Statements

33. FINANCIAL INSTRUMENTS (CONTINUED)

33.4 Credit risk (continued)

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors the ability of the subsidiaries to repay their loans and borrowings.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounted to RM3,739,000 (2022: RM6,317,000) representing the outstanding banking facilities utilised by the subsidiaries as at the end of the reporting period.

The financial guarantees are provided as credit enhancements to the subsidiaries' borrowings.

Recognition and measurement of impairment loss

The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. The Company considers a financial guarantee to be credit impaired when:

- The subsidiary is unlikely to repay its credit obligation to the bank in full; or
- The subsidiary is continuously loss making and is having a deficit shareholders' fund.

The Company determines the probability of default of the guaranteed loans individually using internal information available.

As at the end of the reporting period, there was no indication that any subsidiaries would default on repayment.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

Inter-company balances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured advances to subsidiaries. The Company monitors the ability of the subsidiaries to repay the advances on an individual basis.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the Company's statement of financial position.

The advances provided are not secured by any collateral or supported by any other credit enhancements.

Recognition and measurement of impairment loss

Generally, the Company considers advances to subsidiaries to have low credit risk. The Company assumes that there is a significant increase in credit risk when the financial position of the subsidiary deteriorates significantly. As the Company is able to determine the timing of payment of the advances to subsidiaries, the Company considers the advances to be in default when the subsidiaries are not able to pay when demanded. The Company considers the advances to be credit impaired when:

- The subsidiary is unlikely to repay its loan or advances to the Company in full; or
- The subsidiary is continuously loss making and is having a deficit shareholders' fund.

Notes to the Financial Statements

33. FINANCIAL INSTRUMENTS (CONTINUED)

33.4 Credit risk (continued)

Inter-company balances (continued)

Recognition and measurement of impairment loss (continued)

The Company determines the probability of default for these advances individually using internal information available.

The following table provides information about the exposure to credit risk and ECLs for subsidiaries' advances.

Company	Gross Carrying Amount RM'000	Loss Allowances RM'000	Net Balance RM'000
2023			
Low credit risk	134,994	-	134,994
Credit impaired	31,787	(28,526)	3,261
	166,781	(28,526)	138,255
2022			
Low credit risk	142,297	-	142,297
Credit impaired	15,604	(15,534)	70
	157,901	(15,534)	142,367

The movement in allowance for impairment in respect of subsidiaries' advances during the year were as follows:

	2023 RM'000	2022 RM'000
Balance as at 1 March 2022/2021	15,534	151
Impairment loss	13,075	15,383
Written off	(83)	-
Balance as at 28 February	28,526	15,534

33.5 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group maintains a level of cash and cash equivalents and banking facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Notes to the Financial Statements

33. FINANCIAL INSTRUMENTS (CONTINUED)

33.5 Liquidity risk (continued)

Maturity analysis

The table below summarises the maturity profile of the Group's and of the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

	Carrying Amount RM'000	Contractual Interest Rates/ Discount Rates Per Annum %	Contractual Cash Flows RM'000	Under 1 Year RM'000	1 - 5 Years RM'000	More Than 5 Years RM'000
Group						
2023						
<i>Non-derivative financial liabilities</i>						
Lease liabilities	21,345	3.13 - 8.00	22,695	9,589	11,801	1,305
Hire purchase liabilities	3,723	1.71 - 6.71	4,054	1,286	2,768	-
Term loans	58,585	2.00 - 7.26	69,609	15,219	49,443	4,947
Revolving credits	175,262	3.20 - 5.70	175,262	175,262	-	-
Trade and other payables	396,743	-	396,743	396,743	-	-
	655,658		668,363	598,099	64,012	6,252
<i>Derivative financial liabilities</i>						
Forward exchange contracts (gross settled)						
Outflow	76	-	2,270	2,270	-	-
Inflow	-	-	(2,194)	(2,194)	-	-
	655,734		668,439	598,175	64,012	6,252

Notes to the Financial Statements

33. FINANCIAL INSTRUMENTS (CONTINUED)

33.5 Liquidity risk (continued)

Maturity analysis (continued)

	Carrying Amount RM'000	Contractual Interest Rates/ Discount Rates Per Annum %	Contractual Cash Flows RM'000	Under 1 Year RM'000	1 - 5 Years RM'000	More Than 5 Years RM'000
Group						
2022						
<i>Non-derivative financial liabilities</i>						
Lease liabilities	22,839	3.13 - 8.00	24,676	8,867	14,544	1,265
Hire purchase liabilities	2,268	1.71 - 6.61	2,407	980	1,427	-
Term loans	42,254	2.00 - 3.80	45,044	12,168	31,359	1,517
Revolving credits	201,663	1.05 - 1.36	201,663	201,663	-	-
Trade and other payables	337,034	-	337,034	337,034	-	-
	<u>606,058</u>		<u>610,824</u>	<u>560,712</u>	<u>47,330</u>	<u>2,782</u>
<i>Derivative financial assets</i>						
Forward exchange contracts (gross settled)						
Outflow	-	-	4,728	4,728	-	-
Inflow	(80)	-	(4,808)	(4,808)	-	-
	<u>605,978</u>		<u>610,744</u>	<u>560,632</u>	<u>47,330</u>	<u>2,782</u>

Notes to the Financial Statements

33. FINANCIAL INSTRUMENTS (CONTINUED)

33.5 Liquidity risk (continued)

Maturity analysis (continued)

	Carrying Amount RM'000	Contractual Interest Rates Per Annum %	Contractual Cash Flows RM'000	Under 1 Year RM'000	1 - 5 Years RM'000	More Than 5 Years RM'000
Company						
<i>Non-derivative financial liabilities</i>						
2023						
Hire purchase liabilities	1,890	3.74 - 4.86	2,061	520	1,541	-
Term loans	56,618	4.80 - 7.26	67,297	15,024	48,662	3,611
Revolving credits	173,952	3.20 - 5.66	173,952	173,952	-	-
Other payables	11,853	-	11,853	11,853	-	-
Financial guarantee	-	-	3,739	3,739	-	-
	244,313		258,902	205,088	50,203	3,611
2022						
Hire purchase liabilities	889	3.93 - 4.86	954	341	613	-
Term loans	40,116	2.32 - 2.57	42,602	11,996	30,606	-
Revolving credits	196,642	1.06 - 1.30	196,642	196,642	-	-
Other payables	16,393	-	16,393	16,393	-	-
Financial guarantee	-	-	6,317	6,317	-	-
	254,040		262,908	231,689	31,219	-

33.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices that will affect the Group's financial position or cash flows.

33.6.1 Currency risk

The Group is exposed to foreign currency risk on its sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Group entities. The currencies giving rise to this risk are primarily US Dollar ("USD") and Euro Dollar ("EUR").

Notes to the Financial Statements

33. FINANCIAL INSTRUMENTS (CONTINUED)

33.6 Market risk (continued)

33.6.1 Currency risk (continued)

Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period was:

	Denominated in	
	USD RM'000	EUR RM'000
Group		
2023		
Trade and other receivables	35,051	3,299
Short term investments	7,253	-
Cash and cash equivalents	91,273	22,113
Trade and other payables	(3,863)	(23)
Loans and borrowings	(176,413)	(54,673)
Net exposure	(46,699)	(29,284)
2022		
Trade and other receivables	13,275	5,387
Short term investments	2,750	-
Cash and cash equivalents	65,555	61,023
Trade and other payables	(3,410)	(26)
Loans and borrowings	(151,619)	(89,048)
Net exposure	(73,449)	(22,664)
Company		
2023		
Short term investments	7,253	-
Cash and cash equivalents	11,133	6,472
Loans and borrowings	(175,105)	(54,673)
Net exposure	(156,719)	(48,201)
2022		
Short term investments	2,750	-
Cash and cash equivalents	18,955	7,514
Loans and borrowings	(146,599)	(89,048)
Net exposure	(124,894)	(81,534)

Notes to the Financial Statements

33 FINANCIAL INSTRUMENTS (CONTINUED)

33.6 Market risk (continued)

33.6.1 Currency risk (continued)

Currency risk sensitivity analysis

A 10% (2022: 10%) strengthening of the RM against the following currencies at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted cash and cash equivalents.

	Profit or Loss	
	2023	2022
	RM'000	RM'000
Group		
USD	3,549	5,582
EUR	2,226	1,722
Company		
USD	11,911	9,492
EUR	3,663	6,197

A 10% (2022: 10%) weakening of the RM against the above currencies at the end of the reporting period would have had equal but opposite effect to the amount shown above, on the basis that all other variables remained constant.

33.6.2 Interest rate risk

The Group's significant interest-earning financial assets and interest-bearing financial liabilities are mainly its short term deposits and its fixed and floating rate borrowings. Short term receivables and payables are not significantly exposed to interest rate risk.

The Group's deposit placements as at the end of the reporting period are short term and therefore, exposure to the effects of future changes at prevailing level of interest rates is limited.

The Group's fixed rate borrowings are exposed to a risk of change in their fair values due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates.

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interest-earning/(bearing) financial instruments, based on carrying amounts as at the end of the reporting period was:

Notes to the Financial Statements

33. FINANCIAL INSTRUMENTS (CONTINUED)

33.6 Market risk (continued)

33.6.2 Interest rate risk (continued)

Exposure to interest rate risk (continued)

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Fixed rate instruments				
Financial assets	287,361	160,244	91,874	68,594
Financial liabilities	(202,297)	(228,908)	(175,842)	(197,531)
	85,064	(68,664)	(83,968)	(128,937)
Floating rate instruments				
Financial liabilities	(56,618)	(40,116)	(56,618)	(40,116)

Interest rate risk sensitivity analysis

(a) Fair value sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group and the Company do not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

(b) Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points (bp) in interest rates at the end of the reporting period would have increased/ (decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remained constant.

	Group		Company	
	Profit or Loss		Profit or Loss	
	100 bp	100 bp	100 bp	100 bp
	Increase	Decrease	Increase	Decrease
	RM'000	RM'000	RM'000	RM'000
2023				
Floating rate instruments	(430)	430	(430)	430
2022				
Floating rate instruments	(305)	305	(305)	305

Notes to the Financial Statements

33. FINANCIAL INSTRUMENTS (CONTINUED)

33.7 Fair value information

The carrying amounts of cash and cash equivalents, short term receivables, short term receivables, payables and borrowings reasonably approximate their fair values due to the relatively short term nature of these financial instruments.

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position.

Group	Fair Value of Financial Instruments Carried at Fair Value				Fair Value of Financial Instruments Not Carried at Fair Value				Total Fair Value	Carrying Amount
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2023										
Financial liabilities										
Forward exchange contracts	-	76	-	76	-	-	-	-	76	76
Hire purchase liabilities	-	-	-	-	-	-	3,723	3,723	3,723	3,723
Terms loans	-	-	-	-	-	-	58,585	58,585	58,585	58,585
	-	76	-	76	-	-	62,308	62,308	62,384	62,384
2022										
Financial asset										
Forward exchange contracts	-	80	-	80	-	-	-	-	80	80
Financial liabilities										
Hire purchase liabilities	-	-	-	-	-	-	2,268	2,268	2,268	2,268
Terms loans	-	-	-	-	-	-	42,254	42,254	42,254	42,254
	-	-	-	-	-	-	44,522	44,522	44,522	44,522

Notes to the Financial Statements

33. FINANCIAL INSTRUMENTS (CONTINUED)

33.7 Fair value information (continued)

Company	Fair Value of Financial Instruments Carried at Fair Value				Fair Value of Financial Instruments Not Carried at Fair Value				Total Fair Value	Carrying Amount
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2023										
Financial asset										
Other receivables	-	-	-	-	-	-	34,119	34,119	34,119	34,119
Financial liabilities										
Hire purchase liabilities	-	-	-	-	-	-	1,890	1,890	1,890	1,890
Term loans	-	-	-	-	-	-	56,618	56,618	56,618	56,618
	-	-	-	-	-	-	58,508	58,508	58,508	58,508
2022										
Financial asset										
Other receivables	-	-	-	-	-	-	31,994	31,994	31,994	31,994
Financial liabilities										
Hire purchase liabilities	-	-	-	-	-	-	889	889	889	889
Term loans	-	-	-	-	-	-	40,116	40,116	40,116	40,116
	-	-	-	-	-	-	41,005	41,005	41,005	41,005

Notes to the Financial Statements

33. FINANCIAL INSTRUMENTS (CONTINUED)

33.7 Fair value information (continued)

Transfers between fair value levels

There has been no transfer between the levels in fair value during the financial year (2022: no transfer in either direction).

Level 2 fair value

Derivative financial liabilities

The fair value of the forward exchange contracts is estimated by reference to the market rate for similar contracts obtained from the banks which the Group contracted with.

Level 3 fair value

Non-derivative financial liabilities

The carrying amount of floating rate term loans approximates fair value as their effective interest rates change accordingly to movements in the market interest rate. The fair value of fixed rate financial liabilities (i.e. hire purchase liabilities and fixed rate term loans) is calculated using discounted cash flows where the market rate of interest is determined by reference to similar borrowing arrangements.

34. CAPITAL MANAGEMENT

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Group actively and regularly reviews and manages its capital and borrowing structure to ensure optimal capital structure and shareholders' returns, taking into consideration future capital requirements, capital efficiency as well as prevailing and projected strategic investment opportunities.

There was no change in the Group's approach to capital management during the financial year.

35. ACQUISITION OF A SUBSIDIARY

On 4 April 2022, the Company acquired the entire equity interests in PT Suryasoft Konsultama for a total purchase consideration of IDR313,196,695 (equivalent to RM92,247). The acquisition enables the Group to be more efficient in its global roll-out of information technology systems and applications. In the 11 months to 28 February 2023, the subsidiary contributed a loss for the period of RM1,385,000 to the Group. There is no material difference to the Group's consolidated revenue and profit for the year had the acquisition occurred on 1 March 2022. The acquisition gave rise to a gain on bargain purchase of RM19,000 which was recognised immediately in profit or loss. In determining the fair value of the net assets acquired, the Company has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 March 2022.

Notes to the Financial Statements

35. ACQUISITION OF A SUBSIDIARY (CONTINUED)

The following summarises the consideration transferred and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

	Note	Group 2023 RM'000
Fair value of consideration transferred		
Consideration settled in cash		92
Identifiable assets acquired and liabilities assumed		
Property, plant and equipment	3	15
Trade and other receivables		17
Cash and cash equivalents		87
Trade and other payables		(8)
Total identifiable net assets		111

The fair value of the identifiable net assets is represented by their carrying amounts on the date of the acquisitions.

	Group 2023 RM'000
Net cash outflow arising from acquisition of subsidiary	
Purchase consideration settled in cash	(92)
Cash and cash equivalents acquired	87
	(5)

36. SIGNIFICANT EVENTS

- (i) 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.

- (ii) The Group has on 9 June 2022 incorporated a wholly-owned subsidiary, DXN Bangladesh Industries Pvt. Ltd ("DXN Bangladesh Industries") with an initial paid-up capital of Bangladeshi Taka 4,300,000 (equivalent to RM205,000).

DXN Bangladesh Industries is principally engaged to produce, manufacture and process food and beverages, homecare products and home appliances.

Notes to the Financial Statements

36. SIGNIFICANT EVENTS (CONTINUED)

- (iii) On 15 December 2022, the Company incorporated a wholly owned subsidiary, Dexin Manufacturing Nepal Private Limited ("Dexin Nepal") with an initial paid-up capital of Nepalese Rupee ("NPR") 100,000,000 (equivalent to RM3,349,000).

The intended principal activity of Dexin Nepal is to produce, manufacture, process and the sales and distribution of food and beverages, homecare products and home appliances.

37. MATERIAL TAX MATTERS

- (i) DXN International Peru SAC ("DXN Peru"), a wholly-owned subsidiary of the Company was audited by the National Superintendency of Customs and Tax Administration ("SUNAT") in 2017. Arising from the tax audit which related to assessment year 2015, SUNAT had disallowed certain sales commission as a deductible expense. Additional taxes and penalties of Peruvian Nuevo Sol ("Pen S/") 0.37 million (equivalent to RM0.38 million) were imposed and paid by DXN Peru for assessment year 2015. DXN Peru submitted appeals on the matter and the Supreme Court of Justice of Lima had on 11 January 2022 issued a resolution of preliminary revision ("RPR") denying DXN Peru's appeal. The RPR concluded the judicial process.

As at 28 February 2023, DXN Peru has provided the additional income tax and estimated penalties relating to the sales commission that may be similarly disallowed by SUNAT for financial years 2016 till 2020 amounting to Pen S/4.63 million (equivalent to RM5.26 million) and ceased recognising sales commission as a deductible expense in its income tax return for YA 2021 and beyond.

- (ii) During the financial year 2023, DXN Peru was notified by the SUNAT regarding an incorrect tariff code being applied for the importation of Zhi Mocha. This has resulted in the perceived under declaration of import duties and value added tax for the years 2018, 2019, 2020 and 2021. A provision for the potential amounts to be paid of Pen S/1.29 million (equivalent to RM1.47 million) was made by the Group as at 28 February 2023. Effective year 2022, DXN Peru has applied the tariff code as advised by SUNAT for the importation of Zhi Mocha.

Subsequent to 28 February 2023, DXN Peru paid additional import duties for years 2018, 2019 and 2020 amounting to Pen S/0.63 million (equivalent to RM0.72 million).

- (iii) DXN Mexico S.A. de C.V. ("DXN Mexico"), a wholly-owned subsidiary of the Company has an ongoing income tax dispute with the Tax Administration Service of Mexico (Servicio de Administración Tributaria) ("SAT") in relation to certain expenses that were disallowed as tax deductions and omission of taxable income in respect of the reversal of certain provisions. The SAT had imposed additional income tax (inclusive of fines and surcharges) for a total amount of MXN6.79 million (equivalent to RM1.59 million) for financial year 2013 and denied DXN Mexico's request for refund of outstanding tax balances amounting to MXN2.32 million (equivalent to RM0.54 million) for financial year 2012 ("Mexico Income Tax 2013 Case").

On 25 January 2016, DXN Mexico had filed an appeal for revocation against the amount imposed by the SAT.

The potential amount payable (including inflation, surcharges and penalties) in relation to the Mexico Income Tax 2013 Case is estimated to be MXN15.47 million (equivalent to RM3.62 million).

Of the MXN15.47 million (equivalent to RM3.62 million), the legal counsel advising DXN Mexico is of the opinion that MXN10.69 million (equivalent to RM2.50 million) are with high probabilities and the remaining MXN4.78 million (equivalent to RM1.12 million) are with low probabilities of obtaining a result in favour of DXN Mexico. The MXN4.78 million (equivalent to RM1.12 million) has been provided and recognised in profit or loss by DXN Mexico as at financial year ended 28 February 2023.

In 2016, DXN Mexico filed a nullity proceeding before the Federal Court of Tax and Administrative Affairs (FCTAA). The outcome of the matter is currently pending.

Notes to the Financial Statements

37. MATERIAL TAX MATTERS (CONTINUED)

- (iv) DXN Marketing India Private Limited ("DXN Marketing India"), a 50% owned subsidiary of the Company received a letter of summon dated 9 June 2020 from the GST Intelligence in Belagavi, India ("GST Intelligence") for incorrect GST rates being applied and paid for RG and GL powder capsules, spirulina powder capsules and Neeli hair oil imported for the period from 1 July 2017 ("India GST Case").

DXN Marketing India has attended several rounds of personal hearings with the GST Intelligence and has also submitted all records and clarifications as requested by the GST Intelligence.

The tax adviser of DXN Marketing India is of the opinion that there is a high probability of DXN Marketing India convincing the GST Intelligence that the correct GST rates were applied for spirulina powder capsules and Neeli hair oil. However, the tax adviser opined that DXN Marketing India only has a fair chance of convincing the GST Intelligence that the correct GST rates were applied for RG and GL powder capsules.

As at 28 February 2023, DXN Marketing India has recorded a provision of Indian Rupee ("INR") 453.85 million (equivalent to RM23.95 million) for the potential additional GST payable, including interest and penalties for RG and GL powder capsules imported.

- (v) The Income Tax Department of India ("Indian Income Tax Department") conducted a tax audit on Daxen Agritech India Private Limited ("Daxen Agritech"), a wholly-owned subsidiary of the Company and raised a demand for additional taxes amounting to INR170.07 million (equivalent to RM8.98 million) for the years of assessment ("YA"s) 2012 to 2019 ("Daxen Agritech Income Tax Case").

Under Section 80-IC of the Income Tax Act, 1961 of India, manufacturing companies set up in certain states, such as among others, Himachal Pradesh, between April 2003 to March 2010 are entitled for a tax deduction of 100% of the profits for the first 5 years and 30% for the subsequent 5 years ("Exemption Benefit").

Daxen Agritech was established in 2009 and commenced manufacturing of RG and GL capsules using raw materials (i.e. RG and GL powder) imported from Malaysia. Daxen Agritech had claimed the Exemption Benefit but the Assistant Commissioner of Income Tax ("ACIT") disallowed the Exemption Benefit on grounds that Daxen Agritech did not carry out manufacturing activities but was merely purchasing raw materials and filling them into capsules. The ACIT demanded from Daxen Agritech the payment of full income tax and interest for a total sum of INR170.07 million (equivalent to RM8.98 million) for YA2012 to YA2019.

The Group has recognised a provision for the income tax demanded for YA2012 to YA2019 of INR170.07 million (equivalent to RM8.98 million) during the financial year ended 28 February 2019.

Daxen Agritech has filed appeals to the Commissioner of Income Tax ("CIT") for the additional income taxes demanded. To file the said appeals, Daxen Agritech was required to pay INR34.50 million (equivalent to RM1.82 million) being 20% of the total amount demanded as deposit under protest to the Indian Income Tax Department.

Pending the CIT's decision on the appeal for YA2012 to YA2019, Daxen Agritech has provided for the potential additional income tax payable for YA2020 which amounted to INR22.28 million (equivalent to RM1.18 million) during the financial year ended 28 February 2021. The status of the appeal remains outstanding. There is no potential exposure for YA2021 and beyond as the Exemption Benefit is only applicable up to YA2020.

Notes to the Financial Statements

37. MATERIAL TAX MATTERS (CONTINUED)

- (vi) Daxen Agritech has an ongoing dispute with the Commissioner of Customs, New Delhi ("Indian Customs") in relation to the customs duty paid for the import of RG and GL powder for the years 2012 to 2018.

The RG and GL powder imported from Malaysia were classified as "bulk drugs for captive consumption" under the "Ayurvedic Medicine" category. However, the Indian Customs claimed that those RG and GL powder imported should have been classified under the "Food" category which will then be subjected to a higher customs duty rate. Consequently, the Indian Customs had demanded for additional customs duty to be paid totalling INR103.43 million (equivalent to RM5.46 million) comprising:

- (a) INR19.19 million (equivalent to RM1.01 million) for year 2012 ("India 2012 Customs Case"); and
(b) INR84.24 million (equivalent to RM4.45 million) for the years 2013-2018 ("India 2013-2018 Customs Case").

On 14 June 2013, Daxen Agritech has filed an appeal to the Commissioner of Customs ("the Appeal") and received an order in favour of Daxen Agritech. The Indian Customs then appealed on 9 April 2014 against the order before the Customs Excise and Service Tax Appellate Tribunal ("CESTAT") and received an order in favour of the Indian Customs.

Daxen Agritech subsequently filed another appeal on 9 July 2018 against the order by the CESTAT to the Supreme Court of India where the appeal has been admitted which remain pending. The next hearing date has yet to be fixed. To file the said appeal before the Supreme Court of India, Daxen Agritech has paid and recognised INR19.19 million (equivalent to RM1.01 million) for the India 2012 Customs Case in profit or loss. Daxen Agritech's legal adviser is of the opinion that the subsidiary has an equal chance in its appeal to the Supreme Court.

For the India 2013-2018 Customs Case, Daxen Agritech had on 2 September 2020 filed an appeal to the CESTAT against the order. The next hearing date has yet to be fixed. To file the appeal, Daxen Agritech has paid INR6.32 million (equivalent to RM0.33 million) representing 7.5% of the total amount demanded under protest.

The Group has provided the additional customs duty demanded of INR84.24 million (equivalent to RM4.45 million) in profit or loss during the financial year ended 29 February 2020.

Notwithstanding the outcome of the appeals, Daxen Agritech has commenced paying customs duty in accordance with the recommended tariff rate applicable to the "Food" category since June 2018.

- (vii) DXN Manufacturing (India) Private Limited ("DXN Manufacturing India"), a wholly-owned subsidiary of the Company has ongoing tax disputes with the Indian Income Tax Department for the years of assessment ("YA") 2004 to 2012. The Indian Income Tax Department raised a demand for additional taxes and decided that DXN Manufacturing India is eligible for a tax deduction on its profits under Section 80IB of the Income Tax Act, 1961 of India ("India ITA") ("DXN Manufacturing India Tax Case").

Under Section 80IB of the India ITA, manufacturing companies that commence activities in an under developed industrial area between April 1993 to March 2004 are entitled for a tax deduction of 100% on profits for the first 5 years and thereafter 30% for the subsequent 5 years ("Exemption Benefit").

DXN Manufacturing India was established in 2001 and commenced manufacturing of RG and GL capsules using raw materials (i.e. RG and GL powder) imported from Malaysia. DXN Manufacturing India had claimed the Exemption Benefit but the Indian Tax Department disallowed the Exemption Benefit on grounds that DXN Manufacturing India did not carry out manufacturing activities but was merely purchasing raw materials and filling them into capsules.

DXN had won the income tax cases for year of assessment ("YA") 2004 and YA2005 at the High Court of Chennai. The Indian Income Tax Department then appealed against the order of the High Court and the cases are now pending before the Supreme Court. DXN Manufacturing India's legal counsel is of the opinion that there is a high probability for the Supreme Court deciding in DXN Manufacturing India's favour.

Notes to the Financial Statements

37. MATERIAL TAX MATTERS (CONTINUED)

For YA 2006, DXN Manufacturing India has filed an appeal before the Commissioner of Income Tax (Appeals) and subsequently before the Income Tax Appellate Tribunal. The Income Tax Appellate Tribunal had vide its order dated 18 September 2009 ordered the Commissioner of Income Tax (Appeals) to re-examine the case and pass a fresh order after giving DXN Manufacturing India adequate opportunity of being heard. The Commissioner of Income Tax (Appeals) has yet to issue a fresh order to date.

DXN Manufacturing India has paid under protest the full taxes demanded by the Indian Income Tax Department for YA2004 up to YA2012 amounting to INR140.03 million (equivalent to RM7.39 million) and subsequently received refunds for part of the amount paid amounting to INR114.64 million (equivalent to RM6.05 million) for YA2007, YA2008, YA2009 and YA2010 that were ruled in favour of DXN Manufacturing India.

- (viii) DXN Manufacturing India also has an ongoing dispute with the Customs Excise and Service Tax Appellate Tribunal ("CESTAT") for additional excise duty imposed on RG and GL powder capsules manufactured and sold for the period from February 2002 to July 2002 amounting to INR20.30 million (equivalent to RM1.07 million).

The CESTAT is of the view that RG and GL powder capsules should have been categorised as health food supplements which are liable to a higher excise duty compared to ayurvedic proprietary medicine as categorised by DXN Manufacturing India. DXN Manufacturing India paid the above amount demanded and had on 5 March 2018 submitted an appeal before the Supreme Court of India. The hearing date for the appeal has yet to be determined.

Pending an outcome for the appeal, DXN Manufacturing India has paid excise duty for all subsequent RG and GL powder capsules manufactured and sold up till June 2011 using the excise duty prescribed by the CESTAT. DXN Manufacturing India discontinued the manufacturing and sale of the said products after June 2011. The total additional amount paid and recognised as an expense as a result of applying the higher excise duty under the health food supplements category amounted to INR321.88 million (equivalent to RM16.99 million).

The counsel advising DXN Manufacturing India on this matter is of the opinion that DXN Manufacturing India has a fair (i.e., 50%) chance to obtain a favourable decision from the Supreme Court.

- (ix) In November 2022, Daxen Morocco LLC ("Daxen Morocco"), a wholly-owned subsidiary of the Company was notified by the Morocco Custom Department ("MCD") that an incorrect tariff code was used for the importation of spirulina tablets, mix powder, morinzhi and cocozhi which resulted in the under declaration of taxes (import duties and value added tax).

As at 28 February 2023, additional import duties (including estimated penalties and interest) of Moroccan Dirham ("DH") 35.37 million (equivalent to RM14.97 million) were provided by the Group for the above products imported by Daxen Morocco since commencement of business up to October 2022. Effective November 2022, Daxen Morocco has applied the tariff code as advised by the MCD.

38. SUBSEQUENT EVENTS

- (i) 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.

Notes to the Financial Statements

38. SUBSEQUENT EVENTS (CONTINUED)

- (ii) 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 Cañete 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.

- (iii) On 22 February 2022 and 11 April 2023, the shareholders of the Company approved the following proposals to be undertaken by the Company:
- bonus issue of 4,584,236,000 new ordinary shares on the basis of approximately 19 new ordinary shares for every 1 existing share held;
 - initial public offering of up to 932,675,000 ordinary shares comprising an offer for sale of up to 772,675,000 existing ordinary shares to institutional investors and a public issue of 160,000,000 new ordinary shares to retail investors;
 - listing of and quotation for the entire enlarged issued ordinary shares on the Main Market of Bursa Malaysia Securities Berhad; and
 - employees' share option scheme for the granting of options to the eligible Directors and employees of the Company and its subsidiaries.

The above proposals were approved by the relevant authorities and the Company was listed on the Main Market of Bursa Malaysia Securities Berhad on 19 May 2023.

- (iv) At an Extraordinary General Meeting held on 25 May 2022, the Company's shareholders approved the establishment of the Employees' Share Option Scheme ("ESOS") of up to 5% of the total number of issued shares of the Company (excluding treasury shares, if any) to eligible Directors and employees of the Group. The ESOS is administered by the ESOS Committee in accordance with the By-Laws of the ESOS and shall be in force for a period of 5 years from effective date of 31 December 2023. The ESOS may be extended for a further period of up to 5 years provided that the ESOS shall not in aggregate exceed 10 years from the effective date.

On 18 May 2023, the Company has offered 30,000,000 ESOS to eligible Directors and employees of the Group at an exercise price of RM0.70 per ordinary share.

STATEMENT BY DIRECTORS

pursuant to Section 251(2) of the Companies Act 2016

In the opinion of the Directors, the financial statements set out on pages 101 to 193 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 28 February 2023 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

Teoh Hang Ching

Director

Dato' Lim Boon Yee

Director

Penang,

Date: 30 June 2023

STATUTORY DECLARATION

pursuant to Section 251(1)(b) of the Companies Act 2016

I, **Lim Yew Lin**, the officer primarily responsible for the financial management of DXN Holdings Bhd., do solemnly and sincerely declare that the financial statements set out on pages 101 to 193 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovenamed Lim Yew Lin, NRIC: 670906-02-5160, MIA CA20906, at George Town in the State of Penang on 30 June 2023.

Lim Yew Lin

Chief Financial Officer

Before me:

Goh Suan Bee

(No: P125)

Commissioner for Oaths

Penang

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF DXN HOLDINGS BHD.

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of DXN Holdings Bhd., which comprise the statements of financial position as at 28 February 2023 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 101 to 193.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 28 February 2023, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our auditors' report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for *Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Independent Auditors' Report

TO THE MEMBERS OF DXN HOLDINGS BHD.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Revenue from health and wellness consumer products segment - Group	
Refer to Note 2(q) – accounting policy on revenue and other income and Note 23 - Revenue to the financial statements.	
The key audit matter	How the matter was addressed in our audit
<p>The Group derives its revenue mainly from sales of fortified food and beverages, health and dietary supplements, personal care products, skin care and cosmetics and other related products on direct sales basis and through international distributors (“health and wellness consumer products segment”).</p> <p>The health and wellness consumer products segment contributes RM1.58 billion (2022: RM1.22 billion) or equivalent to 98.8% (2022: 98.4%) of the Group’s revenue. The majority of the Group’s revenue were transacted with members and stockists on cash term other than international distributors who were given credit terms ranging from 30 to 60 days.</p>	<p>Our audit procedures included, among others:</p> <ul style="list-style-type: none"> • Evaluated the design and implementation and tested the operating effectiveness of the Group’s controls over revenue derived from direct sales basis and those sold via international distributors; • Tested the admission of new members to the member’s admission forms and relevant supporting documents such as personal identification documents, company registration forms, tenancy agreements for member’s business premises and bank account details; • Reviewed contracts with major distributors and ascertained that the Group has recognised revenue in accordance with the terms of the contracts; • Tested sales transactions to cash bills (equivalent to invoices), bank statements and the Group’s E-point system where the sale was paid through deduction of bonuses; • Evaluated whether sales are recognised in the correct accounting period by testing selected sales transactions to acknowledged cash bills and delivery documents; • Tested material credit notes issued subsequent to the financial year end for items that would affect the current year’s revenue recognised; • Confirmed the year-to date sales and outstanding balance as at financial year end directly with the Group’s members, stockists and distributors on sample basis; • Assessed the adequacy of the Group’s disclosures on revenue in accordance with MFRS 15 : Revenue from Contracts with Customers.
Commission and bonuses - Group	
Refer to Note 2(c) – accounting policy on financial liabilities and Note 22 - Trade and other payables.	
The key audit matter	How the matter was addressed in our audit
<p>These are the significant cost elements in the Group’s financial statements where the Group offers commission and bonuses to its stockists and members as part of its sales and marketing strategy.</p> <p>As at 28 February 2023, the outstanding accruals for commission and bonuses amounted to RM198.5 million (2022: RM181.5 million) representing 30.4% and 27.0% (2022: 30.2% and 27.4%) of the Group’s current liabilities and total liabilities respectively.</p>	<p>Our audit procedures included, among others:</p> <ul style="list-style-type: none"> • Tested the IT General Controls and application controls of the Group’s bonus system; • Tested the completeness and accuracy of the data interfaced from the Group’s bonus system to the general ledger and reviewed reconciliation where applicable; • Confirmed the outstanding commission and bonuses payable at year end directly with the stockists and distributors on sample basis; and • Tested the commission and bonuses to payments made during and subsequent to year end.

Independent Auditors' Report

TO THE MEMBERS OF DXN HOLDINGS BHD.

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

Key Audit Matters (continued)

We have determined that there are no key audit matters in the audit of the separate financial statements of the Company to be communicated in our auditors' report.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the annual report and, in doing so, consider whether the annual report is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the annual report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the ability of the Group and of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group and of the Company.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

Independent Auditors' Report

TO THE MEMBERS OF DXN HOLDINGS BHD.

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

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors are disclosed in Note 7 to the financial statements.

Other Matter

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Penang

Date: 30 June 2023

Raymond Chong Chee Mon
Approval Number: 03272/06/2024 J
Chartered Accountant

APPENDIX I

Directors of the subsidiaries

The Directors of the Company's subsidiaries who served on the respective boards of the subsidiaries (excluding those who are also Directors of the Company) during the financial year until the date of this report are as follow:

Datin Leong Bee Ling	Rajesh Sikka Savera	
Alma Delia Zaragoza	R.Danur Disyacitta Prabowo	
Carlos Hector Alayza Bettocchi	Szabo Szabolcs	
Daisy Yuson	Teo Pei Shin	
Eko Pramono	Teoh Hang Ching	
Erick Omar Garcia Lopez	Teoh Thean Yong	
Feng ShuZhen	Theresa Katherine Krystal Ortiz Arteaga	
Frank Li Rui Xue	Thipawan Saiyawongsa	
Giuseppe Girlando	Totok Dewanto	
Gomobeva Angelica Tsybikovna	Wan Illiyyin Binti Wan Mohd Nazi	
Hilmi Hasan	Xiao XinXing	
Jijith Nellyyote Kakkunnath	Teoh Shi Kee	(Appointed on 17 March 2022)
José María Allonca	Liu FenPing	(Appointed on 1 June 2022)
Karol Lizeth Ortega Torres	Ripon Chandra Shil	(Appointed on 14 August 2022)
Key Kar Wai	Fanny Kurnia	Appointed on 27 September 2022)
Lim Yew Lin	Kostina Doloksaribu	(Appointed on 27 September 2022)
Lu Hong	Joan Nicolas Flores	Appointed on 20 October 2022)
Maria Siakola	Vijay Kumar	(Appointed on 15 December 2022)
Muhammad Luthfi Hidayat	Tan Pooi Chin	(Resigned on 31 May 2022)
Ng Lay Jiun	Heng Boi Sim	(Resigned on 1 June 2022)
Novita Kristin Djunaedi	Lim Guat Hong	(Resigned on 1 June 2022)
Nur Cahyono	Syed Isa bin Syed Alwi	(Resigned on 28 June 2022)
Nurettin Yavuz	Iftha Kharul Alam	(Appointed on 9 June 2022; and resigned on 14 August 2022)
Padinharu Valappil Asik Rehman	Febriandi	(Resigned on 27 September 2022)
Pamela Maria Johanson Bettocchi	Rusmia	(Resigned on 27 September 2022)
Perla Magdalena Rodriguez Garza	Luz Socorro Adalla Undajon	(Resigned on 22 October 2022)
Prajith Pavithran	Himanshu Behera	(Resigned on 25 November 2022)
Rabique Khaja Moinudeen		
Rafael Diaz Feliz		
Rajaram Saravanan		

LIST OF TOP 10 PROPERTIES

As at the 28 February 2023, details of the top 10 properties owned by our Group are as follows:

No.	Registered Owner/ Beneficial Owner/ Title Lot No./ Postal Address	Tenure	Description Of Property/ Existing Use	Age Of Building	Built-Up Area/ Land Area (Approximate) (Square Metres Unless Otherwise Stated)	NBV As At 28 February 2023 (RM'000)
Malaysia						
1.	DXN Mycotech/DXN Geran No. 337285 Lot 10084, Bandar Cyberjaya, Daerah Sepang, Negeri Selangor/ DXN Cyberville, Jalan Teknokrat 1, Cyberjaya, 63000 Cyberjaya, Selangor	Freehold	Three storey wellness and retreat centre and 150 units of service suite known as DXN Cyberville	> 1 year	23,708/ 19,578	75,073
2.	DXN Pharma/DXN Industries Geran Mukim 1065 Lot 1728, Mukim Malau, Daerah Kubang Pasu, Negeri Kedah/ Kg. Padang Panjang, Jalan Bukit Wang, 06000 Jitra, Kedah	Freehold	Single storey detached pharmaceutical factory, double storey detached coffee factory and double storey detached cosmetic factory with three storey office	Pharmaceutical factory – > 20 years Coffee factory – > 18 years Cosmetic factory – > 15 years	Pharmaceutical factory 2,700 Coffee factory 3,337 Cosmetic factory 13,545/ 26,058	27,962
3.	Amazing Discovery/ Geran No. 49061 Lot 587, Geran No. 49067 Lot 671 and Geran Mukim 338 Lot 10048, all in Mukim 1, Daerah Barat Daya, Negeri Pulau Pinang/ 8, Jalan Teluk Bahang, Teluk Bahang, 11050 Pulau Pinang	Freehold	Glamping site known as Boulder Valley consisting of 25 single storey camping sites, one block double storey support facility building, two blocks double storey employees' hostel, 10 single storey camping sites, 10 single storey "treehouse" camping sites and one block triple storey support facility building	> 4 years	3,009/ 97,861	22,303
4.	DXN/ Geran No. 27339, Lot No. 935, Bandar Gelugor, Daerah Timor Laut, Pulau Pinang and Geran No. 27340, Lot No. 936, Bandar Gelugor, Daerah Timor Laut, Pulau Pinang/ No. 363-W, Jalan Sultan Azlan Shah, Mk. 13, Bandar Gelugor, 11700 Pulau Pinang	Freehold	Double storey bungalow/ Office	> 6 years	743/ 1,256	10,885

List of Top 10 Properties

No.	Registered Owner/ Beneficial Owner/ Title Lot No./ Postal Address	Tenure	Description Of Property/ Existing Use	Age Of Building	Built-Up Area/ Land Area (Approximate) (Square Metres Unless Otherwise Stated)	NBV As At 28 February 2023 (RM'000)
Malaysia						
5.	DXN/ Geran 314366/M1/B1/3, Lot No. 42412, together with accessory parcels no. A3-A5, A71-A79 & A109, all in Pekan Cempaka, Daerah Petaling, Negeri Selangor/ Block C, 8 Suria Boutique Offices Dataran Prima, Jalan PJU 1/42 47301 Petaling Jaya Selangor Darul Ehsan	Freehold	Branch outlet and office	> 9 years	1,095/ N/A	6,567
China						
1.	DXN Agrotech Ningxia/ North of Longma Road, east of Binhu Avenue, and south of Yushantan Street, Zaoxiang Village, Xinghai Town, Dawukou District, Ningxia 753000	Term of use of 20 years from 1 December 2020 to 30 November 2040	Proposed Mycelium factory	N/A	N/A/ 8,001	22,642
2.	DXN Corporation Ningxia/ No.11, Zi Qiang Road, Shizuishan High Tech Industry Development Zone, Dawukou District, Shizuishan City, Ningxia 753000	Term of use of 50 years from 18 June 2010 to 17 June 2060	Industrial land as manufacturing facility consisting of: a) five-storey office building; b) two-storey canteen; c) three-storey residential building for workers' accommodation; d) three single-storey factory buildings; e) three-storey office attached to two- storey production factory; and f) double storey support facilities building	For building d): > 2 years For land & buildings a), b) & c): > 5 years	Office 4,272 Canteen 763 Dormitory 4,002 Factory buildings 5,902 Office attached factory building 13,031 Support facilities building 1,769/ 68,098	21,372

No.	Registered Owner/ Beneficial Owner/ Title Lot No./ Postal Address	Tenure	Description Of Property/ Existing Use	Age Of Building	Built-Up Area/ Land Area (Approximate) (Square Metres Unless Otherwise Stated)	NBV As At 28 February 2023 (RM'000)
India						
1.	DXN Manufacturing India/ Telangana: UDL Land situated at Siddipet Industrial Park in Sy. No. 392 of Mandapally Village, Siddipet (Urban) Mandal and in Sy.No.206 of Rajagopaleet Village of Nanganoor Mandal, Siddipet District, Telangana/ Survey No. 392 and 206, Siddipet Industrial Park, Rajagopalpet and Mandapally Village, Nangunoor Mandal, Siddipet Dist-502267, Siddipet, Telangana-502267	Freehold	Manufacturing and cultivation facility consisting of: a) three storey administrative building; b) cosmetic factory; c) coffee factory; d) single storey wet food factory; e) GMP factory; f) utility building; g) scrap yard; h) integrated warehouse; i) gateway structure; j) four spirulina ponds; k) toiletries factory; l) commercial lab; m) double storey canteen building; and n) two security cabins	> 1 year	107,504/ 18,919	66,732

List of Top 10 Properties

No.	Registered Owner/ Beneficial Owner/ Title Lot No./ Postal Address	Tenure	Description Of Property/ Existing Use	Age Of Building	Built-Up Area/ Land Area (Approximate) (Square Metres Unless Otherwise Stated)	NBV As At 28 February 2023 (RM'000)
India						
2.	<p>DXN Manufacturing India/</p> <p>Tamil Nadu:</p> <p>Property 1 – situated at Thiruvandar Koil Revenue Village bearing R.S. No. 141/4, in the district of Pondicherry, in the registration sub-district of Thirukanur, within Mannadipet, Commune, Panchayat Limits</p> <p>Property 2 – situated at Thiruvandar Koil Revenue Village bearing Cadastre No. 76, 75 Pt. R.S. No. 143/4 and Cadastre No. 75 Pt. R.S. No. 143/8A in the registration district of Pondicherry, in the registration sub-district of Thirukanur, within Mannadipet, Commune, Panchayat Limits</p> <p>Property 3 – situated at Thiruvandar Koil Revenue Village bearing Cadastre No. 94 Pt. R.S. No. 152/5 and Cadastre No. 94 Pt. R.S. No. 152/6 in the registration district of Pondicherry, in the registration sub-district of Thirukanur, within Mannadipet, Commune, Panchayat Limits</p> <p>Property 4 – situated at Thiruvandar Koil Revenue Village bearing R.S. No. 142/5, 141/4 in the district of Pondicherry, in the registration sub-district of Thirukanur, within Mannadipet, Commune, Panchayat Limits</p>	Freehold	Cultivation and manufacturing facilities consisting of factory buildings for the cultivation and manufacturing of Spirulina, juice and virgin coconut oil and a warehouse	> 1 year	6,123/ 72,627	6,847

No.	Registered Owner/ Beneficial Owner/ Title Lot No./ Postal Address	Tenure	Description Of Property/ Existing Use	Age Of Building	Built-Up Area/ Land Area (Approximate) (Square Metres Unless Otherwise Stated)	NBV As At 28 February 2023 (RM'000)
India						
	<p>Property 5 – situated at Thiruvandar Koil Revenue Village bearing Cadastre No. 94 Pt. R.S. No. 152/5 and Cadastre No.94 Pt. R.S. No. 152/6 in the registration district of Pondicherry, in the registration sub-district of Thirukanur, within Mannadipet, Commune, Panchayat Limits/</p> <p>R.S.No. 141/4 & 142/5, Whirlpool Road, Thiruvandar Koil, Mannadipet Commune, Pondicherry 605102</p>					
Mexico						
1.	<p>DXN Mexico/ A fraction of Lot C of property number 281 of kilometer 7.5 of route Mena-CIX-I, located in Ciudad Industrial Xicohténcatl I, Tetla de la Solidaridad, Tlaxcala, located in the ejido of N.C.P.E. Plan de Ayala</p>	<p>Civil Protection Programme dated 2 June 2022</p> <p><i>The Civil Protection Programme is renewed annually</i></p>	<p>Manufacturing facility for the manufacture of coffee products, food supplements and beverages</p>	< 1 year	9,725/ 44,542	19,979

ANALYSIS OF SHAREHOLDINGS

as at 31 May 2023

SHAREHOLDING STATISTICS AS AT 31 MAY 2023

Issued Share Capital	: 4,985,000,000 ordinary shares
Class of Share	: Ordinary Shares
No. of Shareholders	: 5,497
Voting Rights	: One vote per ordinary share

ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of Holdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares Held
LESS THAN 100	0	0.000	0	0.000
100 - 1,000	895	16.282	449,300	0.009
1,001 - 10,000	2,400	43.660	13,418,600	0.269
10,001 - 100,000	1,685	30.653	62,400,100	1.252
100,001 - 249,249,999*	515	9.369	856,407,000	17.180
249,250,000 - 4,985,000,000**	2	0.036	4,052,325,000	81.290
TOTAL:	5,497	100.00	4,985,000,000	100.00

* - Less than 5% of issued shares

** - 5% and above of issued shares

SUBSTANTIAL SHAREHOLDERS

No.	Name of Major Shareholders	<-----Direct----->		<-----Indirect----->	
		No. of Shares	%	No. of Shares	%
1.	LSJ Global Sdn. Bhd.	3,390,465,105	68.013	-	-
2.	Gano Global Supplements Pte. Ltd.	661,859,895	13.277	-	-
3.	Datin Leong Bee Ling	-	-	^3,390,465,105	68.013
4.	Datuk Lim Siow Jin	-	-	^3,390,465,105	68.013
5.	KV Asia Capital Fund I L.P.	-	-	*661,859,895	13.277
6.	KV Asia Capital Master Fund I Pte. Ltd.	-	-	*661,859,895	13.277

^ 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

* Deemed interested pursuant to Section 8 of the Companies Act, 2016

DIRECTOR'S INTEREST IN THE SHARE CAPITAL

No.	Name of Directors	<-----Direct----->		<-----Indirect----->	
		No. of Shares	%	No. of Shares	%
1.	Datuk Lim Siow Jin	-	-	[^] 3,390,465,105	68.013
2.	Teoh Hang Ching	830,000	0.017	[*] 75,000	0.002
3.	Dato' Lim Boon Yee	1,715,000	0.034	-	-
4.	Vibhav Panandiker	-	-	-	-
6.	Datuk Noripah Binti Kamso	200,000	0.004	-	-
6.	Tunku Afwida Binti Tunku A. Malek	-	-	-	-
7.	Stefan Heitmann	-	-	-	-
8.	Abraham Verghese A/L TV Abraham	-	-	-	-
9.	Ong Huey Min	-	-	[*] 70,000	0.001

[^] Deemed interested by virtue of his 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.

^{*} Indirect shares via spouse and/or children pursuant to Section 59(11)(c) of the Companies Act, 2016

By virtue of his interests of more than 20% in the shares of the Company, Datuk Lim Siow Jin is also deemed to have an interest in the shares of all the subsidiaries to the extent the Company has an interest.

LIST OF TOP 30 HOLDERS AS AT 31 MAY 2023

No.	Name	Holdings	%
1.	LSJ GLOBAL SDN. BHD.	3,390,465,105	68.013
2.	GANO GLOBAL SUPPLEMENTS PTE. LTD.	661,859,895	13.277
3.	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR HONG LEONG VALUE FUND	121,784,000	2.443
4.	AZAAL TRADING SDN. BHD.	72,057,800	1.445
5.	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR HONG LEONG BALANCED FUND	34,227,000	0.687
6.	CIMB GROUP NOMINEES (TEMPATAN) SDN. BHD. CIMB COMMERCE TRUSTEE BERHAD - KENANGA GROWTH FUND	32,586,000	0.654
7.	CIMB GROUP NOMINEES (TEMPATAN) SDN. BHD. CIMB COMMERCE TRUSTEE BERHAD FOR KENANGA SHARIAH GROWTH OPPORTUNITIES FUND (50156 TR01)	30,084,600	0.604
8.	CITIGROUP NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 14)	30,000,000	0.602
9.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (KENANGA)	24,353,000	0.489
10.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. EMPLOYEES PROVIDENT FUND BOARD (PHEIM)	20,384,500	0.409
11.	CIMB ISLAMIC NOMINEES (TEMPATAN) SDN. BHD. CIMB ISLAMIC TRUSTEE BERHAD - KENANGA SYARIAH GROWTH FUND	16,377,000	0.329

Analysis of Shareholdings

as at 31 May 2023

No.	Name	Holdings	%
12.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. MAYBANK TRUSTEES BERHAD FOR DANA MAKMUR PHEIM (211901)	12,561,600	0.252
13.	CARTABAN NOMINEES (TEMPATAN) SDN. BHD. PBTB FOR TAKAFULINK DANA EKUITI	12,502,400	0.251
14.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. MAYBANK TRUSTEES BERHAD FOR KENANGA SYARIAHEXTRA FUND (N14011960240)	12,185,800	0.244
15.	CARTABAN NOMINEES (TEMPATAN) SDN. BHD. CN CIMB COMMERCE TRUSTEE BERHAD FOR KENANGA GROWTH FUND SERIES 2	11,875,100	0.238
16.	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. CIMB FOR KAWAN FOOD MANUFACTURING SDN. BHD. (PB)	10,000,000	0.201
17.	MAYBANK SECURITIES NOMINEES (ASING) SDN. BHD. PLEGDED SECURITIES ACCOUNT FOR MATHEW PURACKAL KUNCHERIA	10,000,000	0.201
18.	CARTABAN NOMINEES (TEMPATAN) SDN. BHD. PAMB FOR PRULINK EQUITY FOCUS FUND	8,238,500	0.165
19.	CIMB GROUP NOMINEES (TEMPATAN) SDN. BHD. CIMB COMMERCE TRUSTEE BERHAD FOR KENANGA GROWTH OPPORTUNITIES FUND (50154 TR01)	8,013,000	0.161
20.	CIMB GROUP NOMINEES (TEMPATAN) SDN. BHD. CIMB COMMERCE TRUSTEE BERHAD - KENANGA MALAYSIAN INC FUND	7,935,600	0.159
21.	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM SARAWAK	7,032,800	0.141
22.	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR HONG LEONG GROWTH FUND	6,870,000	0.138
23.	CARTABAN NOMINEES (ASING) SDN. BHD. BCSL CLIENT AC PB CAYMAN CLIENTS	6,200,000	0.124
24.	CITIGROUP NOMINEES (ASING) SDN. BHD. CBNY FOR NORGES BANK (FI 17)	6,158,900	0.124
25.	PHILLIP NOMINEES (TEMPATAN) SDN. BHD. EXEMPT AN FOR PHILLIP CAPITAL MANAGEMENT SDN. BHD.	5,994,600	0.120
26.	CARTABAN NOMINEES (TEMPATAN) SDN. BHD. PAMB FOR PRULINK DANA UNGGUL	5,918,900	0.119
27.	LIM YEW LIN	5,787,500	0.116
28.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. MAYBANK TRUSTEES BERHAD FOR SAHAM AMANAH SABAH (ACC 2-940410)	5,650,000	0.113
29.	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR HONG LEONG DANA MAKMUR	5,496,000	0.110
30.	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR EASTSPRING INVESTMENTS SMALL-CAP FUND	5,199,100	0.104
TOTAL:		4,587,798,700	92.032

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-Seventh (27th) Annual General Meeting (“**AGM**”) of the shareholders of DXN HOLDINGS BHD. (“**DXNH**” or the “**Company**”) will be convened and held at DXN Cyberville, Jalan Teknokrat 1, Cyberjaya, 63000 Cyberjaya, Selangor on **Monday, 21 August 2023** at 10:00 am or at any adjournment thereof, for the purpose of considering and, if thought fit, passing the following resolutions, with or without any modifications:

AGENDA

Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 28 February 2023 and the Reports of the Directors and Auditors thereon.
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:
 - 2.1 Abraham Verghese A/L T V Abraham Ordinary Resolution 1
 - 2.2 Yang Mulia Tunku Afwida Binti Tunku A. Malek Ordinary Resolution 2
 - 2.3 Stefan Heitmann Ordinary Resolution 3
3. To approve the payment of Directors’ fees and benefits payable of up to RM800,000 for the period commencing one day after this AGM through to the next AGM of the Company in 2024. Ordinary Resolution 4
4. To re-appoint KPMG PLT as Auditors of the Company for the financial year ending 28 February 2024 and to authorise the Directors to fix their remuneration. Ordinary Resolution 5

As 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

“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.

Notice of Annual General Meeting

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."

6. **PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE AND/OR TRADING IN NATURE ("Proposed Shareholders' Mandate")**

Ordinary Resolution 7

"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 ("**Group**") to enter into any of the transactions falling within the types of recurrent related party transactions of a revenue or trading nature with specified classes of related parties ("**Recurrent Related Party Transactions**") which are necessary for the day to day operations and are in the ordinary course of business and are carried out at arms' length basis on normal commercial terms of the Group on terms not more favourable to the related parties than those generally available to the public and are not, in the Company's opinion, detrimental to 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."

7. **PROPOSED AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES ("PROPOSED SHARE BUY-BACK AUTHORITY")**

Ordinary Resolution 8

"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 28 February 2023 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 2024 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.”

8. To transact any other business of which due notice shall have been given.

By Order of the Board

Tai Yit Chan, MAICSA 7009143 | SSM PC No. 202008001023
 Ong Tze-En, MAICSA 7026537 | SSM PC No. 202008003397
 Lim Yew Lin, MIA 20906 | SSM PC No. 202008001679
 Joint Company Secretaries
 Penang, 30 June 2023

Notes:

1. A member of the Company entitled to attend and vote at a meeting of the Company, or at a meeting of any class of members of the Company, shall be entitled to appoint not more than two (2) proxies to attend, speak and vote in his stead at the meeting, and that a proxy may but need not be a member. A proxy must be of full age. There shall be no restriction as to the qualification of the proxy. Where a member appoints more than one (1) proxy, he shall specify the proportion of his holdings to be represented by each proxy, failing which the appointment shall be invalid. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting.
2. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 (“**SICDA**”), it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. The appointment of two (2) proxies in respect of any particular securities account shall be invalid unless the authorised nominee specifies the proportion of its shareholding to be represented by each proxy.
3. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account (“**Omnibus Account**”), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds. Where an Exempt Authorised Nominee appoints more than one (1) proxy in respect of each Omnibus Account, the appointment shall be invalid unless the Exempt Authorised Nominee specifies the proportion of its shareholding to be represented by each proxy. An Exempt Authorised Nominee refers to an authorised nominee defined under the SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
4. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing, or, if the appointer is a corporation, either under its Common Seal, or under the hand of an officer or attorney duly authorised. An instrument appointing a proxy to vote shall be deemed to include the power to demand or concur in demanding a poll on behalf of the appointer. Members not resident in Malaysia may appoint and revoke proxies by cable.
5. For the proxy to be valid, the proxy form duly completed must be deposited 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.
6. Please ensure ALL the particulars as required in this proxy form are completed, signed and dated accordingly.
7. In respect of deposited securities, only a depositor whose name appears on the Record of Depositors on 14 August 2023 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his/her behalf.

Notice of Annual General Meeting

Explanatory Notes:

1. The profiles of the Directors who are standing for re-election under item 2 of this Agenda are set out under the Board of Directors' profile of the Annual Report 2023. Based on the recommendation of the Nomination Committee, the Board of Directors ("**Board**") is satisfied with the performance and contributions of the retiring Directors, namely, Abraham Verghese A/L T V Abraham, Yang Mulia Tunku Afwida Binti Tunku A. Malek and Stefan Heitmann and supports their re-election. The retiring Directors are Independent Non-Executive Directors ("**INEDs**") and fulfil the requirements of independence set out in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. All of them have demonstrated objectivity and commitment through proactive engagements at meetings of the Board and Board Committees (as applicable) held during the financial year by sharing valuable, relevant, independent and impartial (as applicable) insights, views and opinions on issues tabled for discussion. They have exercised due care and carried out their professional duties proficiently and effectively throughout their tenure as INEDs of the Company. The retiring Directors had abstained from deliberation and decision making on their own eligibility to stand for re-election at the meetings of the Nomination Committee and the Board.

2. The proposed Ordinary Resolution 4, if passed, will facilitate the payment of the Directors' fees and benefits payable to the Directors for the period commencing one day after the 27th AGM through to the next AGM in 2024. Details of the Directors' fees and benefits payable to the Directors for the financial year ended 28 February 2023 are tabulated under the Corporate Governance Overview Statement in the Annual Report 2023.

The benefits payable is calculated based on the number of days scheduled for meetings of Board and Board Committees. Board Committees refer to, in a collective sense, the Audit Committee, Remuneration Committee, Nomination Committee and the Risk Management Committee. Directors' fees payable include fees payable to Directors as members of Board and Board Committees. The amount also includes a contingency sum to cater to unforeseen circumstances such as the appointment of additional Director(s), additional unscheduled meetings of the Board and Board Committees and/or for the formation of additional Board Committees.

3. The proposed Ordinary Resolution 6, if passed, is for the purpose of granting a renewed general mandate ("**General Mandate**") empowering the Directors of the Company, pursuant to Sections 75 and 76 of the Act to issue and allot new shares in the Company from time to time provided that the aggregate number of shares issued pursuant to the General Mandate does not exceed 10% of the total number of issued shares of the Company for the time being. The General Mandate, unless revoked or varied by the Company in general meeting, will expire at the next AGM of the Company.

The General Mandate will provide flexibility to the Company for any possible fund-raising activities, including but not limited to further placing of shares, for purpose of funding future investment projects, working capital and/or acquisitions as well as to avoid any delay and cost in convening general meeting to specifically approve such an issuance of shares.

The waiver of pre-emptive rights pursuant to Section 85 of the Act and Clause 37(a) of the Constitution will 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 new shares in the Company under the General Mandate.

At this juncture, there is no decision to issue new shares but the Directors consider it desirable to have the flexibility permitted to respond to market developments and to enable allotments to take place to finance business opportunities without making a pre-emptive offer to existing shareholders. If there should be a decision to issue new shares after the general mandate is obtained, the Company will make the needful announcements in respect thereof.

4. The proposed Ordinary Resolution 7, if passed, will obtain the Shareholders' Mandate for the Company and its subsidiaries ("**the Group**") to enter into recurrent related party transactions of a revenue or trading nature with its related parties as set out in Section 2.4 of the Circular to Shareholders dated 30 June 2023 ("**Circular**") which are necessary for the Group's day to day operations and are carried out in the ordinary course of business and are on normal commercial terms which are not more favourable to the related parties than those generally available to the public and not detrimental to the minority shareholders. Further information on the Proposed Shareholders' Mandate is set out in the Circular.

5. The proposed Ordinary Resolution 8, if passed, will allow the Company to purchase its own shares. The total number of ordinary shares purchased shall not exceed ten per centum (10%) of the total number of issued share (excluding treasury shares) of the Company. This authority will, unless revoked or varied by the Company in general meeting, expire at the next AGM in 2024. For further information, please refer to Part B of the Circular.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(Pursuant to Paragraph 8.27(2) of the Listing Requirements)

As at the date of this Notice, no individual is standing for election as Director at the forthcoming 27th AGM of the Company.

ADMINISTRATIVE GUIDE

to the Twenty-Seventh (27th) Annual General Meeting ("AGM")

Day & Date : Monday, 21 August 2023

Time : 10:00 am

Venue : DXN Cyberville, Jalan Teknokrat 1, Cyberjaya, 63000 Cyberjaya, Selangor

Registration on the day of AGM

1. Registration will commence at 9:00 a.m. and will end at the time as may be determined by the Chairman of the Meeting.
2. Please present your original MyKad or Passport to the registration staff for verification. Please make sure your MyKad or Passport is returned to you after registration.

Entitlement to Participate and Appointment of Proxy

3. Only members whose name(s) appear on the Record of Depositors on 14 August 2023 (General Meeting Record of Depositors) shall be eligible to attend, participate, pose questions and vote in the meeting or appoint proxy(ies) to participate on his/her behalf.
4. The instrument appointing a proxy shall be deposited 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 AGM meeting time or any adjournment thereof, which is latest by Saturday, 19 August 2023 at 10:00 am.

Revocation of Proxy

5. If you have submitted your Proxy Form(s) and subsequently decide to appoint another person or wish to participate in our 27th AGM in person, please write in and be deposited at the Boardroom Share Registrars Sdn. Bhd. at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor to revoke the earlier appointed proxy at least forty-eight (48) hours before the AGM meeting time or any adjournment thereof, which is latest by Saturday, 19 August 2023 at 10:00 am.

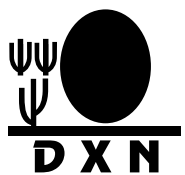
Enquiries

6. If you have enquiries prior to the AGM, please contact Boardroom Share Registrars Sdn. Bhd. during office hours on Mondays to Fridays from 8:30 am to 5:30 pm (except public holidays):
BoardRoom Help Desk
Tel : +603-7890 4700
Email : bsr.helpdesk@boardroomlimited.com

Personal Data Privacy

By submitting the duly executed Proxy Form, the member and his/her proxy consent to the Company and/or its agents/service providers to collect, use and disclose the personal data therein in accordance with the Personal Data Protection Act 2010, for the purpose of the 27th Annual General Meeting of the Company and any adjournment thereof.

PROXY FORM



DXN HOLDINGS BHD.

Registration No.: 199501033918 (363120-V)

**Twenty-Seventh (27th)
Annual General Meeting**

CDS Account No.

No. of Shares Held

I*/We* _____
(Full name in Block Letters and NRIC/Company No.)

of _____ and _____
(Address) (Tel. No.)

being a member*/members* of DXN Holdings Bhd. hereby appoint

Full Name (in Block Letters)	NRIC/Passport No.	No. of Shares	% of Shareholding
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Email Address	<input type="text"/>		
Telephone No.	<input type="text"/>		

* and/or (*delete if not applicable)

Full Name (in Block Letters)	NRIC/Passport No.	No. of Shares	% of Shareholding
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Email Address	<input type="text"/>		
Telephone No.	<input type="text"/>		

or failing *him/her, THE CHAIRMAN OF THE MEETING as my*/our* proxy, to vote for me*/us* and on my*/our* behalf at the 27th Annual General Meeting of the Company to be convened and held at DXN Cyberville, Jalan Teknokrat 1, Cyberjaya, 63000 Cyberjaya, Selangor on Monday, 21 August 2023 at 10:00 am or at any adjournment thereof.

Ordinary Resolutions ("OR")	OR 1	OR 2	OR 3	OR 4	OR 5	OR 6	OR 7	OR 8
FOR	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
AGAINST	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

(Please indicate with an "x" in the appropriate space(s) provided above on how you wish your votes to be cast. If no specific direction as to voting is given, the proxy will vote or abstain at his discretion)

Signed this _____ day of _____ 2023

Signature of Shareholder

Common Seal to be affixed here
if Shareholder is a Corporation

Notes:

1. A member of the Company entitled to attend and vote at a meeting of the Company, or at a meeting of any class of members of the Company, shall be entitled to appoint not more than two (2) proxies to attend, speak and vote in his stead at the meeting, and that a proxy may but need not be a member. A proxy must be of full age. There shall be no restriction as to the qualification of the proxy. Where a member appoints more than one (1) proxy, he shall specify the proportion of his holdings to be represented by each proxy, failing which the appointment shall be invalid. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting.
2. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA"), it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. The appointment of two (2) proxies in respect of any particular securities account shall be invalid unless the authorised nominee specifies the proportion of its shareholding to be represented by each proxy.

3. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("**Omnibus Account**"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds. Where an Exempt Authorised Nominee appoints more than one (1) proxy in respect of each Omnibus Account, the appointment shall be invalid unless the Exempt Authorised Nominee specifies the proportion of its shareholding to be represented by each proxy. An Exempt Authorised Nominee refers to an authorised nominee defined under the SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
4. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing, or, if the appointer is a corporation, either under its Common Seal, or under the hand of an officer or attorney duly authorised. An instrument appointing a proxy to vote shall be deemed to include the power to demand or concur in demanding a poll on behalf of the appointer. Members not resident in Malaysia may appoint and revoke proxies by cable.
5. For the proxy to be valid, the proxy form duly completed must be deposited 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
6. Please ensure ALL the particulars as required in this proxy form are completed, signed and dated accordingly.
7. In respect of deposited securities, only a depositor whose name appears on the Record of Depositors on 14 August 2023 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his/her behalf.

Personal Data Privacy

By submitting the duly executed Proxy Form, the member and his/her proxy consent to the Company and/or its agents/service providers to collect, use and disclose the personal data therein in accordance with the Personal Data Protection Act 2010, for the purpose of the 27th Annual General Meeting of the Company and any adjournment thereof.

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Affix
Stamp

The Company Secretaries
DXN HOLDINGS BHD.
Registration No.: 199501033918 (363120-V)
11th Floor, Menara Symphony, No. 5,
Jalan Prof. Khoo Kay Kim, Seksyen 13,
46200 Petaling Jaya, Selangor

Then fold here

Fold this flap for sealing

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Jalan Teknokrat 1, Cyberjaya,
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