THIS DOCUMENT HAS NOT BEEN REGISTERED BY THE SECURITIES COMMISSION MALAYSIA ("SC"). THE INFORMATION IN THIS DOCUMENT MAY BE SUBJECT TO FURTHER AMENDMENTS BEFORE BEING REGISTERED BY THE SC. UNDER NO CIRCUMSTANCES SHALL THIS DOCUMENT CONSTITUTE AN OFFER FOR SUBSCRIPTION OR PURCHASE OF, OR AN INVITATION TO SUBSCRIBE FOR OR PURCHASE SECURITIES.

P R O S P E C T U S

DXN HOLDINGS BHD.
(Registration No. 199501033918 (363120-V))
(Incorporated in Malaysia under the Companies Act 1965 and deemed registered under the Companies Act 2016)

INITIAL PUBLIC OFFERING ("IPO") OF UP TO 1,406,250,000 ORDINARY SHARES IN DXN HOLDINGS BHD. ("DXN") ("IPO SHARES") IN CONJUNCTION WITH THE LISTING OF AND QUOTATION FOR THE ENTIRE ENLARGED ISSUED ORDINARY SHARES OF DXN ("SHARES") ON THE MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD COMPRISING AN OFFER FOR SALE OF UP TO 1,246,250,000 EXISTING SHARES ("OFFER SHARES") AND A PUBLIC ISSUE OF 160,000,000 NEW SHARES ("ISSUE SHARES") INVOLVING:

(I) **INSTITUTIONAL OFFERING OF UP TO 1,246,250,000 OFFER SHARES TO MALAYSIAN AND FOREIGN INSTITUTIONAL AND SELECTED INVESTORS INCLUDING BUMIPUTERA INVESTORS APPROVED BY THE MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY AT THE INSTITUTIONAL PRICE TO BE DETERMINED BY WAY OF BOOKBUILDING ("INSTITUTIONAL PRICE"); AND**

(II) **RETAIL OFFERING OF 160,000,000 ISSUE SHARES TO THE DIRECTORS OF DXN, ELIGIBLE EMPLOYEES OF DXN AND ITS SUBSIDIARIES ("GROUP"), PERSONS WHO HAVE CONTRIBUTED TO THE SUCCESS OF THE DXN GROUP AND THE MALAYSIAN PUBLIC AT THE RETAIL PRICE OF RM[•] PER IPO SHARE ("RETAIL PRICE"), PAYABLE IN FULL UPON APPLICATION AND SUBJECT TO REFUND OF THE DIFFERENCE BETWEEN THE RETAIL PRICE AND THE FINAL RETAIL PRICE (AS DEFINED IN THIS PROSPECTUS) IN THE EVENT THAT THE FINAL RETAIL PRICE IS LESS THAN THE RETAIL PRICE,**

SUBJECT TO THE CLAWBACK AND REALLOCATION PROVISIONS AND THE OVER-ALLOTMENT OPTION (AS DEFINED IN THIS PROSPECTUS). THE FINAL RETAIL PRICE WILL BE EQUAL TO THE LOWER OF:

(I) **THE RETAIL PRICE; OR**

(II) **THE INSTITUTIONAL PRICE**

Principal Adviser, Joint Global Coordinator, Joint Bookrunner, Joint Managing Underwriter and Joint Underwriter

Maybank Investment Bank Berhad
(Co. Reg. No. 197301002412)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

Joint Global Coordinator, Joint Bookrunner, Joint Managing Underwriter and Joint Underwriter

CIMB Investment Bank Berhad
(Co. Reg. No. 197401001266 (18417-M))

Joint Global Coordinator and Joint Bookrunner

CLSA Limited
(Co. Reg.No. 156668)

CLSA Securities Malaysia Sdn Bhd
(Co. Reg.No. 200501013874 (690921-X))

Joint Bookrunner and Joint Underwriter

RHB Investment Bank Berhad
(Co. Reg.No. 197401002639 (19663-P))
(A Participating Organisastion of Bursa Malaysia Securities Berhad)

NO SECURITIES WILL BE ALLOTTED OR ISSUED BASED ON THIS PROSPECTUS AFTER SIX MONTHS FROM THE DATE OF THIS PROSPECTUS.

[THE SECURITIES COMMISSION MALAYSIA ("SC") HAS APPROVED THE ISSUE, OFFER OR INVITATION FOR THE OFFERING UNDER SECTION 214(1) OF THE CAPITAL MARKETS AND SERVICES ACT 2007.]

[THIS PROSPECTUS HAS BEEN REGISTERED BY THE SC. THE APPROVAL AND REGISTRATION OF THIS PROSPECTUS, SHOULD NOT BE TAKEN TO INDICATE THAT THE SC RECOMMENDS OUR IPO OR ASSUMES RESPONSIBILITY FOR THE CORRECTNESS OF ANY STATEMENT MADE, OPINION EXPRESSED OR REPORT CONTAINED IN THIS PROSPECTUS. THE SC HAS NOT, IN ANY WAY, CONSIDERED THE MERITS OF OUR SHARES BEING OFFERED FOR INVESTMENT.]

THE SC IS NOT LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF OUR COMPANY AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS DOCUMENT, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS, AND EXPRESSLY DISCLAIMS ANY LIABILITY FOR ANY LOSS THAT YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS PROSPECTUS.

INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS PROSPECTUS. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER.

FOR INFORMATION CONCERNING RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" COMMENCING ON PAGE [•].

LISTING SOUGHT : MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD

THIS PROSPECTUS IS NOT TO BE DISTRIBUTED OUTSIDE MALAYSIA

THIS PROSPECTUS IS DATED [•]

All defined terms used in this Prospectus are defined under "Presentation of Financial and Other Information", "Definitions" and "Glossary of Technical Terms" commencing on pages viii, xii and xxvi of this Prospectus, respectively.

RESPONSIBILITY STATEMENTS

Our Directors, our Promoter and the Selling Shareholders have seen and approved this Prospectus. They collectively and individually accept full responsibility for the accuracy of the information. Having made all reasonable enquiries, and to the best of their knowledge and belief, they confirm that there is no false or misleading statement or other facts which if omitted, would make any statement in this Prospectus false or misleading.

Maybank IB, being the Principal Adviser, Joint Global Coordinator and Joint Bookrunner for the Institutional Offering and Joint Managing Underwriter and Joint Underwriter for the Retail Offering, acknowledges that, based on all available information, and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning our IPO.

It is to be noted that the role of CIMB IB in our IPO is limited to being Joint Global Coordinator and Joint Bookrunner for the Institutional Offering both within Malaysia and outside Malaysia, and Joint Managing Underwriter and Joint Underwriter for the Retail Offering in Malaysia.

It is also to be noted that the role of CLSA in our IPO is limited to being the Joint Global Coordinator and Joint Bookrunner for the Institutional Offering both within Malaysia and outside Malaysia. CLSA does not have any role in, and disclaims any responsibility for the Retail Offering in Malaysia.

In addition, the role of RHB IB in our IPO is limited to being Joint Bookrunner for the Institutional Offering both within Malaysia and outside Malaysia, and Joint Underwriter for the Retail Offering in Malaysia.

STATEMENTS OF DISCLAIMER

[Our Company has obtained the approval of Bursa Securities for our Listing. Admission to the Official List of Bursa Securities is not to be taken as an indication of the merits of our IPO, our Company or our Shares.]

[This Prospectus, together with the Application Forms have also been lodged with the Registrar of Companies, who takes no responsibility for its contents.]

OTHER STATEMENTS

Investors should note that they may seek recourse under Sections 248, 249 and 357 of the CMSA for breaches of securities laws including any statement in this Prospectus that is false, misleading, or from which there is a material omission; or for any misleading or deceptive act in relation to this Prospectus or the conduct of any other person in relation to our Company.

Our Shares are offered to the public on the premise of full and accurate disclosure of all material information concerning our IPO, for which any person set out in Section 236 of the CMSA, is responsible.

Investors should not take the agreement by the Joint Managing Underwriters and the Joint Underwriters named in this Prospectus to underwrite our Shares under the Retail Offering as an indication of the merits of our Shares being offered.

This Prospectus has been prepared in the context of an IPO under the laws of Malaysia. It does not comply with the laws of any jurisdiction other than Malaysia, and has not been and will not be lodged, registered or approved pursuant to or under any applicable securities or equivalent legislation or by any regulatory authority of any jurisdiction other than Malaysia.

This Prospectus is published solely in connection with our IPO. Our Shares are being offered solely on the basis of the information contained and representations made in this Prospectus. Our Company, our Promoter, the Selling Shareholders, the Principal Adviser, the Joint Global Coordinators, the Joint Bookrunners, the Joint Managing Underwriters and the Joint Underwriters have not authorised anyone to provide any information or to make any representation not contained in this Prospectus. Any information or representation not contained in this Prospectus must not be relied upon as having been authorised by our Company, our Promoter, the Selling Shareholders, the Principal Adviser, the Joint Global Coordinators, the Joint Bookrunners, the Joint Managing Underwriters and the Joint Underwriters or any of their respective directors, or any other persons involved in our IPO.

The distribution of this Prospectus and our IPO are subject to the laws of Malaysia. This Prospectus will not be distributed outside Malaysia except insofar as it is part of the offering memorandum distributed to foreign institutional investors outside Malaysia in connection with our IPO. Our Company, our Promoter, the Selling Shareholders, the Principal Adviser, the Joint Global Coordinators, the Joint Bookrunners, the Joint Managing Underwriters and the Joint Underwriters have not authorised and take no responsibility for the distribution of this Prospectus outside Malaysia except insofar as it is part of the offering memorandum distributed to foreign institutional investors outside Malaysia in connection with our IPO. No action has been taken to permit any offering of our Shares based on this Prospectus in any jurisdiction other than Malaysia. Accordingly, this Prospectus may not be used for the purpose of and does not constitute an offer for subscription or purchase or invitation to subscribe for or purchase of our Shares in any jurisdiction or in any circumstance in which such an offer is not authorised or lawful or to any person to whom it is unlawful to make such offer or invitation. The distribution of this Prospectus and the offering of our Shares in certain other jurisdictions may be restricted by law. Prospective investors who may be in possession of this Prospectus are required to inform themselves and to observe such restrictions.

We will not, prior to acting on any acceptance in respect of our IPO, make or be bound to make any enquiry as to whether you have a registered address in Malaysia and will not be deemed to accept any liability whether or not any enquiry or investigation is made in connection to it.

It will be your sole responsibility to ensure that your application for our IPO would be in compliance with the terms of our IPO and would not be in contravention of any laws of countries or jurisdictions other than Malaysia to which you may be subjected to. We will further assume that you had accepted our IPO in Malaysia and will be subject to the laws of Malaysia in connection to it.

However, we reserve the right, in our absolute discretion, to treat any acceptance as invalid if we believe that such acceptance may violate any law or applicable legal or regulatory requirements.

It will be your sole responsibility to consult your legal and/or other professional adviser on the laws to which our IPO or you are or might be subjected to. Neither we nor our Promoter, the Selling Shareholders, the Principal Adviser, the Joint Global Coordinators, the Joint Bookrunners, the Joint Managing Underwriters and the Joint Underwriters nor any other advisers in relation to our IPO will accept any responsibility or liability in the event that any application made by you shall become illegal, unenforceable, avoidable or void in any country or jurisdiction.

Our Shares have not been and will not be registered under the U.S. Securities Act and may not be offered, sold, or delivered within the United States or to U.S. persons (as defined in Regulation S under the U.S. Securities Act), unless pursuant to an exemption from, or a transaction not subject to, the registration requirements under the U.S. Securities Act. Accordingly, our Shares are being offered and sold only outside the United States in offshore transactions in reliance upon Regulation S under the U.S. Securities Act.

Our Shares have not been approved or disapproved by the U.S. Securities and Exchange Commission, any State Securities Commission in the U.S. or any other U.S. regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of our IPO or confirmed the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the U.S..

ELECTRONIC PROSPECTUS/INTERNET SHARE APPLICATION

This Prospectus can be viewed or downloaded from Bursa Securities' website at www.bursamalaysia.com. The contents of the Electronic Prospectus and the copy of this Prospectus registered with the SC are the same.

The internet is not a fully secure medium. Your Internet Share Application may be subject to risks of data transmission, computer security threats such as viruses, hackers and crackers, faults with computer software and other events beyond the control of the Internet Participating Financial Institutions. These risks cannot be borne by the Internet Participating Financial Institutions. If you doubt the validity or integrity of the Electronic Prospectus, you should immediately request from us or the Issuing House, a paper/printed copy of this Prospectus. If there is any discrepancy between the contents of the Electronic Prospectus and the paper/printed copy of this Prospectus, the contents of the paper/printed copy of this Prospectus which are identical to the copy of the Prospectus registered with the SC will prevail.

In relation to any reference in this Prospectus to third-party internet sites ("**Third-Party Internet Sites**"), whether by way of hyperlinks or by way of description of the Third-Party Internet Sites, you acknowledge and agree that:

(i) we do not endorse and are not affiliated in any way to the Third-Party Internet Sites. Accordingly, we are not responsible for the availability of or the content or any data, file or other material provided on the Third-Party Internet Sites. You bear all risks associated with the access to or use of the Third-Party Internet Sites;

(ii) we are not responsible for the quality of products or services in the Third-Party Internet Sites, particularly in fulfilling any of the terms of any of your agreements with the Third-Party Internet Sites. We are also not responsible for any loss or damage or cost that you may suffer or incur in connection with or as a result of dealing with the Third-Party Internet Sites or the use of or reliance on any data, file or other material provided by the Third-Party Internet Sites; and

(iii) any data, information, file or other material downloaded from the Third-Party Internet Sites is done at your own discretion and risk. We are not responsible, liable or under obligation for any damage to your computer system or loss of data resulting from the downloading of any such data, information, file or other material.

Where an Electronic Prospectus is hosted on the website of the Internet Participating Financial Institution, you are advised that:

(i) the Internet Participating Financial Institution is only liable in respect of the integrity of the contents of the Electronic Prospectus, to the extent of the contents of the Electronic Prospectus on the web server of the Internet Participating Financial Institution which may be viewed via your web browser or other relevant software. The Internet Participating Financial Institution is not responsible for the integrity of the contents of the Electronic Prospectus which has been obtained from the web server of the Internet Participating Financial Institution and subsequently communicated or disseminated in any manner to you or other parties;

(ii) while all reasonable measures have been taken to ensure the accuracy and reliability of the information provided in an Electronic Prospectus, the accuracy and reliability of the Electronic Prospectus cannot be guaranteed because the internet is not a fully secure medium; and

(iii) the Internet Participating Financial Institution is not liable (whether in tort or contract or otherwise) for any loss, damage or costs, you or any other person may suffer or incur due to, as a consequence of or in connection with any inaccuracies, changes, alterations, deletions or omissions in respect of the information provided in the Electronic Prospectus which may arise in connection with or as a result of any fault with web browsers or other relevant software, any fault on your or any third party's personal computer, operating system or other software, viruses or other security threats, unauthorised access to information or systems in relation to the website of the Internet Participating Financial Institution, and/or problems occurring during data transmission which may result in inaccurate or incomplete copies of information being downloaded or displayed on your personal computer.

INDICATIVE TIMETABLE

The following events are intended to take place on the following indicative time and/or date:

Event	**Time and/or Date**
Opening of the Institutional Offering[(1)]	[●]
Issuance of the Prospectus/Opening of the Retail Offering	10:00 a.m., [●]
Closing of the Retail Offering	5:00 p.m., [●]
Closing of the Institutional Offering	[●]
Price Determination Date	[●]
Balloting of applications for our Issue Shares under the Retail Offering	[●]
Allotment/Transfer of our IPO Shares to successful applicants	[●]
Listing	[●]

Note:

(1) *[Other than the Institutional Offering to the Cornerstone Investors. The Master Cornerstone Placement Agreement for the acquisition of our Offer Shares by the Cornerstone Investors was entered into on [●].]*

In the event there is any change to the timetable, we will advertise the notice of changes in widely circulated English and Bahasa Malaysia daily newspapers within Malaysia.

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PRESENTATION OF FINANCIAL AND OTHER INFORMATION

All references to "our Company" or "DXN" are to DXN Holdings Bhd. All references to "DXN Group" or "our Group" are to our Company, our subsidiaries taken as a whole. All references to "we", "us", "our" and "ourselves" are to our Company and where the context otherwise requires, our Group.

All references to the "Selling Shareholders" are to DXN Global Sdn. Bhd. and Gano Global Supplements Pte. Ltd.. All references to "Promoter" are to DXN Global Sdn. Bhd..

All references to "you" are to our prospective investors.

All references to "Government" are to the Government of Malaysia.

Any discrepancies in the tables between the amounts listed and the totals in this Prospectus are due to rounding adjustments. Other abbreviations and acronyms used in this Prospectus are defined in the "Definitions" section and technical terms used in this Prospectus are defined in the "Glossary of Technical Terms" section. Words denoting the singular will, where applicable, include the plural and *vice versa* and words denoting the masculine gender will, where applicable, include the feminine and/or neuter genders and *vice versa*. Reference to persons will, where applicable, include companies and corporations.

Any reference to provisions of the statutes, rules, regulations, enactments or rules of the stock exchange shall (where the context admits), be construed as a reference to provisions of such statutes, rules, regulations, enactments or rules of the stock exchange (as the case may be) as modified by any written law or (if applicable) amendments or re-enactment to the statutes, rules, regulations, enactments or rules of the stock exchange for the time being in force and unless specified, is a reference to an enactment by Malaysia.

Any reference to a date and time will be a reference to a date and time in Malaysia, unless otherwise stated.

All references to the "LPD" in this Prospectus are to 30 April 2022, being the latest practicable date prior to the registration of this Prospectus with the SC.

The information on our website or any website directly or indirectly linked to such website does not form part of this Prospectus and you should not rely on those information for the purposes of your decision whether or not to invest in our Shares.

This Prospectus includes statistical data provided by us and various third parties and cites third-party projections regarding the growth and performance of the industry in which we operate and our estimated market share. This data is taken or derived from information published by industry sources and from our internal data. In each of such case, the source is stated in this Prospectus, provided that where no source is stated, it can be assumed that the information originates from us or is extracted from the IMR Report as included in Section 8 of this Prospectus. We have appointed Frost & Sullivan to provide an independent market and industry review. In compiling its data for the review, Frost & Sullivan had relied on its research methodology, industry sources, published materials, its private databanks and direct contacts within the industry.

Further, third-party projections cited in this Prospectus are subject to significant uncertainties that could cause actual data to differ materially from the projected figures. We cannot give any assurance that the projected figures will be achieved and you should not place undue reliance on the statistical data and third-party projections cited in this Prospectus.

For the purpose of this Prospectus, EBITDA is calculated as our profit for the relevant financial year or period plus (i) tax expense; (ii) finance costs; (iii) depreciation and amortisation, less (iv) interest income.

EBITDA and the related ratios presented in this Prospectus are supplemental measures of our performance and liquidity that are not required by or presented in accordance with the IFRS and MFRS. Furthermore, EBITDA is not a measure of our financial performance or liquidity under the IFRS and MFRS and should not be considered as an alternative to net income, operating income or any other performance measures derived in accordance with the IFRS or MFRS or as an alternative to cash flows from operating activities or as a measure of liquidity. In addition, EBITDA is not a standardised term, and hence, a direct comparison of EBITDA between companies may not be possible. Other companies may calculate EBITDA differently from us, limiting its usefulness as a comparative measure.

We believe that EBITDA may facilitate comparisons of operating performance from period to period and company to company by eliminating potential differences caused by variations in capital structures (affecting interest expense and finance charges), tax positions (such as the impact on periods or companies of changes in effective tax rates or net operating losses), the age and booked depreciation and amortisation of assets (affecting relative depreciation and amortisation expenses). EBITDA has been presented because we believe that it is frequently used by securities analysts, investors and other interested parties in evaluating similar companies, many of whom present such non-IFRS and non-MFRS financial measures when reporting their results. Finally, EBITDA is presented as a supplemental measure of our ability to service debt. Nevertheless, EBITDA has limitations as an analytical tool, and prospective investors should not consider it in isolation from or as a substitute for analysis of our financial condition or results of operations, as reported under the IFRS and MFRS. Due to these limitations, EBITDA should not be considered as a measure of discretionary cash available to invest in the growth of our business.

FORWARD-LOOKING STATEMENTS

This Prospectus contains forward-looking statements. All statements, other than statements of historical facts included in this Prospectus, including, without limitation, those regarding our financial position, business strategies and prospects are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements, or industry results to be materially different from any future results, performance or achievements, or industry results expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Such forward-looking statements reflect our current view with respect to future events and do not guarantee future performance. Forward-looking statements can be identified by the use of forward-looking terminologies such as the words “may”, “will”, “would”, “could”, “believe”, “expect”, “anticipate”, “intend”, “estimate”, “aim”, “plan”, “forecast” or similar expressions, and include all statements that are not historical facts. Such forward-looking statements include, without limitation, statements relating to:

(i) demand for our products and general industry environment;

(ii) our strategies and competitive position;

(iii) our future financial position, earnings, cash flows and liquidity;

(iv) our ability to enter and operate in certain foreign markets;

(v) potential growth opportunities; and

(vi) regulatory environment and the effects of future regulation.

Our actual results may differ materially from information contained in such forward-looking statements as a result of a number of factors beyond our control, including, but not limited to:

(i) activities and financial position of our customers, suppliers and other business partners;

(ii) delay in supply of raw materials and shortages in labour;

(iii) finance costs, interest rates, tax rates and foreign exchange rates;

(iv) future regulatory or government policy changes affecting us or the countries where we operate or may operate in the future;

(v) delays or problems with the execution of our expansion plans;

(vi) the ongoing COVID-19 pandemic and possible similar future outbreak;

(vii) competitive environment of the industry in which we operate;

(viii) reliance on licences, permits and approvals;

(ix) general economic, business, social, political and investment environment in the countries where we operate or may operate in the future;

(x) continued availability of capital and financing;

(xi) fixed or contingent obligations and commitments;

(xii) changes in accounting standards and policies; and

(xiii) other factors beyond our control.

Additional factors that could cause our actual results, performance or achievements to differ materially include, but are not limited to, those discussed in Section 5 of this Prospectus on "Risk Factors" and Section 12.2 of this Prospectus on "Management's Discussion and Analysis of Financial Condition and Results of Operations". We cannot give any assurance that the forward-looking statements made in this Prospectus will be realised. Such forward-looking statements are made only as at the LPD.

In light of these uncertainties, the inclusion of such forward-looking statements should not be regarded as a representation or warranty by us or our advisers that such plans and objectives will be achieved.

Should we become aware of any subsequent material change or development affecting a matter disclosed in this Prospectus arising from the date of registration of this Prospectus but before the date of allotment/transfer of our IPO Shares, we shall further issue a supplemental or replacement prospectus, as the case may be, in accordance with the provisions of Section 238(1) of the CMSA and Paragraph 1.02, Chapter 1 of Part II (Division 6 on Supplementary and Replacement Prospectus) of the Prospectus Guidelines.

The following terms in this Prospectus bear the same meanings as set out below unless the term is defined otherwise or the context requires otherwise:

AADK	:	National Anti-Drugs Agency of Malaysia
ACIS	:	Accounting information system, one of DXN's IT systems
Act	:	Companies Act 2016 of Malaysia
ADA	:	Authorised Depository Agent
Admission	:	Admission of our Shares to the Official List of the Main Market of Bursa Securities
AGM	:	Annual general meeting
Application	:	Application for our Issue Shares by way of Application Form, Electronic Share Application or Internet Share Application
Application Form	:	Application form for the application of our Issue Shares under the Retail Offering accompanying this Prospectus
ATM	:	Automated teller machine
Auditors or Reporting Accountants	:	KPMG PLT
BKPM	:	Investment Coordinating Board of Indonesia
BKPM Circular Letter 17	:	Circular Letter No. 17 of 2021
Board	:	Board of Directors of our Company
BOMBA	:	Fire and Rescue Department of Malaysia
Bumiputera	:	In the context of: (i) individuals - Malays and the aborigines and the natives of Sabah and Sarawak as specified in the Federal Constitution of Malaysia; (ii) companies - companies which fulfil, among others, the following criteria or such other criteria as may be imposed by the MITI: (a) registered under the Act as a private company; (b) its shareholders are 100% Bumiputera; and (c) its board of directors (including its staff) are at least 51.0% Bumiputera; and (iii) cooperatives - cooperatives whose shareholders or cooperative members are at least 95.0% Bumiputera or such other criteria as may be imposed by the MITI

Bursa Depository	:	Bursa Malaysia Depository Sdn. Bhd.
Bursa Securities	:	Bursa Malaysia Securities Berhad
By-Laws	:	By-laws governing the ESOS
CAGR	:	Compound annual growth rate, computed through the formula: CAGR = (Ending amount / Beginning amount)$^{1/N}$ – 1 Ending amount is the amount at the end of the period; Beginning amount is the amount at the beginning of the period; and N is the number of years within the period
CCC	:	Certificate of completion and compliance or such certificate by any other name issued by the relevant authority under the SDBA and any by-laws made under it or such relevant legislation applicable at the material time
CCM	:	Companies Commission of Malaysia
CDCR	:	Control of Drugs and Cosmetics Regulations 1984 of Malaysia
CDS	:	Central Depository System
CERC	:	Central Electricity Regulatory Commission of India
China or PRC	:	The People's Republic of China and references in this Prospectus to China or the PRC do not include Hong Kong, the Macau Special Administrative Region of the PRC or Taiwan
CIMB IB	:	CIMB Investment Bank Berhad
CLSA	:	Collectively, CLSA Limited and CLSA Securities Malaysia Sdn Bhd
CMSA	:	Capital Markets and Services Act 2007 of Malaysia
Consolidated Financial Statements	:	The historical consolidated financial information for the FYEs 28 February 2019, 29 February 2020 and 28 February 2021 and the FPEs 31 December 2020 and 31 December 2021 extracted from the Accountants' Report included in Section 13 of this Prospectus
Constitution	:	Constitution of our Company
Cornerstone Investors	:	Collectively, [●] and [●]
COVID-19	:	Coronavirus disease (COVID-19), an infectious disease caused by severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2)
CPS	:	Centralised processing system, one of our Company's IT systems
CSR	:	Corporate social responsibility
Directors	:	Directors of our Company
DLBL	:	Datin Leong Bee Ling
DLBY	:	Dato' Lim Boon Yee
DLSJ	:	Datuk Lim Siow Jin
DOSH	:	Department of Occupational Safety and Health of Malaysia

DSAM	:	Direct Selling Association of Malaysia
DSAM Code	:	DSAM's Code of Conduct
DXN or Company	:	DXN Holdings Bhd.
DXN Development	:	DXN Development Sdn. Bhd.
DXN Global	:	DXN Global Sdn. Bhd.
DXN Group or Group	:	Collectively, our Company and its subsidiaries
DXN Shares or Shares	:	Ordinary shares in our Company
EBITDA	:	Earnings before interest, taxation, depreciation and amortisation
Electronic Prospectus	:	Copy of this Prospectus that is issued, circulated or disseminated via the internet, and/or an electronic storage medium including, but not limited to compact disc read only memory (CD-ROM)
Electronic Share Application	:	Application for our Issue Shares under the Retail Offering through a Participating Financial Institution's ATM
Eligible Persons	:	Collectively, Directors and employees of our Group (including directors of our subsidiaries) and persons who have contributed to the success of our Group who are eligible to participate in the Retail Offering
EPA	:	Environment Protection Act, 1986 of India
EPF (India)	:	Employees Provident Fund, part of the Government of India
EPS	:	Earnings per Share
Equity Guidelines	:	Equity Guidelines issued by the SC
ERP	:	Enterprise resource planning, one of our Company's IT systems
ESOS	:	Employees' share option scheme of our Company
ESOS Options	:	Right of a Grantee to subscribe for our new Shares pursuant to the contract constituted by the acceptance of an offer made in accordance with the terms and conditions of the By-Laws
EV	:	Enterprise value
Executive Director	:	Executive director of our Company
Factories Act	:	Factories Act, 1948 of India
FDA	:	Food and Drug Administration of the U.S.
FEMA	:	Foreign Exchange Management Act, 1999 of India
FFB	:	Fortified food and beverages, which are food and beverage products with added health ingredients and/or nutrients such as vitamins and minerals, to improve the nutritional content and provide health benefits

Final Retail Price	:	Final price per IPO Share to be paid by the investors under the Retail Offering, equivalent to the Retail Price or the Institutional Price, whichever is lower, to be determined on the Price Determination Date
Foreign Investment Law	:	Foreign Investment Law of the PRC
FPE	:	Financial period ended or where the context otherwise requires, financial period ending
Frost & Sullivan or IMR	:	Frost & Sullivan GIC Malaysia Sdn Bhd, the independent market researcher
FYE	:	Financial year ended or where the context otherwise requires, financial year ending
Gano Global	:	Gano Global Supplements Pte. Ltd.
Ganotherapy	:	The line of thought that health supplements and proper diet can improve health by stimulating the human body's detox and balancing systems
GDP	:	Gross Domestic Product
GDPR	:	General Data Protection Regulation, a European Union law
GMP	:	Good Manufacturing Practice
GR 107/2015	:	Indonesian Government Regulation No. 107 of 2015 on Industrial Business Licence
GR 24/2018	:	Indonesian Government Regulation No. 24/2018 on Electronically Integrated Business Licencing Services (OSS)
GR 5/2021	:	Indonesian Government Regulation No. 5 of 2021 on the Implementation of Risk-Based Business Licencing
Grantee(s)	:	Eligible Director(s) or employee(s) of our Group who has(ve) accepted the offer in accordance with the terms and conditions of the offer and the By-Laws
HACCP	:	Hazard Analysis and Critical Control Point, an international standard defining the requirements for effective control of food safety
HDS	:	Health and dietary supplements, which are products that contain ingredients intended to add nutritional value to a person's diet, and to maintain, enhance and improve the health function of a person's body
IFRS	:	International Financial Reporting Standards
IMR Report	:	Independent market research report dated [●] prepared by Frost & Sullivan
Indian Subsidiaries	:	Collectively, Daxen Agritech, DXN Marketing India, DXN Manufacturing India, Esen Lifesciences and DXN Clinics
Industrial Law	:	Law No. 3 of 2014 on the Industry, as partially amended by the Job Creation Law, of Indonesia
Initial Public Offering or IPO	:	Initial public offering of up to 1,406,250,000 IPO Shares via the Offer for Sale and the Public Issue

Institutional Offering	:	Offering of up to 1,246,250,000 Offer Shares at the Institutional Price, subject to the clawback and reallocation provisions and the Over-allotment Option, to the following: (i) Malaysian institutional and selected investors, including Bumiputera investors approved by the MITI; and (ii) foreign institutional and selected investors outside the United States in reliance on Regulation S
Institutional Price	:	Price per IPO Share to be paid by investors under the Institutional Offering which will be determined on the Price Determination Date by way of bookbuilding
Internet Participating Financial Institution	:	A participating financial institution for the Internet Share Application
Internet Share Application	:	Application for our Issue Shares under the Retail Offering through an Internet Participating Financial Institution
IPO Shares	:	Collectively, the Offer Shares and the Issue Shares
ISO	:	International Organisation for Standardisation
Issue Shares	:	New Shares to be issued by our Company under the Public Issue
Issuing House	:	Malaysian Issuing House Sdn. Bhd.
IT	:	Information technology
IUI	:	Industrial Business Licence in Indonesia
JAKIM	:	Jabatan Kemajuan Islam Malaysia, a certifier of halal products
Job Creation Law	:	Law No. 11 of 2020 on Job Creation, of Indonesia
Joint Bookrunners	:	Collectively, CIMB IB, CLSA, Maybank IB and RHB IB
Joint Global Coordinators	:	Collectively, CIMB IB, CLSA and Maybank IB
Joint Managing Underwriters	:	Collectively, CIMB IB and Maybank IB
Joint Underwriters	:	Collectively, CIMB IB, Maybank IB and RHB IB
KACF LP	:	KV Asia Capital Fund I L.P.
KACMF	:	KV Asia Capital Master Fund I Pte. Ltd.
Key Senior Management	:	Key senior management of our Group, whose profiles are set out in Section 9.3.2 and where applicable, Section 9.2.1 of this Prospectus
KM	:	Planning permission *(Kebenaran Merancang)*
KMT	:	Limited planning permission *(Kebenaran Merancang Terhad)*
Labor Contract Law	:	Labor Contract Law of the PRC

Listing	:	Listing of and quotation for the entire enlarged issued Shares on the Main Market of Bursa Securities
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities
LMS	:	Laboratory management system, one of DXN's IT systems
LPD	:	30 April 2022, being the latest practicable date prior to the registration of this Prospectus with the SC
Malaysian Public	:	Malaysian citizens, companies, co-operatives, societies and institutions incorporated or organised under the laws of Malaysia
Market Day	:	A day on which Bursa Securities is open for trading in securities
Master Cornerstone Placement Agreement	:	Master cornerstone placement agreement dated [●] entered into between our Company, the Selling Shareholders, the Joint Global Coordinators, the Joint Bookrunners and the Cornerstone Investors as detailed in Section [•] of this Prospectus
Maybank IB	:	Maybank Investment Bank Berhad
MCCG	:	Malaysian Code on Corporate Governance
MCO	:	Movement Control Order issued under the Prevention and Control of Infectious Diseases Act 1988 of Malaysia and the Police Act 1967 of Malaysia
MDTCA	:	Ministry of Domestic Trade and Consumer Affairs of Malaysia
Members	:	A distributor who has registered with the Group
MFRS	:	Malaysian Financial Reporting Standards
MITI	:	Ministry of International Trade and Industry of Malaysia
MoEF	:	Ministry of Environment and Forests of India
MOH	:	Ministry of Health of Malaysia
MOI	:	Ministry of Industry of Indonesia
MOI 15/2019	:	MOI Regulation No. 30 of 2019
Moratorium Providers	:	Collectively, DXN Global, DLSJ and DLBL, being shareholders of our Company, whose securities are subject to moratorium under the Equity Guidelines
MOT	:	Ministry of Trade of Indonesia
MOT Reg 36/2007	:	MOT Regulation No. 07/M-DAG/PER/2/2017
MT	:	Metric tonne
N/A	:	Not applicable
NA	:	Net assets
NBV	:	Net book value

NIB	:	Business Identification Number (*Nomor Induk Berusaha*) in Indonesia
NOP	:	USDA National Organic Program
OBS	:	Online billing system, one of DXN's IT systems
Offer for Sale	:	Offer for sale of up to 1,246,250,000 Offer Shares by the Selling Shareholders
Offer Shares	:	Existing Shares to be offered for sale by the Selling Shareholders pursuant to the Offer for Sale
Official List	:	A list specifying all securities listed on Bursa Securities
OJT	:	On Job Training
OSHA	:	Occupational Safety and Health Act 1994 of Malaysia
Over-allotment Option	:	The over-allotment option granted by the Over-allotment Option Providers to the Stabilising Manager (on behalf of the Placement Managers)
Over-allotment Option Providers	:	Collectively, DXN Global and Gano Global
Participating Financial Institution	:	A participating financial institution for the Electronic Share Application
PATAMI	:	Profit after taxation and non-controlling interests
PBT	:	Profit before taxation
PCC	:	Personal care and cosmetics, which are products applied to a human body for the purposes of personal hygiene and beauty
PDPA	:	Personal Data Protection Act 2010 of Malaysia
PER	:	Price-to-earnings ratio
Philippines FDA	:	Food and Drug Administration Act of the Philippines
Pink Application Form	:	Application form for the application of our Issue Shares under the Retail Offering by the Eligible Persons accompanying this Prospectus
Placement Agreement	:	The placement agreement to be entered into by the Company, the Selling Shareholders, the Joint Global Coordinators and the Joint Bookrunners in respect of such number of IPO Shares to be offered under the Institutional Offering
Placement Managers	:	Collectively, CIMB IB, CLSA, Maybank IB and RHB IB
Plastic PP	:	Polypropylene, a commonly used type of plastic
PPE	:	Personal protective equipment
Price Determination Date	:	The date on which the Institutional Price and Final Retail Price will be determined
Principal Adviser	:	Maybank IB

Privatisation	:	Voluntary conditional take-over offer by Deras Capital Sdn. Bhd. *(now known as DXN Global)*, DXN Group Sdn. Bhd., Temasek Sejati Sdn. Bhd., DLBY and Lim Yew Lin to acquire all the remaining Shares (excluding treasury shares) which were not already owned by them on 5 September 2011, which was completed on 1 December 2011 and led to the privatisation of our Company
Promoter	:	DXN Global
Prospectus	:	This Prospectus dated [•] issued by our Company
Prospectus Guidelines	:	Prospectus Guidelines issued by the SC
PS	:	Temporary Permit *(Permit Sementara)*
Public Issue	:	Public issue of 160,000,000 Issue Shares by our Company
R&D	:	Research and development
RBI	:	Reserve Bank of India
Record of Depositors	:	A record of securities holders established by Bursa Depository under the Rules of Bursa Depository
Regulation S	:	Regulation S under the U.S. Securities Act
Retail Offering	:	Offering of 160,000,000 Issue Shares at the Retail Price, subject to the clawback and reallocation provisions, to be allocated to the following: (i) 60,000,000 Issue Shares reserved for application by the Eligible Persons; and (ii) 100,000,000 Issue Shares for application by the Malaysian Public, via balloting
Retail Price	:	Indicative initial price of RM[●] per IPO Share to be fully paid upon application under the Retail Offering, subject to the adjustment as detailed in Section 4.4.1 of this Prospectus
Retail Underwriting Agreement	:	[Retail underwriting agreement dated [●] between our Company, the Joint Managing Underwriters and the Joint Underwriters for the underwriting of our Issue Shares under the Retail Offering]
RHB IB	:	RHB Investment Bank Berhad
RMCO	:	Recovery Movement Control Order issued under the Prevention and Control of Infectious Diseases Act 1988 of Malaysia and the Police Act 1967 of Malaysia
Rules of Bursa Depository	:	The rules of Bursa Depository as issued under the SICDA
SAC	:	Shariah Advisory Council of the SC
SC	:	Securities Commission Malaysia
SDBA	:	Street, Drainage and Building Act 1974 of Malaysia
Selling Shareholders	:	Collectively, DXN Global and Gano Global

SERCs	:	State Electricity Regulatory Commissions in India
SFDA	:	State Food and Drug Administration of the PRC
Share Lending Agreement	:	The agreement to be entered into by the Over-allotment Option Providers and the Stabilising Manager under which the Over-allotment Option Providers will lend our Shares to the Stabilising Manager to cover over-allotments, if any, under the Over-allotment Option
Share Registrar	:	Boardroom Share Registrars Sdn. Bhd.
SICDA	:	Securities Industry (Central Depositories) Act 1991 of Malaysia
SIUP	:	Trade Business Licence (*Surat Izin Usaha Perdagangan*) in Indonesia
SLF	:	Certificate of Occupancy (*Sertifikat Laik Fungsi*) in Indonesia
SOCSO	:	Social Security Organisation of Malaysia, also known as PERKESO
SODA 1952	:	Sale of Drugs Act 1952 of Malaysia
SPCB	:	State Pollution Control Board of India
SST	:	Sales and services tax
Stabilising Manager	:	Stabilising manager to be determined
Subdivision	:	Subdivision of existing 240,764,000 Shares into 4,825,000,000 Shares which was completed on [●]
Sunya	:	A mind-training practice centred around the belief that mental peace can lead to peace and prosperity
TGA	:	Therapeutic Goods Administration of Australia
Thai FDA	:	Thai Food and Drug Administration
Trade Law	:	Law No 7 of 2014 on Trade, as partially amended by the Job Creation Law, of Indonesia
U.S. or United States	:	United States of America, its territories and possessions, any state of the United States and the District of Columbia
U.S. Securities Act	:	United States Securities Act of 1933
UAE	:	United Arab Emirates
USDA	:	United States Department of Agriculture
VAT	:	Value-added tax
Water Act	:	Water (Prevention and Control of Pollution) Act, 1974 of India

Currencies

ARS	:	Argentine Peso, the lawful currency of Argentina
AUD	:	Australian Dollar, the lawful currency of Australia

BDT	:	Bangladeshi Taka, the lawful currency of the People's Republic of Bangladesh
BGN	:	Bulgarian Lev, the lawful currency of Bulgaria
BOB	:	Bolivian Boliviano, the lawful currency of Bolivia
CLP	:	Chilean Peso, the lawful currency of Chile
COP	:	Colombian Peso, the lawful currency of Colombia
CZK	:	Czech Koruna, the lawful currency of the Czech Republic
EUR	:	Euro, the lawful currency of the European Union
GBP	:	Pound Sterling, the lawful currency of the United Kingdom
HKD	:	Hong Kong Dollar, the lawful currency of Hong Kong
HUF	:	Hungarian Forint, the lawful currency of Hungary
IDR	:	Indonesian Rupiah, the lawful currency of Indonesia
INR	:	Indian Rupee, the lawful currency of India
KRW	:	South Korean Won, the lawful currency of the Republic of Korea
MAD	:	Moroccan Dirham, the lawful currency of Morocco
MNT	:	Mongolian Tugrik, the lawful currency of Mongolia
MRU	:	Mauritanian Ouguiya, the lawful currency of Mauritania
MXN	:	Mexican Peso, the lawful currency of Mexico
NGN	:	Nigerian Naira, the lawful currency of Nigeria
PEN	:	Peruvian Sol, the lawful currency of Peru
PHP	:	Philippine Peso, the lawful currency of Philippines
PKR	:	Pakistani Rupee, the lawful currency of Pakistan
PLN	:	Polish Zloty, the lawful currency of Poland
RM and sen	:	Ringgit Malaysia and sen, the lawful currency of Malaysia
RMB	:	Renminbi, the lawful currency of the People's Republic of China
RUB	:	Russian Ruble, the lawful currency of the Russian Federation
SGD	:	Singapore Dollar, the lawful currency of Singapore
THB	:	Thai Baht, the lawful currency of Thailand
USD	:	United States Dollar, the lawful currency of United States
UZS	:	Uzbekistani Som, the lawful currency of Uzbekistan
XOF	:	West African CFA Franc, the lawful currency of Niger

ZAR	:	South African Rand, the lawful currency of the Republic of South Africa

Subsidiaries

Amazing Discovery	:	Amazing Discovery Sdn. Bhd.
Anxi Gande Foluohua	:	Anxi Gande Foluohua Integrated Agricultural Science and Technology Co., Ltd.
Bio Synergy	:	Bio Synergy Laboratories Sdn. Bhd.
Daehsan Hungary	:	Daehsan Europe Export-import Korlátolt Felelősségű Társaság
Daehsan Indonesia	:	PT. Daehsan Indonesia
Daehsan Mexico	:	Daehsan Mexico Import & Export, S.A. de C.V.
Daxen Agri	:	PT. Daxen Agri Pratama
Daxen Agritech	:	Daxen Agritech India Private Limited
Daxen Agrotech	:	PT. Daxen Agrotech Nusantara
Daxen Logistic	:	Daxen Logistic LLC
Daxen Indonesia	:	PT. Daxen Indonesia
Daxen KJP	:	PT. Daxen KJP Agro
Daxen Mexico	:	Daxen Mexico, S.A. DE C.V.
Daxen Mongolia	:	“DAXEN” LLC
Daxen Morocco	:	Daxen Morocco LLC
Daxen Slovakia	:	Daxen Slovakia s.r.o.
Daxen USA	:	Daxen, Inc.
Daxen Uzbekistan	:	FE LLC “DAXEN UBZ”
DIPL	:	DXN International Private Ltd.
DXN Agro Park	:	DXN Agro Park Sdn. Bhd.
DXN Agrotech	:	DXN Agrotech Sdn. Bhd.
DXN Agrotech Ningxia	:	DXN Agrotech (Ningxia) Co., Ltd.
DXN Argentina	:	DXN Argentina S.R.L.
DXN Australia	:	DXN International (Australia) Pty. Ltd.
DXN Bangladesh	:	DXN Marketing Bangladesh Ltd.
DXN Bio Oil	:	DXN Bio Oil Sdn. Bhd.
DXN Biofuels	:	DXN Biofuels Sdn. Bhd.

DXN Biogreen	:	DXN Biogreen Sdn. Bhd.
DXN Biotech	:	DXN Biotech Consultants Sdn. Bhd.
DXN Biotechnology Ningxia	:	DXN Biotechnology (Ningxia) Co., Ltd.
DXN Bolivia	:	DXN Bolivia S.R.L.
DXN Brazil	:	DXN Marketing (Brasil) LTDA
DXN Bulgaria	:	DXN Bulgaria Ltd.
DXN BVI	:	DXN International Holding Limited
DXN Cafe	:	DXN Cafe Sdn. Bhd.
DXN Chile	:	DXN International Chile S.p.A.
DXN Clinics	:	DXN Clinics Private Limited
DXN Colombia	:	DXN Colombia SAS
DXN Corporation Ningxia	:	DXN Corporation (Ningxia) Co., Ltd.
DXN Czech	:	DXN International CZ s.r.o.
DXN Ecuador	:	DXN Trading Ecuador CIA. LTDA.
DXN Europe Trading	:	DXN Europe Trading GmbH
DXN Food Tech	:	DXN Food Tech Sdn. Bhd.
DXN Germany	:	DXN Germany GmbH
DXN Greece	:	DXN Greece EPE
DXN Healthtech Guangzhou	:	DXN Healthtech (Guangzhou) Co., Ltd.
DXN HK	:	DXN International (Hong Kong) Limited
DXN Industries	:	DXN Industries (M) Sdn. Bhd.
DXN Italy	:	DXN Italy SRL
DXN Korea	:	DXN Korea Co., Ltd.
Daxen Logistic	:	DXN Logistic LLC
DXN Manufacturing India	:	DXN Manufacturing (India) Private Limited
DXN Marketing	:	DXN Marketing Sdn. Bhd.
DXN Marketing India	:	DXN Marketing India Private Limited
DXN Materials	:	DXN Materials Sdn. Bhd.

DXN Mauritania	:	DXN Mauritania SARL
DXN Mexico	:	DXN Mexico, S.A. DE C. V.
DXN Mycotech	:	DXN Mycotech Sdn. Bhd.
DXN Niger	:	DXN-Niger SA
DXN Nigeria	:	DXN Global Marketing Nigeria Limited
DXN Pakistan	:	DXN International Pakistan (Private) Limited
DXN Panama	:	DXN International Panama S.A.
DXN Peru	:	DXN International Peru S.A.C.
DXN Pharma	:	DXN Pharmaceutical Sdn. Bhd.
DXN Poland	:	DXN International Poland Sp.z.o.o
DXN Russia	:	LLC "DXN RUS"
DXN Safari	:	DXN Safari Eco Park Sdn. Bhd.
DXN Singapore	:	DXN (Singapore) Pte Ltd
DXN Solutions	:	DXN Solutions Sdn. Bhd.
DXN Spain	:	DXN Internacional Spain S.L. Unipersonal
DXN Terengganu	:	DXN (Terengganu) Sdn. Bhd.
DXN Thailand	:	DXN International (Thailand) Co., Ltd.
DXN Trading Ningxia	:	DXN International Trading (Ningxia) Co., Ltd.
DXN Turkey	:	DXN Marketing Private İthalat Ve Pazarlama Limited Şirketi
DXN UK	:	DXN International (UK) Limited
Esen Lifesciences	:	Esen Lifesciences Private Limited
Florin Fujian	:	Florin (Fujian) Integrated Agricultural Science and Technology Co., Ltd.
Golden Health Trading	:	Golden Health Trading Limited
Suryasoft	:	PT. Suryasoft Konsultama

Associate

Box Park Management	:	Box Park Management Sdn. Bhd.

Joint venture

DNC Food Industries	:	DNC Food Industries Sdn. Bhd.

Branch

DIPL Philippines Branch	:	DIPL's branch in Philippines

GLOSSARY OF TECHNICAL TERMS

Beggarticks	:	An annual species of herbaceous flowering plant in daisy family - Asteraceae
Cordyceps	:	A genus of fungi which contains cordycepin acids, amino acid, glutamic acid and polysaccharides
Direct selling	:	A method of consumer product and services distribution via sales in a person-to-person manner, away from a fixed retail location primarily through independent representatives
Ganoderma	:	Mushroom scientifically known as *Ganoderma lucidum*
GL	:	Ganocelium, DXN's term for the Ganoderma mycelium
Health-oriented and wellness products	:	Products that aim to enhance the physical health of individuals
Lion’s Mane	:	An edible mushroom belonging to the tooth fungus group
Independent representatives	:	An individual who has entered into an independent contractor agreement with a direct selling company, to purchase products and services from it and is compensated for the sales and for the marketing and promotional services. Sometimes also referred to as distributors, members, consultants or other titles
Mycelium	:	Scientific name for the root of Ganoderma
Natural ingredients	:	Ingredients present or produced in nature derived from natural sources such as plants, animals and minerals
Noni	:	Fruit of the *Morinda citrifolia* tree
RG	:	Reishi Gano, DXN's term for the Ganoderma fruiting body, the above-ground part of the mushroom
Roselle	:	A species of flowering plant in the genus Hibiscus
Spirulina	:	A filamentous and multicellular blue-green microalgae
Synthetic ingredients	:	Ingredients that are synthetically derived, not found or harvested in nature, but produced in laboratories, with or without the use of chemical elements
Tiger Milk	:	A type of mushroom belonging to the Polyporaceae family

EXCHANGE RATES

The exchange rates as at the LPD as set out below are used in this Prospectus unless specified otherwise:

Currency	Exchange rate
RM to INR 100	5.603
RM to NGN 100	1.025
RM to RMB 1	0.664
RM to THB 100	12.621
RM to USD 1	4.255
RM to XOF 1	142.129

1. CORPORATE DIRECTORY

BOARD OF DIRECTORS

Name	Designation	Nationality	Address
Datuk Lim Siow Jin	Non-Independent Executive Chairman	Malaysian	No. 2807 Taman Golf Jalan Sultanah 05250 Alor Setar Kedah
Teoh Hang Ching	Non-Independent Executive Director and Chief Executive Officer	Malaysian	30, Lorong 4/SS1 Bandar Tasek Mutiara 14120 Simpang Ampat Pulau Pinang
Dato' Lim Boon Yee	Non-Independent Non-Executive Director	Malaysian	No. 79, Taman Gunung Indah Lebuhraya Sultanah Bahiyah 05050 Alor Setar Kedah
Vibhav Panandiker	Non-Independent Non-Executive Director	Singaporean	1 Rhu Cross #04-08 Costa Rhu Singapore 437431
Datuk Noripah Binti Kamso	Senior Independent Non-Executive Director	Malaysian	90, Jalan TR 8/3 Tropicana Golf & Country Resort 47410 Petaling Jaya Selangor
Tunku Afwida Binti Tunku A. Malek	Independent Non-Executive Director	Malaysian	7, Jalan TR 9/6 Tropicana Golf & Country Resort 47410 Petaling Jaya Selangor
Stefan Heitmann	Independent Non-Executive Director	German	19, Jalan Birah Damansara Heights 50490 Kuala Lumpur
Abraham Verghese A/L T V Abraham	Independent Non-Executive Director	Malaysian	A-17-01, Kiaramas Danai 8, Jalan Desa Kiara Mont Kiara 50480 Kuala Lumpur
Ong Huey Min	Independent Non-Executive Director	Malaysian	100-B-28-02, The Landmark Jalan Tanjung Tokong 10470 Tanjung Tokong Penang

1. CORPORATE DIRECTORY *(Cont'd)*

AUDIT COMMITTEE

Name	Designation	Directorship
Abraham Verghese A/L T V Abraham	Chairman	Independent Non-Executive Director
Tunku Afwida Binti Tunku A. Malek	Member	Independent Non-Executive Director
Stefan Heitmann	Member	Independent Non-Executive Director

EXECUTIVE COMMITTEE

Name	Designation	Directorship
Datuk Lim Siow Jin	Member	Non-Independent Executive Chairman
Teoh Hang Ching	Member	Non-Independent Executive Director and Chief Executive Officer

NOMINATION COMMITTEE

Name	Designation	Directorship
Tunku Afwida Binti Tunku A. Malek	Chairman	Independent Non-Executive Director
Datuk Noripah Binti Kamso	Member	Senior Independent Non-Executive Director
Ong Huey Min	Member	Independent Non-Executive Director

REMUNERATION COMMITTEE

Name	Designation	Directorship
Ong Huey Min	Chairman	Independent Non-Executive Director
Datuk Noripah Binti Kamso	Member	Senior Independent Non-Executive Director
Tunku Afwida Binti Tunku A. Malek	Member	Independent Non-Executive Director

RISK MANAGEMENT COMMITTEE

Name	Designation	Directorship
Stefan Heitmann	Chairman	Independent Non-Executive Director
Abraham Verghese A/L T V Abraham	Member	Independent Non-Executive Director
Teoh Hang Ching	Member	Non-Independent Executive Director and Chief Executive Officer

1. CORPORATE DIRECTORY *(Cont'd)*

COMPANY SECRETARIES	:	**Tai Yit Chan** 12th Floor, Menara Symphony No. 5, Jalan Professor Khoo Kay Kim, Seksyen 13 46200 Petaling Jaya Selangor	Professional qualification: The Malaysian Institute of Chartered Secretaries and Administrators ("**MAICSA**") (Licence No.: MAICSA 7009143) (CCM Practising Certificate No. 202008001023)
		Ong Tze-En 170-09-01, Livingston Tower Jalan Argyll 10050 George Town Pulau Pinang	Professional qualification: MAICSA (Licence No.: 7026537) (CCM Practising Certificate No. 202008003397)
		Lim Yew Lin 267, Taman Berjaya Jalan Pegawai 05050 Alor Setar Kedah	Professional qualification: Malaysian Institute of Accountants ("**MIA**") (MIA Membership No. 20906) (CCM Practising Certificate No. 202008001679)
REGISTERED OFFICE	:	170-09-01, Livingston Tower Jalan Argyll 10050 George Town Pulau Pinang Tel. No.: +604 229 4390	
HEAD/MANAGEMENT OFFICE	:	Wisma DXN 213 Lebuhraya Sultan Abdul Halim 05400 Alor Setar Kedah Tel. No.: +604 772 3388 Email: enquiry@dxn2u.com Website: https://www.dxn2u.com/	
SELLING SHAREHOLDERS	:	**DXN Global Sdn. Bhd.** 39 Irving Road 10400 Georgetown Pulau Pinang	**Gano Global Supplements Pte. Ltd.** 39 Robinson Road #13-01 Robinson Point Singapore (068911)
AUDITORS AND REPORTING ACCOUNTANTS	:	**KPMG PLT** (LLP0010081-LCA & AF0758) Chartered Accountants Level 18, Hunza Tower 163E, Jalan Kelawei 10250 Penang Tel. No.: +604 238 2238 Partner-in-charge: Raymond Chong Chee Mon Professional qualification: MIA (MIA Membership No.: 14800)	
PRINCIPAL ADVISER	:	**Maybank Investment Bank Berhad** 32nd Floor, Menara Maybank 100, Jalan Tun Perak 50050 Kuala Lumpur Tel. No.: +603 2059 1888	

1. CORPORATE DIRECTORY *(Cont'd)*

JOINT GLOBAL COORDINATORS AND JOINT BOOKRUNNERS *(in alphabetical order)*	:	**CIMB Investment Bank Berhad** 17th Floor, Menara CIMB No. 1, Jalan Stesen Sentral 2 Kuala Lumpur Sentral 50470 Kuala Lumpur Tel. No.: +603 2261 8888	**CLSA Limited** 18/F, One Pacific Place 88 Queensway Hong Kong Tel. No.: +852 2600 8888
		CLSA Securities Malaysia Sdn Bhd Suite 20-01, Level 20, Menara Dion, 27 Jalan Sultan Ismail, 50250 Kuala Lumpur Tel. No. +603 2056 7888	**Maybank Investment Bank Berhad** 32nd Floor, Menara Maybank 100, Jalan Tun Perak 50050 Kuala Lumpur Tel. No.: +603 2059 1888
JOINT MANAGING UNDERWRITERS AND JOINT UNDERWRITERS *(in alphabetical order)*	:	**CIMB Investment Bank Berhad** 17th Floor, Menara CIMB No. 1, Jalan Stesen Sentral 2 Kuala Lumpur Sentral 50470 Kuala Lumpur Tel. No.: +603 2261 8888	**Maybank Investment Bank Berhad** 32nd Floor, Menara Maybank 100, Jalan Tun Perak 50050 Kuala Lumpur Tel. No.: +603 2059 1888
JOINT BOOKRUNNER AND JOINT UNDERWRITER	:	**RHB Investment Bank Berhad** Level 10, Tower One RHB Centre Jalan Tun Razak 50400 Kuala Lumpur Tel. No.: +603 9287 3888	
LEGAL ADVISERS	:	*To our Company as to Malaysian law*	*To our Company as to United States federal securities law and English law*
		Albar & Partners Suite 14-3, Level 14 Wisma UOA Damansara II No. 6, Changkat Semantan Damansara Heights 50490 Kuala Lumpur Tel. No.: +603 7890 3288	**Clifford Chance Pte. Ltd.** 12 Marina Boulevard Marina Bay Financial Centre Tower 3, 25th Floor Marina Bay Financial Centre Singapore 018982 Tel. No.: +65 6410 2200
	:	*To the Joint Global Coordinators, Joint Bookrunners, Joint Managing Underwriters and Joint Underwriters as to Malaysian law*	*To the Joint Global Coordinators and Joint Bookrunners as to United States federal securities law and English law*
		Adnan Sundra & Low Level 25, Menara Etiqa No. 3, Jalan Bangsar Utama 1 59000 Kuala Lumpur Tel. No.: +603 2279 3288	**Allen & Overy LLP** 50 Collyer Quay #09-01 OUE Bayfront Singapore 049321 Tel. No.: +65 6671 6000

1. CORPORATE DIRECTORY *(Cont'd)*

INDEPENDENT MARKET RESEARCHER	:	**Frost & Sullivan GIC Malaysia Sdn Bhd** Level 16 & 17 Nucleus Tower No. 10, Jalan PJU 7/6 Mutiara Damansara 47800 Petaling Jaya Selangor Tel. No.: +603 2023 2000 Name of signing partner: June Liang Pui San *(See Section 8 of this Prospectus for the profile of the firm and the signing partner)*
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. No.: +603 7890 4700
ISSUING HOUSE	:	**Malaysian Issuing House Sdn. Bhd.** 11th Floor, Menara Symphony No. 5, Jalan Professor Khoo Kay Kim Seksyen 13 46200 Petaling Jaya Selangor Tel. No.: +603 7890 4700
LISTING SOUGHT	:	Main Market of Bursa Securities

2. INTRODUCTION

2.1 APPROVALS AND CONDITIONS

2.1.1 SC

The SC has, via its letter dated [●], approved our IPO and our Listing under Section 214(1) of the CMSA, subject to compliance with the following conditions:

No.	Details of condition imposed	Status of compliance
(i)	[●]	[●]

The SC has also via the same letter approved the resultant equity structure of our Company pursuant to our Listing under the Bumiputera equity requirement for public listed companies. The effects of our Listing on the equity structure of our Company are as follows:

			After our Listing			
	After the Subdivision		Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is fully exercised	
	No. of Shares	**% of enlarged issued Shares**	**No. of Shares**	**% of enlarged issued Shares**	**No. of Shares**	**% of enlarged issued Shares**
	('000)		('000)		('000)	
Bumiputera						
- Individual	-	-	200	*	200	*
- Bumiputera public investors via balloting	-	-	(1)50,000	1.0	50,000	1.0
- Bumiputera investors to be approved by the MITI	-	-	(1)623,125	12.5	623,125	12.5
Total Bumiputera	**-**	**-**	**673,325**	**13.5**	**673,325**	**13.5**
Non-Bumiputera	3,584,640	74.3	(2)3,819,065	76.6	3,862,221	77.5
Total Malaysian	**3,584,640**	**74.3**	**4,492,390**	**90.1**	**4,535,546**	**91.0**
Foreigners	1,240,360	25.7	(2)492,610	9.9	449,454	9.0
TOTAL	**4,825,000**	**100.0**	**4,985,000**	**100.0**	**4,985,000**	**100.0**

Notes:

* *Negligible*

(1) *Assuming all our Shares allocated to Bumiputera public investors under the Retail Offering and to Bumiputera investors to be approved by the MITI under the Institutional Offering are fully subscribed.*

(2) *Assuming all our Shares are allocated to Malaysian and non-Bumiputera investors only as the actual subscribers cannot be determined at this juncture.*

The SC has, via its letter dated 26 May 2022, approved the reliefs sought by us from having to comply with certain requirements under the Equity Guidelines and the Prospectus Guidelines. The details of the reliefs sought and the corresponding conditions imposed by the SC are as follows:

Reference	Details of relief granted	Condition imposed (if any)
Equity Guidelines		
Paragraph 1(f)(i) of Part IV – Appendix I, Content of Application for Equity Offerings and Listings	Relief from having to disclose the ultimate beneficial ownership of the shareholders of Gano Global in the application term sheet such that the information shall only be up to KACF LP.	-
Paragraphs 2(a) and (b) of Appendix 4, Part IV	Relief from having to comply with the restriction on the placement of IPO Shares to be offered under the Institutional Offering to persons connected to the placement agents.	-
Prospectus Guidelines		
Paragraph 4.01(d) of Chapter 4, Division I – Part II	Relief from having to disclose the ultimate beneficial ownership of Gano Global. The disclosure shall only be up to KACF LP.	-

2.1.2 MITI

The MITI has, via its letter dated [●], stated that it has taken note and has no objection for us to implement our Listing.

2.1.3 Bursa Securities

Bursa Securities has, via its letter dated [●], approved our Admission, our Listing and the listing of and quotation for the new Shares to be issued upon exercise of the ESOS Options.

2.2 MORATORIUM ON OUR SHARES

In accordance with the Equity Guidelines, our Shares held by the Moratorium Providers as at the date of our Listing will be placed under moratorium. In this respect, our Shares that are subject to moratorium are set out below:

	After our IPO							
	Assuming the Over-allotment Option is not exercised				**Assuming the Over-allotment Option is fully exercised**			
	Direct		**Indirect**		**Direct**		**Indirect**	
Name	**No. of Shares** ('000)	**%**	**No. of Shares** ('000)	**%**	**No. of Shares** ('000)	**%**	**No. of Shares** ('000)	**%**
DXN Global	3,086,140	61.9	-	-	2,918,359	58.5	-	-
DLSJ	-	-	3,086,140	(1)61.9	-	-	2,918,359	(1)58.5
DLBL	-	-	3,086,140	(1)61.9	-	-	2,918,359	(1)58.5

Note:

(1) Deemed interested by virtue of his/her shareholding in DXN Global, applying Section 8(4) of the Act.

The Moratorium Providers have fully accepted the moratorium. They are not allowed to sell, transfer or assign any part of their respective holding in our Shares as at the date of our Listing, for a period of six months from the date of our Listing.

DLSJ and DLBL, being the direct shareholders of DXN Global, will not be allowed to sell, transfer or assign any part of their interest in DXN Global, including our Shares which are held on trust by DXN Global for them, for a period of six months from the date of our Listing.

DLSJ and DLBL are not allowed to sell, transfer or assign any Shares that they may subscribe for following the exercise of the ESOS Options granted to them for six months from the date of our Listing.

The above restrictions do not apply:

(a) in respect of our Shares that may be sold pursuant to the Over-allotment Option to be granted by the Over-allotment Option Providers to the Stabilising Manager (on behalf of the Placement Managers); and

(b) to the transfer of our Shares by the Over-allotment Option Providers as contemplated under the Share Lending Agreement, provided that the restriction will apply to our Shares returned to the Over-allotment Option Providers pursuant to the Share Lending Agreement.

The above moratorium restrictions are specifically endorsed on the share certificates representing our Shares held by the Moratorium Providers which are under moratorium to ensure that our Share Registrar does not register any transfer that contravenes such restrictions.

3. PROSPECTUS SUMMARY

This Prospectus Summary only highlights the key information from other parts of this Prospectus. It does not contain all the information that may be important to you. You should read and understand the contents of the whole Prospectus prior to deciding whether to invest in our Shares.

3.1 PRINCIPAL DETAILS OF OUR IPO

3.1.1 Institutional Offering

The Institutional Offering involves the offering of up to 1,246,250,000 Offer Shares, representing up to 25.0% of our enlarged issued Shares, subject to the clawback and reallocation provisions and the Over-allotment Option as set out in Sections 4.2.4 and 4.2.5 of this Prospectus, at the Institutional Price in the following manner:

(i) 623,125,000 Offer Shares, representing 12.5% of our enlarged issued Shares to Bumiputera investors approved by the MITI; and

(ii) up to 623,125,000 Offer Shares, representing up to 12.5% of our enlarged issued Shares to the following persons:

  (a) Malaysian institutional and selected investors (other than Bumiputera investors approved by the MITI); and

  (b) foreign institutional and selected investors outside the United States in reliance on Regulation S.

3.1.2 Retail Offering

The Retail Offering involves the offering of 160,000,000 Issue Shares, representing approximately 3.2% of our enlarged issued Shares, subject to the clawback and reallocation provisions as set out in Section 4.2.4 of this Prospectus, at the Retail Price in the following manner:

(i) Allocation to the Eligible Persons

60,000,000 Issue Shares, representing 1.2% of our enlarged issued Shares, are reserved for application by the Eligible Persons.

(ii) Allocation via balloting to the Malaysian Public

100,000,000 Issue Shares, representing 2.0% of our enlarged issued Shares, are reserved for application by the Malaysian Public, of which 50,000,000 Issue Shares have been set aside for application by Bumiputera citizens, companies, co-operatives, societies and institutions.

3.1.3 Moratorium on our Shares

In accordance with the Equity Guidelines, the Moratorium Providers are not allowed to sell, transfer or assign any part of their respective holding in our Shares as at the date of our Listing, for a period of six months from the date of our Listing. DLSJ and DLBL, being the direct shareholders of DXN Global, are not allowed to sell, transfer or assign any part of their interest in DXN Global, including our Shares which are held on trust by DXN Global for them, for a period of six months from the date of our Listing.

Our Public Issue and the Offer for Sale will raise gross proceeds of RM[●] million and RM[●] billion, respectively. For further details relating to our IPO and moratorium on our Shares, see Sections 2.2 and 4.2 of this Prospectus, respectively.

3.2 OUR BUSINESS

Our Company was incorporated in Malaysia under the Companies Act, 1965 on 11 October 1995 as a private limited company under the name of Magcure Marketing Sdn Bhd and is deemed registered under the Act. On 3 August 1998, our Company changed its name from Magcure Marketing Sdn Bhd to DXN Holding Sdn Bhd and subsequently changed its name to DXN Holdings Sdn Bhd on 21 June 2002. Our Company was converted into a public limited company on 16 July 2002.

The principal activities of our Company are investment holding and provision of management services. As at the LPD, we have 78 subsidiaries across 40 countries, which are principally involved in the sales of health-oriented and wellness consumer products through a direct selling model. Our Group's direct selling network consists of Members (including stockists) and external distribution agencies who exclusively carry our products to on-sell and distribute to other Members and end-consumers. Our Group's other business activities that primarily serve to support our core business include conducting laboratory testing services for third parties, offering of lifestyle products and operating a café.

Our top 10 markets in terms of revenue for the FYE 28 February 2021 are Peru, Mexico, India, Bolivia, Malaysia, Philippines, the Middle East, United States, Thailand and Colombia. Our Group has sales branches in these top 10 markets except for the Middle East, where our Group uses an external distribution agency structure.

For further details on our history, group structure and business, see Sections 6 and 7 of this Prospectus.

3.3 COMPETITIVE STRENGTHS

Our competitive strengths are as follows:

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

We operate a direct selling platform within the growing health-oriented and wellness sector with a wide product portfolio range of FFB, HDS and PCC products which use active natural ingredients such as Ganoderma, Spirulina and Cordyceps. Our exposure in global markets is diversified across various geographical regions such as Latin America, North America, Europe, Southeast Asia, Central Asia, South Asia, Middle East, Africa and Oceania.

(ii) Business platform with a broad product portfolio and integrated production facilities

Building on our initial expertise in Ganoderma, we have expanded our product offerings to a diversified portfolio of health-oriented and wellness consumer products across a range of natural health ingredients.

(iii) Expansive global distribution network and sustainable direct selling strategies

We have a vast distribution footprint spanning across various global regions of Europe, Latin America, North America, Central Asia, South Asia, Southeast Asia, Middle East, Africa and Oceania. With a distribution footprint (including our branches and distributors) across 50 countries as at the LPD, our geographical presence around the world provides revenue sustenance as we are not overly-concentrated in any particular country, hence mitigating risks that can have a significant impact to our Group's performance due to circumstances beyond our control.

(iv) Strong track record of profitable growth and cash generation

We have proven our ability to establish our business in new markets by leveraging on our experience and scalable business model.

(v) Robust technology ecosystem to support global operations

Our systems, developed internally and together with Suryasoft (which we acquired in April 2022), are tailored to specific needs of the business and continually updated to reflect new market and technical trends. With no licence fees and minimal cost for a global roll-out, we own the source codes and blueprints for all our existing software application.

(vi) Experienced founder-led management team

We are anchored by a corporate culture established under the leadership of our founder and Non-Independent Executive Chairman, DLSJ, who has been with our Group for over 25 years.

For further details on our competitive strengths, see Section 7.2 of this Prospectus.

3.4 IMPACT OF COVID-19 ON OUR BUSINESS

The COVID-19 pandemic has impacted various aspects of our business, including logistics, production and supply chain, all of which have affected our profitability, particularly between April and May 2020. Our revenue decreased by 4.9% from RM1,104.6 million for the FYE 29 February 2020 to RM1,050.2 million for the FYE 28 February 2021 primarily due to movement restrictions imposed in response to COVID-19 by the local governments of our core markets in Latin America, South Asia and Southeast Asia. Our profit for the year decreased by 21.3% from RM255.2 million for the FYE 29 February 2020 to RM200.9 million for the FYE 28 February 2021. We have implemented and will continue to implement various precautions, restrictions and measures aimed at safeguarding the health of our employees and the stability of our operations and financial condition at our offices, research, cultivation and manufacturing facilities and other premises in response to COVID-19. For example, we directed certain employees to work from home and pivoted from conducting face-to-face meetings with suppliers, Members (including stockists) and external distribution agencies to increasing our reliance on social media, webinars, video calls and other online tools. We seek to comply with all health and safety procedures that authorities prescribe and as such have implemented various sanitising and disinfecting procedures at our premises in accordance with government recommendations. In addition, we have also taken additional health and safety measures such as providing hand sanitiser and face masks to our staff, conducting daily temperature checks, sanitising our offices and facilities at regular intervals and adopting a mask-on policy for our staff at our premises.

For further details on the impact of the COVID-19 pandemic on our business, see Sections 5 and 7 of this Prospectus.

3.5 FUTURE PLANS AND STRATEGIES

Our future plans and strategies are as follows:

(i) Visible pathway to grow in new and existing markets

We will open up a new sales branch or appoint an external distribution agency whenever there is a sufficient number of Members to do network marketing, coupled with a sales volume that is sizable.

(ii) Catering to changing consumer needs and enhancing Member engagement

We have a systematic approach to product ideation, development and launch, which is backed by our strong track record of producing new products with 398 SKUs in our product portfolio (as at the LPD) since our inception.

(iii) Continued expansion of our vertically-integrated global supply chain

We intend 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 top-line growth.

(iv) Enhancing our technological ecosystem

The availability of social media enables us to increase our effective outreach and enrolment of Members, as Members are able to easily share their success stories across their personal networks respectively, allowing a wider audience to understand the value proposition offered by us.

For further details on our future plans and strategies, see Section 7.3 of this Prospectus.

3.6 RISK FACTORS

An investment in our Shares involves a number of risks, many of which are beyond our control. You should carefully consider all of the information contained in this Prospectus, including all the risk factors, before deciding to invest in our Shares.

Set out below are the key risks faced by us in our business operations:

(i) There is a high level of competition in the direct selling industry and we may fail to maintain or grow our network of active Members as sales are made to the ultimate consumer principally through direct selling by our Members.

(ii) We have limited control over our Members as we have the significant number of Members in our global network and it is not feasible for us to monitor all of our Members' day-to-day conduct and business activities.

(iii) We rely on external distribution agencies in 23 jurisdictions that purchases products from us and on-sells such products to our Members and have limited control over the customers or jurisdictions which they may on-sell our products to.

(iv) We may not be successful in expanding to new markets or in expanding and strengthening our footprint in existing markets as our ability to successfully carry out the expansion plans and to succeed in new markets or expand our footprint in existing markets will depend on, among others, our ability to secure necessary governmental approvals or third party consents, the strength of our products portfolio, our ability to register products, and our ability to locate and partner with the appropriate third parties.

(v) We face certain risks related to the safety, perceived safety and reputation of our products and our Group. If any of our products cause, or are perceived to cause, adverse side effects, we may face a number of consequences, including, but not limited to injury to, or death of, consumers; a severe decrease in the sales of the relevant products; recalls or withdrawals of the relevant products; revocation of regulatory approvals for the relevant products; stricter and more frequent regulatory inspections of our facilities and products; and the risk of lawsuits and regulatory investigations in respect of the relevant products, which could result in liabilities, fines or penalties.

(vi) We may be subject to product liability, personal injury or wrongful death claims or product recalls in connection with our products, which may materially and adversely affect our reputation, business and prospects if the products we sell are deemed or proven to be unsafe, defective or contaminated, or if they are insufficiently or improperly labelled.

For further details on our risk factors, see Section 5 of this Prospectus.

3.7 DIRECTORS AND KEY SENIOR MANAGEMENT

As at the LPD, our Directors and Key Senior Management are as follows:

Name	Designation
Directors	
DLSJ	Non-Independent Executive Chairman
Teoh Hang Ching	Non-Independent Executive Director and Chief Executive Officer
DLBY	Non-Independent Non-Executive Director
Vibhav Panandiker	Non-Independent Non-Executive Director
Datuk Noripah Binti Kamso	Senior Independent Non-Executive Director
Tunku Afwida Binti Tunku A. Malek	Independent Non-Executive Director
Stefan Heitmann	Independent Non-Executive Director
Abraham Verghese A/L T V Abraham	Independent Non-Executive Director
Ong Huey Min	Independent Non-Executive Director
Key Senior Management	
DLSJ	Non-Independent Executive Chairman
Teoh Hang Ching	Non-Independent Executive Director and Chief Executive Officer
Lim Yew Lin	Chief Financial Officer and Company Secretary
Teoh Thean Yong	Chief Technology Officer and Group Financial Controller
Tan Hiyin Tiong	Chief Operating Officer
Prajith Pavithran	Chief Marketing Officer
Kuah Lee Peng	Chief Manufacturing Officer

For further details on our Directors and Key Senior Management, see Sections 9.2 and 9.3 of this Prospectus, respectively.

3.8 DIVIDEND POLICY

There are no dividend restrictions imposed on our subsidiaries, joint venture and associate as at the LPD save for in India, where two (2) of our subsidiaries are currently unable to remit profits to Malaysia due to errors in the registration of shareholding of our Indian subsidiaries, though such subsidiaries are not restricted from declaring dividends. We are still in the process of preparing regularisation applications to the relevant authorities in India to regularise these errors in the registration of shareholding of our Indian subsidiaries, which we expect to be completed within one (1) year from the date of this Prospectus.

We target a payout ratio of 30% to 50% of our profit attributable to the owners of our Company for each financial year on a consolidated basis after taking into account working capital, maintenance capital and committed capital requirements of our Group. The declaration and payment of any dividend is subject to the confirmation of our Board as well as any applicable law, licence conditions and contractual obligations and provided that such distribution will not be detrimental to our cash requirements or any plans approved by our Board. The following table sets out our dividends declared and paid for the financial years/period indicated:

	FYE 28/29 February			FPE 31 December
	2019	**2020**	**2021**	**2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Total dividends declared....................	94,000	55,000	280,000	60,000
Total dividends paid...........................	94,000	55,000	80,000(1)	112,700(2)

Notes:

(1) Of the total dividends declared in the FYE 28 February 2021, RM80.0 million was paid out of our internally generated funds from operations, RM47.1 million was set off against the proceeds from the disposal of subsidiaries, RM100.2 million was set off against the amount due from the disposed subsidiaries to our Company and the remaining RM52.7 million was paid in the FPE 31 December 2021.

(2) The total dividends paid in the FPE 31 December 2021 include the dividend of RM52.7 million declared in the FYE 28 February 2021.

For further details on our dividend policy, see Section 12.4 of this Prospectus.

3.9 PROMOTER AND SUBSTANTIAL SHAREHOLDERS

The following table sets out the direct and indirect shareholdings of our Promoter and substantial shareholders before and after our IPO:

Name/ Nationality/ Country of incorporation	Before our IPO[(1)]				After our IPO											
	Shareholding after the Subdivision				Assuming the Over-allotment Option is not exercised[(2)]				Assuming the Over-allotment Option is fully exercised[(3)]				Upon our Listing and assuming full exercise of the ESOS Options[(4)]			
	Direct		Indirect		Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%
Promoter and substantial shareholder																
DXN Global / Malaysia	3,584,640	[(5)]74.3	-	-	3,086,140	61.9	-	-	2,918,359	58.5	-	-	2,918,359	58.2	-	-
Substantial shareholders																
DLSJ / Malaysian	-	-	3,584,640	[(6)]74.3	-	-	3,086,140	[(6)]61.9	-	-	2,918,359	[(6)]58.5	3,000	0.1	2,918,359	[(6)]58.2
DLBL / Malaysian	-	-	3,584,640	[(6)]74.3	-	-	3,086,140	[(6)]61.9	-	-	2,918,359	[(6)]58.5	-	-	2,918,359	[(6)]58.2
Gano Global / Singapore	1,240,360	25.7	-	-	492,610	9.9	-	-	449,454	9.0	-	-	449,454	9.0	-	-
KACMF / Singapore	-	-	1,240,360	[(7)]25.7	-	-	492,610	[(7)]9.9	-	-	449,454	[(7)]9.0	-	-	449,454	[(7)]9.0
KACF LP / Cayman Islands	-	-	1,240,360	[(8)]25.7	-	-	492,610	[(8)]9.9	-	-	449,454	[(8)]9.0	-	-	449,454	[(8)]9.0

Notes:

(1) Based on our enlarged issued Shares of 4,825,000,000 after the Subdivision.

(2) Based on our enlarged issued Shares of 4,985,000,000 after our IPO and assuming full subscription of our Issue Shares allocated to the Eligible Persons in respect of the Retail Offering.

(3) Assuming an Over-allotment Option of 210,937,500 Shares, representing 15.0% of the total number of our IPO Shares offered.

(4) Based on our enlarged issued Shares of 5,015,000,000 assuming full exercise of 30,000,000 ESOS Options intended to be offered as described in Section 4.2.6 of this Prospectus.

(5) DXN Global has legal interest of 74.3% equity interest in our Company of which it holds the legal and beneficial interest of 48.0% equity interest in our Company. The balance 26.3% equity interest in our Company is held by DXN Global on trust for DLSJ (0.3%) and DLBL (26.0%).

(6) Deemed interested by virtue of his/her shareholding in DXN Global, applying Section 8(4) of the Act.

(7) Deemed interested by virtue of its shareholding in Gano Global, applying Section 8(4) of the Act.

(8) Deemed interested by virtue of its shareholding in KACMF, applying Section 8(4) of the Act.

For further information on our Promoter and substantial shareholders, see Section 9.1 of this Prospectus.

3.10 USE OF PROCEEDS

We expect to use the gross proceeds from our Public Issue amounting to RM[●] million[(1)] in the following manner:

Details of use of proceeds	Estimated timeframe for use from the date of our Listing	RM'000	%
Repayment of bank borrowings	Within 24 months	[●]	[●]
Working capital	Within 6 months	[●]	[●]
Defray fees and expenses relating to our IPO and Listing	Within 3 months	[●]	[●]
Total		**[●]**	**100.0**

Note:

(1) We have assumed that the Institutional Price and the Final Retail Price will be equal to the Retail Price.

For detailed information relating to the use of proceeds arising from our Public Issue, see Section 4.6 of this Prospectus.

3.11 FINANCIAL AND OPERATIONAL HIGHLIGHTS

The following table sets out our selected historical consolidated financial data for the financial years/periods indicated:

	FYE 28/29 February			**FPE 31 December**	
	Audited			**Unaudited**	**Audited**
	2019	**2020**	**2021**	**2020**	**2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Revenue	907,222	1,104,608	1,050,205	879,915	1,015,711
Cost of goods sold[(1)(2)]	(145,672)	(191,488)	(179,886)	(150,390)	(183,389)
Gross profit[(1)]	**761,550**	**913,120**	**870,319**	729,525	832,322
PBT	319,975	347,839	287,267	244,311	270,634
Profit for the year/period	**218,867**	**255,248**	**200,884**	**166,839**	**176,361**
Profit for the year/period attributable to:					
Owners of our Company	209,973	241,671	191,572	158,244	174,742
Non-controlling interests	8,894	13,577	9,312	8,595	1,619
Gross profit margin (%)[(3)]	83.9	82.7	82.9	82.9	81.9
PBT margin (%)[(4)]	35.3	31.5	27.4	27.8	26.6
PATAMI margin (%)[(5)]	23.1	21.9	18.2	18.0	17.2

	FYE 28/29 February			**FPE 31 December**
	Audited			**Audited**
	2019	**2020**	**2021**	**2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Total equity	507,846	710,691	629,690	752,132
Total borrowings (excluding lease liabilities)	73,932	156,319	257,863	249,464
Net debt[(6)]	(116,541)	(96,170)	(68,115)	(145,420)
Gearing ratio (times)[(7)]	0.1	0.2	0.4	0.3
Net gearing ratio (times)[(8)]	(0.2)	(0.1)	(0.1)	(0.2)

***Notes**:*

(1) Our consolidated statements of profit or loss and other comprehensive income disclose our expenses based on the natural classification of expenses, where our expenses are grouped by nature instead of function. As such, our consolidated statements of profit or loss and other comprehensive income do not disclose the expense line items for cost of goods sold and gross profit. The cost of goods sold and gross profit disclosed in this Prospectus have been derived from our consolidated management accounts.

(2) Comprises changes in work-in-progress and manufactured inventories, raw materials used and trading inventories sold, depreciation and amortisation, and employee benefits expense.

(3) Computed based on gross profit divided by revenue.

(4) Computed based on PBT divided by revenue.

(5) Computed based on profit for the year/period attributable to owners of our Company divided by revenue.

(6) Computed based on total borrowings (excluding lease liabilities) less cash and cash equivalents as at the end of the financial year/period.

(7) Computed based on total borrowings (excluding lease liabilities) over total equity as at the end of the financial year/period.

(8) Computed based on total borrowings (excluding lease liabilities), net of cash and cash equivalents, over total equity as at the end of the financial year/period.

For further details on financial information relating to our Group, see Section 12 of this Prospectus.

3.12 NON-COMPLIANCES WITH THE RELEVANT LAWS, REGULATIONS, RULES AND REQUIREMENTS GOVERNING THE CONDUCT OF THE OPERATIONS OF MATERIAL SUBSIDIARIES OF OUR GROUP

The total estimated costs (including the potential maximum penalties) of approximately RM7.5 million to rectify the non-compliances referred to in Sections 7.27.1 to 7.27.4 of this Prospectus represent approximately 2.5% of our Group's PBT for the FYE 28 February 2021. The impact of the non-compliances to our Group, individually and collectively, is not material to the business operations and financial condition of our Group on the basis that the total estimated costs represent less than 5% of our Group's PBT for the FYE 28 February 2021.

The non-compliances in respect of our Group's material properties in Malaysia and China do not have a material impact on our business operations and raw material supply as we have sufficient reserve stock and we are able to source for supplies from third-party suppliers, if required. The non-compliances in respect of our foreign investments in India do not have a material impact to our business operations and financial condition as our shareholding in our Indian Subsidiaries are not rendered void by virtue of the non-compliances and the actions or non-actions of our Indian Subsidiaries which gave rise to the non-compliances are procedural in nature and not substantive.

Notwithstanding that the outstanding non-compliances may remain unresolved at the time of our Listing, our Directors undertake to continue to make the necessary applications and/or engage with the relevant authorities to resolve and address the outstanding non-compliance incidents in accordance with the directions of the relevant authorities after our Listing. Our management is following up closely and liaising with the relevant authorities to resolve the said non-compliances in the best interest of our Company. See Section 7.27.5 of this Prospectus for further details.

4. DETAILS OF OUR IPO

4.1 INDICATIVE TIMETABLE

The following events are intended to take place on the following indicative time and/or date:

Event	**Time and/or Date**
Opening of the Institutional Offering[(1)]	[●]
Issuance of the Prospectus/Opening of the Retail Offering	10:00 a.m., [●]
Closing of the Retail Offering	5.00 p.m., [●]
Closing of the Institutional Offering	[●]
Price Determination Date	[●]
Balloting of applications for our Issue Shares under the Retail Offering	[●]
Allotment/Transfer of our IPO Shares to successful applicants	[●]
Listing	[●]

Note:

(1) [Other than the Institutional Offering to the Cornerstone Investors. The Master Cornerstone Placement Agreement for the acquisition of our Offer Shares by the Cornerstone Investors was entered into on [●].]

In the event there is any change to the timetable, we will advertise the notice of changes in widely circulated English and Bahasa Malaysia daily newspapers within Malaysia.

4.2 PARTICULARS OF OUR IPO AND PLAN OF DISTRIBUTION

Our IPO is subject to the terms and conditions of this Prospectus. Upon acceptance, our IPO Shares are expected to be allocated in the manner described below, subject to the clawback and reallocation provisions and the Over-allotment Option as set out in Sections 4.2.4 and 4.2.5 of this Prospectus, respectively.

Our IPO consists of the Institutional Offering and the Retail Offering, totaling up to 1,406,250,000 IPO Shares, representing 28.2% of our enlarged issued Shares. For the avoidance of doubt, our IPO Shares offered under the Institutional Offering and the Retail Offering do not include our Shares under the Over-allotment Option.

4.2.1 Subdivision

On [●] 2022, our Company undertook a subdivision of one existing Share into approximately 20 Shares to enhance the liquidity of our Shares at the time of our Listing.

Following the completion of the Subdivision, our total issued Shares is 4,825,000,000.

Pursuant to the Subdivision, Shares were allotted to our existing shareholders based on their respective shareholding in DXN such that their effective shareholding in DXN will be the same before and after the Subdivision, as follows:

	Shareholding before the Subdivision				Shareholding after the Subdivision			
	Direct		Indirect		Direct		Indirect	
Name	**No. of Shares** ('000)	**%**	**No. of Shares** ('000)	**%**	**No. of Shares** ('000)	**%**	**No. of Shares** ('000)	**%**
DXN Global	178,871	(1)74.3	-	-	3,584,640	(1)74.3	-	-
Gano Global	61,893	25.7	-	-	1,240,360	25.7	-	-
DLSJ	-	-	178,871	(2)74.3	-	-	3,584,640	(2)74.3
DLBL	-	-	178,871	(2)74.3	-	-	3,584,640	(2)74.3
KACMF	-	-	61,893	(3)25.7	-	-	1,240,360	(3)25.7
KACF LP	-	-	61,893	(4)25.7	-	-	1,240,360	(4)25.7
Total	**240,764**	**100.0**			**4,825,000**	**100.0**		

Notes:

(1) DXN Global has legal interest of 74.3% equity interest in our Company of which it holds the legal and beneficial interest of 48.0% equity interest in our Company. The balance 26.3% equity interest in our Company is held by DXN Global on trust for DLSJ (0.3%) and DLBL (26.0%).

(2) Deemed interested by virtue of his/her shareholding in DXN Global, applying Section 8(4) of the Act.

(3) Deemed interested by virtue of its shareholding in Gano Global, applying Section 8(4) of the Act.

(4) Deemed interested by virtue of its shareholding in KACMF, applying Section 8(4) of the Act.

4.2.2 Institutional Offering

The Institutional Offering involves the offering of up to 1,246,250,000 Offer Shares, representing up to 25.0% of our enlarged issued Shares, subject to the clawback and reallocation provisions and the Over-allotment Option as set out in Sections 4.2.4 and 4.2.5 of this Prospectus, at the Institutional Price in the following manner:

(i) 623,125,000 Offer Shares, representing 12.5% of our enlarged issued Shares to Bumiputera investors approved by the MITI; and

(ii) up to 623,125,000 Offer Shares, representing up to 12.5% of our enlarged issued Shares to the following persons:

(a) Malaysian institutional and selected investors (other than Bumiputera investors approved by the MITI); and

(b) foreign institutional and selected investors outside the United States in reliance on Regulation S.

[As part of the Institutional Offering, on [●], our Company, the Selling Shareholders, the Joint Global Coordinators, the Joint Bookrunners and the Cornerstone Investors entered into the Master Cornerstone Placement Agreement whereby the Cornerstone Investors have agreed to acquire from the Selling Shareholders, subject to the terms of the Master Cornerstone Placement Agreement and the individual cornerstone placement agreements, an aggregate of [●] Offer Shares, representing [●]% of our enlarged issued Shares, at RM[●] per Offer Share or the Institutional Price, whichever is lower. None of the Cornerstone Investors will individually acquire 5.0% or more of our enlarged issued Shares under the cornerstone placement agreements.]

[The cornerstone placement agreements are conditional upon, among others, the Retail Underwriting Agreement and the Placement Agreement being entered into and not having been terminated pursuant to their respective terms.]

4.2.3 Retail Offering

The Retail Offering involves the offering of 160,000,000 Issue Shares, representing approximately 3.2% of our enlarged issued Shares, subject to the clawback and reallocation provisions as set out in Section 4.2.4 of this Prospectus, at the Retail Price in the following manner:

(i) Allocation to the Eligible Persons

60,000,000 Issue Shares, representing 1.2% of our enlarged issued Shares, are reserved for application by the Eligible Persons in the following manner:

Eligible Persons	No. of Eligible Persons	Aggregate no. of Issue Shares allocated
Our Directors[(1)]	3	6,200,000
Eligible employees of our Group (including directors of our subsidiaries)[(2)]	735	23,800,000
Persons who have contributed to the success of our Group[(3)]	166	30,000,000
Total	**904**	**60,000,000**

Notes:

(1) The criteria for allocation to our Directors are based on, among others, their respective roles and responsibilities in our Company and they collectively will be allocated a total of 6,200,000 Issue Shares as follows:

Name	***No. of Issue Shares allocated***
DLBY	*5,000,000*
Teoh Hang Ching	*1,000,000*
Datuk Noripah Binti Kamso	*200,000*
Total	***6,200,000***

(2) The allocation of the Issue Shares to the eligible employees of our Group is to be made to full-time confirmed employees of our Group based on, among others, their job grade, length of service, performance and their past contributions to our Group.

(3) The criteria for the allocation of the Issue Shares to persons who have contributed to the success of our Group are based on, among others, their length of business relationship with our Group and their contributions to the success of our Group.

(ii) Allocation via balloting to the Malaysian Public

100,000,000 Issue Shares, representing 2.0% of our enlarged issued Shares, are reserved for application by the Malaysian Public, of which 50,000,000 Issue Shares have been set aside for application by Bumiputera citizens, companies, co-operatives, societies and institutions.

In summary, our IPO Shares will be allocated, subject to the clawback and reallocation provisions and the Over-allotment Option as set out in Sections 4.2.4 and 4.2.5 of this Prospectus, respectively, in the following manner:

Category	Offer for Sale		Public Issue		Total(1)	
	No. of Shares ('000)	% of our enlarged issued Shares	No. of Shares ('000)	% of our enlarged issued Shares	No. of Shares ('000)	% of our enlarged issued Shares
Retail Offering:						
Eligible Persons:						
- Our Directors	-	-	6,200	0.1	6,200	0.1
- Eligible employees of our Group (including directors of our subsidiaries)	-	-	23,800	0.5	23,800	0.5
- Persons who have contributed to the success of our Group	-	-	30,000	0.6	30,000	0.6
Malaysian Public (via balloting):						
- Bumiputera	-	-	50,000	1.0	50,000	1.0
- Non-Bumiputera	-	-	50,000	1.0	50,000	1.0
Sub-total	**-**	**-**	**160,000**	**3.2**	**160,000**	**3.2**
Institutional Offering:						
- Bumiputera investors approved by the MITI	623,125	12.5	-	-	623,125	12.5
- Other Malaysian and foreign institutional and selected investors	623,125	12.5	-	-	623,125	12.5
Sub-total	**1,246,250**	**25.0**	**-**	**-**	**1,246,250**	**25.0**
Total	**1,246,250**	**25.0**	**160,000**	**3.2**	**1,406,250**	**28.2**

Note:

(1) Based on our enlarged issued Shares of 4,985,000,000 upon our Listing.

The completion of the Retail Offering and the Institutional Offering are inter-conditional. Our IPO is also subject to the public shareholding spread requirement under the Listing Requirements as set out in Section 4.2.10 of this Prospectus.

4.2.4 Clawback and reallocation

The Institutional Offering and the Retail Offering shall be subject to the following clawback and reallocation provisions:

(i) if our Issue Shares allocated to Eligible Persons are under-subscribed, such Issue Shares may be allocated to the other Malaysian and foreign institutional and selected investors under the Institutional Offering or the Malaysian Public under the Retail Offering or a combination of both, at the discretion of the Joint Global Coordinators and us;

(ii) if our Offer Shares allocated to Bumiputera investors approved by the MITI ("**MITI Tranche**") are under-subscribed, such Offer Shares may be allocated to other Malaysian institutional investors under the Institutional Offering.

If after the above reallocation, the MITI Tranche is still under-subscribed under the Institutional Offering, and there is a corresponding over-subscription for the Issue Shares by the Malaysian Public under the Retail Offering, our Offer Shares will be clawed back from the MITI Tranche and allocated firstly, to the Bumiputera public investors under the Retail Offering via balloting process as mentioned in Section 4.2.3(ii) of this Prospectus, and thereafter to the other Malaysian Public under the Retail Offering and subsequently to the foreign institutional and selected investors under the Institutional Offering;

(iii) subject to items (i) and (ii) above, if there is an over-subscription in the Retail Offering and there is a corresponding under-subscription in the Institutional Offering, our Offer Shares may be clawed back from the Institutional Offering and allocated to the Retail Offering; and

(iv) subject to item (i) above, if there is an over-subscription in the Institutional Offering and there is a corresponding under-subscription in the Retail Offering, our Issue Shares may be clawed back from the Retail Offering and allocated to the Institutional Offering.

There will be no clawback and reallocation if there is an over-subscription or under-subscription in both the Institutional Offering and the Retail Offering or an under-subscription in either the Institutional Offering or the Retail Offering but no over-subscription in the other.

Any Issue Shares not taken up by any of the Eligible Persons ("**Excess Issue Shares**") will be made available for application by the other Eligible Persons who have applied for the Excess Issue Shares on top of their pre-determined allocation and allocated on a fair and equitable basis and in the following priority:

(a) firstly, allocation on a pro-rata basis to our Directors and eligible employees of our Group who have applied for the Excess Issue Shares based on the number of Excess Issue Shares applied for;

(b) secondly, allocation of any surplus Excess Issue Shares after item (a) above on a pro-rata basis to persons who have contributed to the success of our Group who have applied for the Excess Issue Shares based on the number of Excess Issue Shares applied for; and

(c) thirdly, to minimise odd lots.

Our Board reserves the right to allot Excess Issue Shares applied for in such manner as it may deem fit and expedient in the best interest of our Company, subject always to such allocation being made on a fair and equitable basis, and that the intention of our Board as set out in items (a) to (c) above is achieved. Our Board also reserves the right to accept or reject any Excess Issue Shares application, in full or in part, without assigning any reason.

Once completed, the steps involving items (a) to (c) above will not be repeated. Should there be any balance of Excess Issue Shares thereafter, such balance will be made available for clawback and reallocation as described in item (i) above. Any Issue Shares under the Retail Offering not applied for after being subject to the clawback and reallocation provisions above shall be underwritten by the Joint Underwriters.

To the best of our knowledge and belief, there is no person who intends to subscribe for more than 5.0% of our IPO Shares.

4.2.5 Over-allotment Option

The Over-allotment Option Providers may grant an Over-allotment Option to the Stabilising Manager (on behalf of the Placement Managers) and may appoint the Stabilising Manager to undertake any price stabilisation actions. The Stabilising Manager (or person(s) acting on behalf of the Stabilising Manager) may at its absolute discretion, over-allot our Shares (on behalf of the Placement Managers) and subsequently, effect transactions to stabilise or maintain the market price of our Shares at levels that might not otherwise prevail in the open market.

Such transactions consist of bids or purchases to peg, fix or maintain the price of our Shares. If the Stabilising Manager creates a short position in our Shares in connection with the Institutional Offering, the Stabilising Manager may reduce that short position by purchasing our Shares in the open market. The Stabilising Manager may also elect to reduce any short positions by exercising all or part of the Over-allotment Option.

If granted, the Over-allotment Option will be exercisable in whole or in part by the Stabilising Manager, on one or more occasions, by giving written notice to the Over-allotment Option Providers at any time, within 30 days from the date of our Listing to purchase from the Over-allotment Option Providers up to an aggregate of 210,937,500 Shares, representing up to 15.0% of the total number of our IPO Shares offered, solely for purposes of covering over-allotments of our Shares (if any).

Subject to there being an over-allotment, the Stabilising Manager will (on behalf of the Placement Managers) enter into the Share Lending Agreement with the Over-allotment Option Providers to borrow up to an aggregate of 210,937,500 Shares to cover the over-allotments. Any Shares that may be borrowed by the Stabilising Manager under the Share Lending Agreement will be returned by the Stabilising Manager to the Over-allotment Option Providers either through the purchase of our Shares in the open market by the Stabilising Manager in the conduct of stabilisation activities or deemed returned through the exercise of the Over-allotment Option by the Stabilising Manager or a combination of both. The exercise of the Over-allotment Option will not increase the total number of Shares issued and is not intended to constitute an offer for sale of our Shares by the Over-Allotment Option Providers under our IPO.

Purchases of a security to stabilise the price or to cover the over-allotment may cause the price of the security to be higher than it might be in the absence of these purchases. Such transactions may be effected on the Main Market of Bursa Securities and in other jurisdictions where it is permissible to do so, in each case, in compliance with all applicable laws and regulations, including the CMSA and any regulations thereunder.

The number of Shares that the Stabilising Manager (or person(s) acting on behalf of the Stabilising Manager) may buy to undertake stabilising action, shall not exceed an aggregate of 210,937,500 Shares, representing up to 15.0% of the total number of our IPO Shares offered. However, there is no obligation on the Stabilising Manager (or person(s) acting on behalf of the Stabilising Manager) to undertake any such stabilising action. Such stabilising actions may commence on or after the commencement of trading of our Shares on the Main Market of Bursa Securities and, if commenced, may be discontinued at any time and cannot be effected after the earliest of (i) the date falling 30 days from the commencement of trading of our Shares on the Main Market of Bursa Securities; or (ii) the date when the Stabilising Manager has bought, on the Main Market of Bursa Securities, an aggregate of 210,937,500 Shares, representing up to 15.0% of the total number of our IPO Shares offered to undertake the stabilising action.

4.2.6 ESOS

In conjunction with our Listing, we have established an ESOS which involves the granting of ESOS Options to the eligible Directors and employees of our Group.

The ESOS shall be administered by the ESOS committee appointed by the Board ("**ESOS Committee**") and governed by the By-Laws.

The salient features of the ESOS are as follows:

(i) Maximum number of new Shares available under the ESOS

The total number of new Shares which may be made available under the ESOS shall not exceed in aggregate 5.0% of our total number of issued Shares (excluding treasury shares, if any) at any one time during the duration of the ESOS ("**Maximum Limit**").

The Maximum Limit upon Listing is 249,250,000 ESOS Options, representing 5.0% of our total number of issued Shares (excluding treasury shares).

(ii) Basis of allocation and maximum allowable allocation

Subject to any adjustments as may be made under the By-Laws, the aggregate number of new Shares that may be offered to the eligible Directors and employees of our Group shall be determined by the ESOS Committee at its sole and absolute discretion, after taking into consideration, where applicable, the eligible Director or employee's position, ranking, performance, contribution, seniority, length of service, fulfilment of the eligibility criteria as referred to in the By-Laws or such other matters which the ESOS Committee may in its sole and absolute discretion deem fit, subject to, among others, the following:

(a) the aggregate number of new Shares to be issued pursuant to the exercise of the ESOS Options granted under the ESOS shall not exceed the Maximum Limit and the ESOS Committee shall not be obliged in any way to offer an eligible Director or employee the ESOS Options for all the specified maximum number of our Shares the eligible Director or employee is entitled to under the ESOS;

(b) any offer, allocation of ESOS Options under the ESOS and the related allotment of Shares to any Directors, major shareholders who are employees of our Group or our Chief Executive Officer and any person connected with them who is an employee of our Group, shall require prior approval of our shareholders in a general meeting, and they shall not vote on the resolution approving the said offer, allocation and allotment;

(c) the eligible Directors and senior management of our Group shall not be allowed to participate in the deliberation or discussion of their respective allocation of ESOS Options and/or allocations of ESOS Options to persons connected with them under the ESOS;

(d) not more than 10.0% of our Shares available under the ESOS shall be allocated to any eligible Director or employee, who, either singly or collectively through persons connected with them, holds 20.0% or more of our total number of issued Shares (excluding treasury shares, if any); and

(e) any performance target to be achieved before the ESOS Options can be granted and/or exercised by an eligible Director or employee shall be determined by the ESOS Committee.

(iii) Vesting period and conditions

The ESOS Committee shall have sole and absolute direction in determining whether the ESOS Options granted are subject to any vesting period and whether the ESOS Options are subject to any conditions which are required to be fulfilled by an eligible Director or employee before being vested onto the eligible Director or employee.

(iv) Duration of the ESOS

The ESOS shall be in force for a period of five years from the effective date and is renewable for a period of up to five years immediately from the expiry of the first five years.

(v) Eligibility

A Director or employee of any company within our Group which is not dormant shall be eligible for participation in the ESOS if at the date of offer is made in writing by the ESOS Committee to him/her ("**Offer Date**"), he/she:

(a) has attained 18 years of age;

(b) is not an undischarged bankrupt nor subject to any bankruptcy proceedings;

(c) must have been confirmed in service of our Group;

(d) where the employee or Director is under an employment contract, the contract is for a duration of at least one year and will not be expiring within three months from the Offer Date; and

(e) has fulfilled any other criteria as may be imposed by the ESOS Committee from time to time,

provided always that the selection of any eligible Director and/or employee for participation in the ESOS shall be at the sole and absolute discretion of the ESOS Committee and the decision of the ESOS Committee shall be final and binding.

(vi) Exercise Price

Subject to any adjustments made under the By-Laws and pursuant to the Listing Requirements, the exercise price payable by the eligible Directors and employees of our Group upon exercise of their ESOS Options shall be:

(a) in respect of any offer which is made in conjunction with our Listing, the Final Retail Price; and

(b) in respect of any offer which is made subsequent to our Listing, as determined by our Board upon recommendation of the ESOS committee and shall be based on the five (5)-day volume weighted average market price of our Shares immediately preceding the Offer Date, with a discount, if any, provided always that such discount is not more than 10.0%, if deemed appropriate, or such other percentage of discount as may be permitted by any prevailing guidelines issued by Bursa Securities or any other relevant authorities as amended from time to time during the option period.

The exercise price as determined in the manner set out above shall be conclusive and binding on the grantee.

In conjunction with our Listing, we intend to offer up to 30.0 million ESOS Options to our Directors and employees of our Group, who meet the eligibility criteria to participate in the ESOS as set out in the By-Laws which is in Annexure D of this Prospectus. Assuming the 30.0 million ESOS Options are fully exercised into 30.0 million new Shares, such Shares will represent about 0.6% of our enlarged issued Shares upon Listing. In compliance with item (vi)(a) above, the exercise price for the said 30.0 million ESOS Options shall be the Final Retail Price.

The following is the proposed specific allocation of the ESOS Options to our eligible Directors, Key Senior Management and persons connected with them in conjunction with our Listing:

Name	Designation	No. of ESOS Options allocated
Directors		
DLSJ	Non-Independent Executive Chairman	3,000,000
Teoh Hang Ching	Non-Independent Executive Director and Chief Executive Officer	2,500,000
DLBY	Non-Independent Non-Executive Director	250,000
Datuk Noripah Binti Kamso	Senior Independent Non-Executive Director	200,000
Tunku Afwida Binti Tunku A. Malek	Independent Non-Executive Director	200,000
Stefan Heitmann	Independent Non-Executive Director	200,000
Key Senior Management		
Lim Yew Lin	Chief Financial Officer and Company Secretary	2,000,000
Prajith Pavithran	Chief Marketing Officer	1,500,000
Teoh Thean Yong	Chief Technology Officer and Group Financial Controller	1,500,000
Tan Hiyin Tiong	Chief Operating Officer	1,500,000
Kuah Lee Peng	Chief Manufacturing Officer	1,250,000
Persons connected		
Teoh Shi Kee(1)	Regional Marketing Director	83,000
Teoh Yee Teng(2)	Manager	74,000
Total		**14, 257,000**

Notes:

(1) Son of Teoh Hang Ching.

(2) Daughter of Teoh Hang Ching.

The balance of up to 15, 743,000 ESOS Options that will be granted in conjunction with our Listing will be granted to other eligible employees of our Group, who are not Directors of our Company and persons connected with them.

Any further offer, allocation or allotment under the ESOS to any of our eligible Directors, major shareholders, Chief Executive Officer, and persons connected with them who are our eligible Directors and employees other than as stated above shall require the prior approval of our shareholders in a general meeting.

The grant of the ESOS Options in conjunction with our Listing will not have an immediate effect on the consolidated NA and NA per Share until such time new Shares are issued when the ESOS Options are exercised.

For illustrative purposes only, assuming the entire 30.0 million ESOS Options are granted and vested immediately upon Listing, and that all ESOS Options are exercised at an exercise price of RM[●] for each new Share, being the Retail Price, the indicative pro forma financial effects based on our audited consolidated financial statements for the FPE 31 December 2021 are as follows:

	Pro Forma	
	Upon our Listing	**Assuming exercise of the entire 30.0 million ESOS Options**
	RM'000	**RM'000**
NA / Total equity	[●]	[●]
No. of Shares ('000)	4,985,000	5,015,000
NA per Share (RM)	[●]	[●]
Total borrowings (excluding lease liabilities)	249,464	249,464
Gearing ratio (times)(1)	[●]	[●]

Note:

(1) Gearing ratio is calculated based on our total borrowings (excluding lease liabilities) divided by total equity.

Any potential effect on the consolidated NA per Share will depend on the number of ESOS Options that have been vested and the exercise price of the ESOS Options. In accordance with By-Law 11 (as set out in the By-Laws in Annexure D of this Prospectus), the aggregate number of new Shares that a grantee can subscribe under the ESOS Options in a particular year shall be determined by the ESOS Committee at its sole discretion.

4.2.7 Share capital

Upon completion of our IPO, our share capital will be as follows:

	No. of Shares	RM'000
After the Subdivision	4,825,000,000	60,191
To be issued under our Public Issue	160,000,000	[●][(1)]
Enlarged number of issued shares and share capital upon Listing	**4,985,000,000**	**[●]**

Note:

(1) Calculated based on the Retail Price and after adjusting against our share capital, the estimated listing expenses of approximately RM[●] million assumed to be directly attributable to our Public Issue.

4.2.8 Classes of shares and ranking

As at the date of this Prospectus, we only have one class of shares, being ordinary shares.

Our Issue Shares will, upon allotment and issue, rank equally in all respects with our existing issued Shares including voting rights, and will be entitled to all rights, dividends and other distributions that may be declared subsequent to the date of allotment of the Issue Shares, subject to any applicable Rules of Bursa Depository.

Our Offer Shares rank equally in all respects with our other existing issued Shares including voting rights, and will be entitled to all rights, dividends and distributions that may be declared subsequent to the date of transfer of the Offer Shares, subject to any applicable Rules of Bursa Depository.

Subject to any special rights attaching to any Shares we may issue in the future, our shareholders will, in proportion to the amount paid on our Shares held by them, be entitled to share the profits paid out by us in the form of dividends and other distributions. Similarly, if our Company is liquidated, our shareholders will be entitled to the surplus (if any), in accordance with our Constitution after the satisfaction of any preferential payments in accordance with the Act and our liabilities.

At every general meeting of our Company, each of our shareholders will be entitled to vote in person, by proxy, or by attorney or by other duly authorised representative. Any resolution set out in the notice of any general meeting, or in any notice of resolution which may properly be moved and is intended to be moved at any general meeting, is voted by poll. On a poll, each shareholder present either in person, by proxy, by attorney or by other duly authorised representative will have one vote for each Share held or represented. A proxy may but need not be a member of our Company.

4.2.9 Priority of the offering

In the event the demand for our IPO Shares is less than 1,406,250,000 IPO Shares, our Public Issue shall take precedence over the Offer for Sale. The demand for our IPO Shares shall be firstly satisfied with the Issue Shares under our Public Issue, and following that, any excess demand will be satisfied with the Offer Shares under the Offer for Sale.

4.2.10 Minimum subscription level

There is no minimum subscription level in terms of proceeds to be raised under our IPO. However, in order to comply with the public shareholding spread requirement under the Listing Requirements, the minimum subscription level in terms of the number of IPO Shares will be the number of Shares required to be held by the public shareholders of our Company to comply with the minimum public shareholding spread requirement under the Listing Requirements or as approved by Bursa Securities.

Under the Listing Requirements, we are required to have a minimum of 25.0% of our Shares held by at least 1,000 public shareholders, each holding not less than 100 Shares at the point of our Listing.

If the above requirement is not met, we may not be able to proceed with our Listing. See Section 5.3.4 of this Prospectus for details in the event there is a delay in or termination of our Listing.

4.3 SELLING SHAREHOLDERS

The Offer Shares to be offered by each Selling Shareholder and their respective direct shareholding in our Company before and after our IPO and their material relationship with our Group within the past three years are as follows:

		Shareholding after the Subdivision		Shares to be offered under the Offer for Sale		Shareholding after our IPO assuming the Over-allotment Option is not exercised		Shares under the Over-allotment Option		Shareholding assuming the Over-allotment Option is fully exercised[3]	
Selling shareholder	**Material relationship with our Group**	**No. of Shares**	**[1]%**	**No. of Shares**	**[2]%**	**No. of Shares**	**[2]%**	**No. of Shares**	**[2]%**	**No. of Shares**	**[2]%**
		('000)		('000)		('000)		('000)		('000)	
DXN Global	Promoter and substantial shareholder	3,584,640	[4]74.3	498,500	10.0	3,086,140	61.9	167,781	3.4	2,918,359	58.5
Gano Global	Substantial shareholder	1,240,360	25.7	747,750	15.0	492,610	9.9	43,156	0.8	449,454	9.0
Total		**4,825,000**	**100.0**	**1,246,250**	**25.0**	**3,578,750**	**71.8**	**210,937**	**4.2**	**3,367,813**	**67.5**

Notes:

(1) Based on the enlarged issued Shares of 4,825,000,000 after the Subdivision.

(2) Based on the enlarged issued Shares of 4,985,000,000 upon our Listing.

(3) Assuming an Over-allotment Option of 210,937,500 Shares, representing 15.0% of the total number of our IPO Shares offered.

(4) DXN Global has legal interest of 74.3% equity interest in our Company of which it holds the legal and beneficial interest of 48.0% equity interest in our Company. The balance 26.3% equity interest in our Company is held by DXN Global on trust for DLSJ (0.3%) and DLBL (26.0%).

4.4 BASIS OF ARRIVING AT THE PRICE OF OUR IPO SHARES AND REFUND MECHANISM

4.4.1 Retail Price

The Retail Price was determined and agreed upon between our Directors and the Selling Shareholders in consultation with the Joint Global Coordinators, after taking into consideration the following factors:

(i) price-to-earnings multiple of approximately [●] times based on our Group's EPS of 3.84 sen after taking into account our PATAMI of RM191.6 million for the FYE 28 February 2021 and the enlarged issued Shares of 4,985,000,000 upon our Listing;

(ii) pro forma consolidated NA per Share of RM0.15 as at 31 December 2021 based on the enlarged issued Shares of 4,985,000,000 upon our Listing;

(iii) our competitive strengths, as follows:

(a) we have a strong presence in Bolivia and Peru for direct selling of health-oriented and wellness products and a diversified exposure to high-growth markets;

(b) we have a business platform with a broad product portfolio and integrated production facilities;

(c) we have an expansive global distribution network and sustainable direct selling strategies;

(d) we have a strong track record of profitable growth and cash generation;

(e) we have a robust technology ecosystem to support global operations; and

(f) we have an experienced founder-led management team,

(iv) our future plans and strategies, as follows:

(a) visible pathway to grow in new and existing markets;

(b) catering to changing consumer needs and enhancing Member engagement;

(c) continued expansion of our vertically-integrated global supply chain; and

(d) enhancing our technological ecosystem,

(v) outlook of FFB, HDS and PCC in the direct selling industry globally, as described in Section 8 of this Prospectus; and

(vi) prevailing market conditions, including market performance of key global indices and companies involved in similar businesses listed on Bursa Securities and regional stock exchanges, current market trends as well as investors' sentiments.

The Final Retail Price will be determined after the Institutional Price is fixed on the Price Determination Date and will be the lower of:

(i) the Retail Price; or

(ii) the Institutional Price.

If the Final Retail Price is lower than the Retail Price, the difference between the Retail Price and the Final Retail Price will be refunded to the successful applicants without any interest thereon. Further details on the refund mechanism are set out in Section 4.4.3 of this Prospectus.

The Final Retail Price and the Institutional Price will be announced within two Market Days from the Price Determination Date via Bursa Listing Information Network. In addition, all successful applicants will be given written notice of the Final Retail Price and the Institutional Price, together with the notices of allotment for our IPO Shares.

4.4.2 Institutional Price

The Institutional Price will be determined by a bookbuilding process wherein prospective institutional and selected investors will be invited to bid for portions of the Institutional Offering by specifying the number of our Offer Shares they would be prepared to acquire and the price they would be prepared to pay for our Offer Shares in respect of the Institutional Offering. This bookbuilding process commenced on [●] and will end on [●]. Upon completion of the bookbuilding process, the Institutional Price will be fixed by our Directors and the Selling Shareholders in consultation with the Joint Global Coordinators on the Price Determination Date.

4.4.3 Refund mechanism

If the Final Retail Price is lower than the Retail Price, the difference between the Retail Price and the Final Retail Price will be refunded to the successful applicants without any interest. The refund will be made:

(i) in the form of cheques to be despatched by ordinary post to the address maintained with Bursa Depository for applications made via the Application Form; or

(ii) by crediting into the accounts of the successful applicants with the Participating Financial Institution for applications made via the Electronic Share Application or the Internet Participating Financial Institution for applications made via the Internet Share Application,

within 10 Market Days from the date of final ballot of applications, at the successful applicants' own risk.

For further details on the refund mechanism, see Section 15.9 of this Prospectus.

4.4.4 Expected market capitalisation

Based on the Retail Price, the total market capitalisation of our Company upon our Listing would be approximately RM[●] billion.

You should also note that the market price of our Shares upon our Listing is subject to the vagaries of market forces and other uncertainties. You are reminded to carefully consider the risk factors as set out in Section 5 of this Prospectus.

4.5 DILUTION

Dilution is the amount by which our pro forma consolidated NA per Share after our IPO is less than the price paid by retail, institutional and selected investors for our Shares. Our pro forma consolidated NA per Share as at 31 December 2021 after adjusting for the payment of interim dividends in respect of the FYE 28 February 2022 of RM10.0 million and RM15.0 million in January 2022 and April 2022 respectively ("**Subsequent Events**"), the Subdivision, and before adjusting for our IPO was RM0.15, based on 4,825,000,000 Shares following the Subdivision.

After taking into account the enlarged issued Shares from the issuance of 160,000,000 Issue Shares and after adjusting for the use of proceeds from our Public Issue, our pro forma consolidated NA per Share as at 31 December 2021 would be RM[●]. This represents an immediate increase in consolidated NA per Share of RM[●] to our existing shareholders and an immediate dilution in NA per Share of RM[●] (representing [●]%) of the Retail Price and the Institutional Price (assuming the Final Retail Price and the Institutional Price will equal the Retail Price), to the retail/institutional and selected investors.

The following table illustrates such dilution on a per Share basis assuming the Retail Price is equal to the Final Retail Price and the Institutional Price:

	RM
Final Retail Price/Institutional Price	[●]
Pro forma consolidated NA per Share as at 31 December 2021 after the Subsequent Events and the Subdivision and before adjusting for our IPO	0.15
Pro forma consolidated NA per Share as at 31 December 2021, after the Subsequent Events and the Subdivision and after adjusting for the use of proceeds from our Public Issue	[●]
Increase in consolidated NA per Share to our existing shareholders	[●]
Dilution in pro forma consolidated NA per Share to the retail/institutional and selected investors	[●]
Dilution in pro forma consolidated NA per Share to the retail/institutional and selected investors as a percentage of the Retail Price/Institutional Price	[●]%

None of our substantial shareholders, Directors, Key Senior Management, or persons connected to them had acquired our Shares in the past three years up to and including the LPD or have the right to acquire and/or subscribe for our Shares as at the LPD.

4.6 USE OF PROCEEDS

We expect to use the gross proceeds from our Public Issue amounting to RM[●] million(1) in the following manner:

Details of use of proceeds	**Estimated timeframe for use from the date of our Listing**	**RM'000**	**%**
Repayment of bank borrowings(2)	Within 24 months	[●]	[●]
Working capital	Within 6 months	[●]	[●]
Defray fees and expenses relating to our IPO and Listing	Within 3 months	[●]	[●]
Total		**[●]**	**100.0**

Notes:

(1) We have assumed that the Institutional Price and the Final Retail Price will be equal to the Retail Price.

(2) The estimated timeframe for the repayment of bank borrowings is within 24 months instead of a shorter timeframe as the term loan has yet to be fully drawn down.

Further details on the use of proceeds from our Public Issue are as follows:

4.6.1 Repayment of bank borrowings

We intend to use RM[●] million of the proceeds from our Public Issue to fully repay the following banking facilities:

	OCBC Bank (Malaysia) Berhad		**United Overseas Bank (Malaysia) Berhad**
Type of facilities(4)	Term loan(1)	Term loan(1)	Revolving credit(2)
Amount outstanding as at the LPD ('000)	USD[●] / RM[●]	USD[●] / RM[●]	USD[●] / RM[●]
Maturity date	1 June 2026	1 November 2031	Revolving tenure of 30 days
Interest rate	3.77%	3.87%	1.72% - 1.95%
Saving in finance cost ('000)	RM[●]	RM[●]	RM[●](3)

Notes:

(1) The term loan of USD[●] million (equivalent to RM[●] million) was obtained to finance the acquisition of a piece of freehold land in Cyberjaya, Malaysia, whereas the term loan of USD[●] million (equivalent to RM[●] million) was obtained to finance the construction of DXN Cyberville, a wellness and retreat centre with apartments on the said land. See Section 7.5.2.2 of this Prospectus for further information on DXN Cyberville.

(2) The revolving credits were to fund the working capital requirements of our Group including purchase of raw materials and packaging materials, payment of distribution expenses and payment of administrative and selling expenses.

(3) Calculated based on the interest rate of 1.95%.

(4) There are no prepayment penalties for repayment of the term loans and revolving credits.

The repayment of the above banking facilities is expected to have a positive financial impact on our Group with interest savings of approximately RM[●] million per annum.

4.6.2 Working capital

We intend to allocate approximately RM[●] million of the proceeds from our Public Issue to supplement the working capital requirements of our Group, mainly for the purchase of the primary raw materials used to produce our finished goods, including coffee powder, non-dairy creamer, sugar, cocoa powder and wheat cereal powder, and primary packaging materials, including aluminium foil, empty capsules, labels and plastic containers. See Section 7.12 of this Prospectus for further information on these raw materials.

This working capital allocation is expected to enhance our Group's liquidity and cash flow position and to reduce our reliance on external financing.

4.6.3 Defray fees and expenses for our IPO and Listing

The estimated fees and expenses for our IPO and Listing to be borne by us are estimated to be RM[●] million, comprising the following:

	RM'000
Professional fees	[●]
Fees payable to authorities	[●]
Brokerage, underwriting and placement fees	[●]
Other fees and expenses such as printing, advertising, travel and roadshow expenses	[●]
Miscellaneous expenses and contingencies	[●]
Total	**[●]**

If the actual fees and expenses for our IPO and Listing are higher than budgeted, the shortfall will be funded out of the portion allocated for our working capital requirements. On the other hand, if the actual fees and expenses are lower than budgeted, the difference will be used to fund our working capital requirements.

The actual proceeds accruing to our Group will depend on the Institutional Price and the Final Retail Price. If the actual proceeds are higher than budgeted above, the excess will be used for our working capital requirements. Conversely if the actual proceeds are lower than budgeted above, the proceeds allocated for our working capital requirements will be reduced.

Given the timing of the use of proceeds to be raised from our Public Issue may not be immediate and as part of our efficient capital management to maximise profit income, we intend to place the proceeds raised from our Public Issue or any balance (including accrued profit, if any) in the interest-bearing accounts with the licensed financial institution(s) and/or in money-market deposit instruments/funds.

Our Company will not receive any proceeds from the Offer for Sale. The total gross proceeds from the Offer for Sale of up to approximately RM[●] billion will accrue entirely to the Selling Shareholders. The Selling Shareholders will bear their own professional fees and placement fees as well as other miscellaneous expenses for the Offer for Sale which are estimated to be approximately RM[●] million.

4.7 BROKERAGE FEE, UNDERWRITING COMMISSION AND PLACEMENT FEE

4.7.1 Brokerage fee

We will pay brokerage in respect of the Issue Shares under the Retail Offering at the rate of 1.0% (exclusive of applicable tax) of the Final Retail Price in respect of all successful applications which bear the stamp of either the participating organisations of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association and/or the Issuing House.

The Joint Global Coordinators and the Joint Bookrunners are entitled to charge brokerage commission to successful applicants under the Institutional Offering. For the avoidance of doubt, such brokerage commission under the Institutional Offering will not be payable by us or the Selling Shareholders.

4.7.2 Underwriting commission

As stipulated in the Retail Underwriting Agreement, the Joint Managing Underwriters and the Joint Underwriters have agreed to underwrite the Issue Shares under the Retail Offering for an underwriting commission of [●]% (exclusive of applicable tax) of the Retail Price multiplied by the total number of Issue Shares underwritten under the Retail Offering in accordance with the terms of the Retail Underwriting Agreement.

4.7.3 Placement fee

The Selling Shareholders for the Offer Shares and us for the Issue Shares will pay the Joint Global Coordinators and the Joint Bookrunners a placement fee and selling commission of [●]% (exclusive of applicable tax) and may pay the Joint Global Coordinators and the Joint Bookrunners a discretionary fee of up to [●]% (exclusive of applicable tax) of the Institutional Price multiplied by the number of IPO Shares sold to Malaysian and foreign institutional and selected investors in accordance with the terms of the Placement Agreement.

4.8 DETAILS OF THE UNDERWRITING, PLACEMENT AND LOCK-UP ARRANGEMENTS

4.8.1 Underwriting

We have entered into the Retail Underwriting Agreement with the Joint Managing Underwriters and the Joint Underwriters to severally and not jointly (nor jointly and severally) underwrite 160,000,000 Issue Shares under the Retail Offering, subject to the clawback and reallocation provisions as set out in Section 4.2.4 of this Prospectus and upon the terms and subject to the conditions of the Retail Underwriting Agreement.

Details of the underwriting commission are set out in Section 4.7.2 of this Prospectus, while the salient terms of the Retail Underwriting Agreement are as follows:

[●]

4.8.2 Placement

We and the Selling Shareholders expect to enter into the Placement Agreement with the Joint Global Coordinators and the Joint Bookrunners in relation to the placement of up to 1,246,250,000 Offer Shares under the Institutional Offering, subject to the clawback and reallocation provisions and the Over-allotment Option as set out in Sections 4.2.4 and 4.2.5 of this Prospectus, respectively. We and the Selling Shareholders will be requested to give various representations, warranties and undertakings, and to indemnify the Joint Global Coordinators and the Joint Bookrunners against certain liabilities in connection with our IPO. The terms of the Placement Agreement are subject to negotiations and may include termination events that are different from those under the Retail Underwriting Agreement as set out in Section 4.8.1 of this Prospectus.

4.8.3 Lock-up arrangement

[●]

4.9 TRADING AND SETTLEMENT IN SECONDARY MARKET

Upon our Listing, our Shares will be traded through Bursa Securities and settled by book-entry settlement through the CDS, which is operated by Bursa Depository. This will be effected in accordance with the Rules of Bursa Depository and the provisions of the SICDA. Accordingly, we will not deliver share certificates to subscribers or purchasers of our IPO Shares.

Beneficial owners of our Shares are required under the Rules of Bursa Depository to maintain our Shares in CDS accounts, either directly in their names or through authorised nominees. Persons whose names appear in the Record of Depositors maintained by Bursa Depository will be treated as our shareholders in respect of the number of Shares credited to their respective CDS accounts.

Transactions in our Shares under the book-entry settlement system will be reflected by the seller's CDS account being debited with the number of Shares sold and the buyer's CDS account being credited with the number of Shares acquired. No transfer stamp duty is currently payable for our Shares that are settled on a book-entry basis, although there is a nominal transfer fee of RM10 payable for each transfer not transacted on the market.

Shares held in CDS accounts may not be withdrawn from the CDS except in the following instances:

(i) to facilitate a share buy-back;

(ii) to facilitate conversion of debt securities;

(iii) to facilitate company restructuring process;

(iv) where a body corporate is removed from the Official List;

(v) to facilitate a rectification of any error; and

(vi) in any other circumstances determined by Bursa Depository from time to time, after consultation with the SC.

Trading of shares of companies listed on Bursa Securities is normally done in "board lots" of 100 shares. Investors who desire to trade less than 100 shares are required to trade under the odd lot board. Settlement of trades done on a "ready" basis on Bursa Securities generally takes place on the second Market Day following the transaction date, and payment for the securities is generally settled on the second Market Day following the transaction date.

It is expected that our Shares will commence trading on Bursa Securities approximately 10 Market Days after the close of the Institutional Offering. Subscribers of our Shares will not be able to sell or otherwise deal in our Shares (except by way of book-entry transfer to other CDS accounts in circumstances which do not involve a change in beneficial ownership) prior to the commencement of trading on Bursa Securities.

5. RISK FACTORS

An investment in our Shares involves a number of risks, many of which are beyond our control. You should carefully consider all the information contained in this Prospectus, including the risks described below, before deciding to invest in our Shares. Our business, financial condition, results of operations and prospects could be materially and adversely affected by any of these risks. The market price of our Shares could decline due to any of these risks, and you may lose all or part of your investment.

5.1 RISKS RELATING TO OUR BUSINESS

5.1.1 There is a high level of competition in the direct selling industry and we may fail to maintain or grow our network of active Members

A significant portion of our business is conducted primarily via the direct selling channel. Sales are made to the ultimate consumer principally through direct selling by our Members. Our ability to remain competitive and our ability to expand our business depends, in significant part, on our success in recruiting, retaining, and incentivising active Members. We are subject to significant competition for Members. Several factors, some of which we have no control, affect our ability to attract and retain Members, including:

- on-going motivation of our Members;
- general economic conditions;
- public perception and acceptance of the industry, our business and our products;
- market demand for our proprietary products; and
- competition in recruiting and retaining our Members.

We aim to attract and retain our Members through an appropriate compensation plan and incentives, which we apply consistently among our Members worldwide, as set out and published in our global marketing plan online. Nevertheless, there can be no assurance that the amount of commissions that we pay or the types of financial, travel, training and other incentives that we provide will continue to be attractive to our Members and sufficient in retaining them. The payment of commissions and incentives, including bonuses, is one of our key expenses.

Further, there are a number of direct selling companies that sell product lines which compete with ours, some of which have worldwide operations and compete with us globally. If we are unable to compete or lose market share in the direct selling channel, our business, prospects, financial condition and results of operations may be materially and adversely affected. Furthermore, if any government or regulatory body bans or severely restricts our business methods or operational/commercial model of direct selling, our business, prospects, financial condition and results of operations may be materially and adversely affected. See Section 5.1.18 of this Prospectus for further details.

5.1.2 We have limited control over our Members

We rely on a global distribution network of 12.7 million registered Members, of which 2.8 million are active Members, in addition to 77 sales branches and 14 external distribution agencies as at the LPD. As we have the significant number of Members in our global network, it is not feasible for us to monitor all of the Members' day-to-day conduct and business activities. In addition, as the Members who market and sell our products are independent contractors and not our employees, we have limited control over their business activities. As a result, there can be no assurance that our Members will comply with all applicable rules and regulations or our policies and procedures. For example, we cannot guarantee that our products will not be altered or tampered with by such Members prior to receipt by our end consumers. We have also encountered issues in the past where Members have overclaimed the efficacy of a product, sold products at a price that is lower than our pricing list, conducted internet sales that are not approved by us or have overstated their income or potential income. While we have sought to address these issues, implemented strict rules and regulations and conducted regular training for our Members, there can be no assurance that these issues will not recur in the future. Violations of applicable laws or of our policies and procedures by our Members could subject us and/or our Members to claims, penalties, negative press and other repercussions, which could in turn reflect negatively on our business, operations, financial condition, prospects and reputation. It is possible that a court could hold a direct selling company like us civilly or criminally accountable based on vicarious liability because of the actions of its Members.

Due to the scale of our global network, we have in the past had Members with registered addresses in Sanctioned Jurisdictions such as Cuba, Iran, North Korea, and Syria. Members from such jurisdictions may have purchased our products from our distributors in non-Sanctioned Jurisdictions. We do not believe that such indirect sales to Members with registered addresses in Sanctioned Jurisdictions have exposed us to a material risk of liability under the United States law. We have implemented a sanctions policy to prevent member registration by any person located in Sanctioned Jurisdictions and to terminate memberships of former Members with registered addresses in Sanctioned Jurisdictions. Our sanctions policy also prohibits Members from on-selling our products to Sanctioned Jurisdictions or Sanctioned Persons. However, we cannot guarantee such sales never occurred. Our international business activities may expose us to certain penalties or other risks (such as reputational risks) in the event that our Members were to engage in dealings with Sanctioned Jurisdictions or Sanctioned Persons, and it is possible that such penalties or risks may arise in the future to the extent that the United States or other governments with applicable jurisdiction expand their trade and economic sanctions regimes over our international business activities in any other impactful way.

5.1.3 We rely on external distribution agencies in 23 jurisdictions and have limited control over them

We rely on 14 external distribution agencies in 23 jurisdictions including the Middle East, which is one of our top 10 markets in terms of revenue contribution for the FYE 28 February 2021. Each of these agencies purchases products from us and on-sells such products to our Members and will bear certain local operating expenses. As a percentage of our gross revenue, these external distribution agencies contributed 6.7%, 6.9%, 6.7 % and 4.4% for the FYE 28 February 2019, FYE 29 February 2020, FYE 28 February 2021 and FPE 31 December 2021, respectively. While we retain control over the supply of our products, the Member remuneration plan, our IT systems and our intellectual property rights, we rely on the external distribution agencies to run the day-to-day operations of their business, including marketing, inventory management, managing Member bonus payments, obtaining and renewing the relevant licences and permits required to operate their business as well as ensuring compliance with applicable laws and regulations in the respective jurisdictions. The external distribution agencies, including those in the Middle East, also assist us with product registrations.

We have limited control over the customers or jurisdictions which the external distribution agencies may on-sell our products to and there can be no assurance that our external distribution agencies will comply with all applicable rules and regulations in order to conduct their business. Violations of applicable laws or of our policies and procedures by our external distribution agencies could result in civil or criminal penalties and reflect negatively on our business, financial condition, prospects and reputation. We may also rely on these agencies' licences, for example their direct selling marketing licence, to distribute our products in that jurisdiction. As each agency is subject to the requirements of their local jurisdictions regarding the renewal of their respective licences, there can be no assurance that they will be able to renew such licences in a timely manner or at all. There can also be no assurance that these agencies will maintain their relationships with us. Our failure to maintain this existing relationship may have a material adverse effect on our prospects, business, results of operations and financial condition.

We do not currently have direct business dealings with any jurisdictions that are targeted by comprehensive country- or territory-wide economic and trade sanctions administered and enforced by the U.S. Department of the Treasury's Office of Foreign Assets Control ("**OFAC**") and the U.S. Department of State which as of the date hereof are the Crimea, Donetsk and Luhansk regions of Ukraine, Cuba, Iran, North Korea and Syria ("**Sanctioned Jurisdictions**") or persons publicly identified on the most current list of Specially Designated Nationals and Blocked Persons published by OFAC ("**Sanctioned Persons**") (collectively, "**U.S. Sanctions**"). We have also implemented a sanctions policy and issued a policy memo to our external distribution agencies as part of our sanctions policy directing them not to on-sell our products to distributors in Sanctioned Jurisdictions and/or to Sanctioned Persons. However, there can be no assurance that the external distribution agencies will abide by our policy. Our international business activities may expose us to certain penalties or other risks (such as reputational risks) in the event that our external distribution agencies were to engage in dealings with Sanctioned Jurisdictions or Sanctioned Persons, and it is possible that such penalties or risks may arise in the future to the extent that the United States or other governments with applicable jurisdiction expand their trade and economic sanctions regimes over our international business activities in any other impactful way. It is also possible that dealings by our external distribution agencies with Sanctioned Jurisdictions or Sanctioned Persons may present some risk that we could become targeted with secondary sanctions, which OFAC may impose on non-U.S. persons for providing material support or assistance to certain sanctions targets.

5.1.4 We may not be successful in expanding to new markets or in expanding and strengthening our footprint in existing markets

As at the LPD, our business has a distribution footprint (including our sales branches and distributors) in 50 countries. We have 77 sales branches to distribute goods to our Members and partner with 14 exclusive external distribution agencies as at the LPD. We have over 12.7 million registered and 2.8 million active Members in more than 180 countries as at the LPD. We are constantly exploring the possibility of expanding into additional markets and have plans to expand into five further markets globally, including countries in the Latin American and African regions. We also have plans to expand and strengthen our footprint in existing markets, for example by rolling out a fuller suite of our products in existing but less-mature markets and by introducing new products in line with Members' demand. In addition, we plan to increase our production capacity to meet the growing demand for our products. We currently operate two R&D facilities, five cultivation facilities and nine manufacturing facilities across Malaysia, China, India, Indonesia and Mexico, and we have another two cultivation facilities and four manufacturing facilities in the pipeline. These additional facilities will include capacities for the cultivation of Ganoderma, Spirulina, Cordyceps, Noni, Roselle and other natural ingredients, and production lines for our FFB, HDS and cosmetics products. For further details on the status of our facilities in the pipeline, see Section 7.13.5 of this Prospectus.

Our ability to successfully carry out these expansion plans and to succeed in new markets or expand our footprint in existing markets will depend on several factors, for example:

- our ability to secure necessary governmental approvals or third party consents in a timely manner or at all. See Section 5.1.19 of this Prospectus for further details;
- the strength of our product portfolio and whether our existing and new products are aligned with consumer demand or well accepted by the market. See Section 5.2.3 of this Prospectus for further details;
- our ability to register new products or register existing products in new markets. See Section 5.1.7 of this Prospectus for further details;
- our ability to locate and partner with the appropriate third parties (for example, external distribution agencies, as applicable) in certain of these jurisdictions;
- our ability to manage the difficulties of managing a larger and growing business, operate in new geographical regions or optimise the allocation of resources and operational efficiency;
- our ability to train, motivate and manage an enlarged workforce and to recruit qualified personnel with the necessary technical skills and experience;
- our ability to avoid construction delays or to procure machinery and equipment in a timely manner or at all;
- our ability to acquire real estate property or negotiate lease agreements on acceptable terms; and
- availability of financial resources or of financing at acceptable terms or at all.

Any expansion plans carry the risk of diverting resources and management attention from our existing business. We may also be subject to delays resulting from changes in legislation, governmental bureaucracy or unforeseen or force majeure events, such as the COVID-19 pandemic or the Russia-Ukraine conflict, which could and has resulted in increased and unexpected costs that were not originally included in our budget. Any interruption or delays in the construction or launch of our projects, or increase in costs, could disrupt our business, decrease our anticipated revenue from our business plan, and adversely affect us.

5.1.5 We face certain risks related to the safety, perceived safety and reputation of our products and our Group

While many of the ingredients in our health-oriented supplement and food products are substances for which there is a long history of human consumption, some of these products contain innovative ingredients such as fermented Noni, fermented fruit juice, probiotic fruit juice, mycelium or combinations of ingredients for which there may be limited, or limited documented, long-term experience with human consumption. Moreover, some people may have certain sensitivities or reactions to nutrients commonly found in such foods and may have similar sensitivities or reactions to the ingredients contained in our products. If any of our products cause, or are perceived to cause, adverse side effects, we may face a number of consequences, including, but not limited to injury to, or death of, consumers; a severe decrease in the sales of the relevant products; recalls or withdrawals of the relevant products; revocation of regulatory approvals for the relevant products; stricter and more frequent regulatory inspections of our facilities and products; and the risk of lawsuits and regulatory investigations in respect of the relevant products, which could result in liabilities, fines or penalties. Product recalls are common in our industry. We have in the past had to recall certain products which failed to adhere to standards set by the National Pharmaceutical Regulatory Agency in Malaysia (the "**NPRA**"). For example, during 2015 to 2016 we recalled one batch of our cream products from Malaysia, Bahrain and Oman which did not satisfy the aerobic bacteria and fungi count required by the NPRA. In 2020, we were required to recall one batch of pearl powder products from Malaysia which did not satisfy the specifications for cadmium. In 2021, we also recalled one batch of our bee pollen granule products from Bahrain which did not satisfy certain content specifications by the NPRA. In the event that any of our products are required to be recalled or withdrawn, we have recall procedures in place. While such instances of product recalls did not have a material impact on our Group and we have not encountered any instances of consumer death proven to have resulted from our products, or revocation of regulatory approvals in the past, there can be no assurance that such instances will not occur in the future. Further, while we maintain product liability insurance as part of the insurance policies covering key aspects of our business, product recalls are not covered under our various insurance plans. See Section 7.21 of this Prospectus for further details on our insurance policies.

To ensure the safety and quality of our products, we conduct stability tests for every product with a testing schedule of at least one batch per year and for every instance when there is a change in the product formulation or ingredient. The stability tests are a series of tests to obtain assurance of the stability of a product, namely the maintenance of the specifications of the product packed in its specified packaging material and stored at the established storage condition within the determined time period. Stability is an essential factor of the quality, safety and efficacy of our product. Further, before our products are released for sale, all batches of these products are sent for variable testing, which includes physical testing, microbiological testing and chemical testing, as applicable and/or as required by the local or exporting country laws and regulations. See Section 7.14 of this Prospectus for further details on our quality control measures. Despite such measures, there can be no assurance that that there will not be any incidents which question the safety and reputation of our products.

Adverse associations with our products, whether or not actually true, including with respect to their efficacy or side effects, may materially and adversely affect the reputation of our brands. For example, we faced bad publicity in Peru relating to the Spirulina cereal product in 2018, with certain consumers alleging to have consumed products which did not have the necessary sanitary registrations. The article has since clarified that the product did have the requisite registration. While we have not faced other occurrences which had a material impact on our business operations or financial condition, such adverse publicity may have a negative effect on our ability to attract, motivate and retain Members, and on our prospects, business and results of operations.

In addition to perceptions about the safety and quality of our products, the reputation of our Group is indirectly affected by the public's perception of direct selling companies more generally. Adverse publicity relating to direct selling companies, for example, through incidents of misconduct by parties in the direct selling industry such as false advertising or over-claiming of product efficacy, may damage our reputation even if such parties or incidents have no relation to us, our products or our counterparties, and consequently, adversely affect our prospects, business and results of operations. See Section 5.1.17 of this Prospectus for further details on the factors influencing the reputation of the direct selling industry. With regard to our own distribution network, we have limited control over the conduct of our Members and external distribution agencies. Members may purchase our products from our sales branches or external distribution agencies and sell and/or distribute them to consumers. However, they are prohibited from selling and/or distributing the products in jurisdictions outside the country of purchase, including jurisdictions in which we do not have a presence. In the event Members sell or distribute our products to such jurisdictions, such Members remain liable and have the responsibility to ensure such sales are not against the relevant local laws and regulations. We do not indemnify our Members should they be found guilty of any wrongdoing. We have not come across any incident of violation of local laws and regulations by our Members in the FYE 28 February 2019, FYE 29 February 2020, FYE 28 February 2021 and the FPE 31 December 2021. While we require our Members and external distribution agencies to adhere to the terms of our rules and regulations or distributorship agreements, a breach of which may result in a reprimand, suspension or termination of their membership and/or distributorship, we have encountered issues in the past where Members have overclaimed the efficacy of a product, sold products at a price that is lower than our pricing list, conducted internet sales that are not approved by us or have overstated their income or potential income. There can be no assurance that similar misconduct will not occur in the future, resulting in adverse publicity for our Group. See Sections 5.1.2 and 5.1.3 of this Prospectus for further details.

5.1.6 We may be subject to product liability, personal injury or wrongful death claims or product recalls in connection with our products, which may materially and adversely affect our reputation, business and prospects

We may be subject to product liability, personal injury or wrongful death claims or product recalls if the products we sell are deemed or proven to be unsafe, defective or contaminated, or if they are insufficiently or improperly labelled.

Our products are subject to product labelling requirements in the various jurisdictions in which we operate. We are required to provide mandatory precautionary statements on the labels of our PCC products. The local authorities also generally require us to display nutrition and ingredient information labels on our FFB products, and as a matter of practice, we display such information labels on our products even if not required, such as for our HDS products. For example, Peru and Mexico have regulatory requirements to prominently display nutrition logos on the front panel of product packaging if certain nutrition information such as sugar have exceeded a pre-determined threshold. We have a quality control department that is responsible for ensuring that our product packaging meets labelling requirements. However, non-compliance with such requirements may still occur due to human error or inadvertent misinterpretation of the regulatory requirements in the relevant jurisdiction. Failure to label our products properly or sufficiently in the future may lead to product recalls, product liability claims or other regulatory actions in the markets in which our products are distributed.

Any product liability claims brought against us or product recalls, regardless of whether the claims are with merit, could strain our financial resources and divert the time and attention of our management. Where any product liability claims or product recalls relate to our proprietary products, consumer confidence in our brands may decline, and our reputation and sales of our proprietary products may be materially and adversely affected. If any product liability claims against us were to prevail, we may incur substantial monetary liabilities. Further, we may be subject to regulatory fines or criminal liabilities and the licences, permits and approvals that we require for our business operations may be revoked. If any of the foregoing occurs, our business, financial condition and results of operations may be materially and adversely affected. For example, in 2015, the Thai FDA took possession of and prohibited the sale of 13 batches of our Cocozhi products due to their cadmium content. Cadmium can be found occurring naturally in cocoa beans. Our Thai subsidiary has stopped sales and importations of these prohibited products. We received regulatory fines amounting to approximately

RM40,000 from the Thai FDA. As at the LPD, we are still in discussions with the Thai authorities on how these prohibited products shall be destroyed.

Our Members or distributors may also negligently or otherwise provide inaccurate or incomplete information about our products, as a result of which consumers may use our products incorrectly. Incorrect use of our products could result in our products being less effective or cause adverse effects that could otherwise have been avoided. Our reputation and the sales of our products could consequently be adversely affected, and we could be exposed to product liability lawsuits or regulatory investigations, action or penalties and we may face additional costs and liabilities as a result. For example, a criminal complaint was filed against certain of our distributors by relatives of a consumer whose death allegedly resulted from the distributors' illegal practice of medicine in selling our products. Although the prosecutor's request to join us as a civilly liable co-defendant was rejected by the court, and the prosecutor has requested dismissal of the complaint (which is pending court approval as at the LPD), negligent or unlawful conduct on the part of our Members or distributors such as giving misleading information about our products could nevertheless adversely impact our reputation and our products and result in us being implicated in litigation or investigations, which if determined adversely against us, could result in civil, criminal or other regulatory or administrative liabilities.

5.1.7 We may not be successful in product registration or our product applications may be subject to multiple rounds of review

We are required to obtain product registration in certain jurisdictions in which we operate. For jurisdictions where there are no local product registration requirements, we will generally be required to comply with product labelling requirements for the sale of our products. Filing an application and obtaining product registration for a product is an extensive, lengthy, expensive and uncertain process, and regulatory authorities may delay, limit or deny product registration of a product for many reasons, including, but not limited to, the following:

- regulatory authorities may reject an application if deemed to be incomplete or non-compliant;

- regulatory authorities may disagree with the product category for which the product registration is filed;

- regulatory authorities may not approve of or be unfamiliar with certain specific ingredients used, in particular, ingredients that have not previously been successfully registered in that jurisdiction;

- the regulatory authorities may not approve of the formulation, manufacturing process or facilities for a product, which would require technical correction or changes to be made prior to product registration being granted;

- regulatory authorities may disagree with certain statements made on a product label;

- regulatory authorities may deem that we have failed to demonstrate that a product is safe and effective for its proposed indication; and

- regulatory authorities may abandon or delay the processing or evaluation of a local product registration as a direct or indirect effect of other competing priorities not within our control, for example natural disasters, disease outbreaks or the COVID-19 pandemic.

As we continue to grow and expand our product lines, we will submit product registration applications. As at the LPD, we have made certain applications in our core markets which are still pending registration. Excluding products which are pending renewal and products which do not require registration, we have approximately 130 SKUs that are pending product registration application as at the LPD. We have, in the past, experienced delays in product registration and have not been able to register certain products in certain jurisdictions. Such instances of delayed or unsuccessful applications make up a small percentage of the total number of product registrations being processed for all jurisdictions, and have not resulted in a material adverse impact on our business and results of operations. However, there can be no assurance that we will obtain product registration or successfully renew existing product registrations in any jurisdiction in respect of any of our products in the future.

The ease and likelihood of success of product registration varies by region. For example, certain of our natural ingredients including the Ganoderma mushroom or Noni fruit are relatively more common in Asia but are less commonly found in Latin America and the Middle East. As such, regulatory authorities in such jurisdictions may raise additional questions about the appropriate product category to be applied to our products or require additional clinical studies and tests to support our applications for product registration, and there can be no assurance that these products will fulfil these additional requirements.

The relevant regulatory authorities may also grant product registration for fewer or more limited indications or stipulate a shorter shelf life than what we had requested, require the inclusion of safety warnings or impose other conditions that may negatively impact the commercial viability of the product. For example, Peru and Mexico require certain safety or advertising warnings or nutritional information labels to be prominently displayed on some of our product packaging and comply with other applicable provisions.

In the case of product registration renewal applications, we may be subject to additional or more stringent requirements than at the initial registration, or possibly be required to reclassify our products or file them under a different category. We have previously been required to do so in compliance with new or changed local regulations. All this may have the effect of delaying a product registration renewal or even its revocation. We have in the past also had to cease the sale of certain products due to changes in local regulations prohibiting ingredients in such products, such as:

- in 2015, the Thai FDA took possession of and prohibited the sale of 13 batches of our Cocozhi products due to their cadmium content. Our Cocozhi products contains cocoa powder which has naturally occurring trace amount of cadmium. We have ceased the sale of these prohibited products in Thailand;

- in 2019, the Thai Ministry of Public Health announced a ban on cosmetics containing plastic microbeads, effective in 2020. We have ceased the sale of our aloe vera facial scrub product containing non-compliant plastic microbeads;

- between 2018 and 2022, the health authorities in Thailand, Saudi Arabia, Oman and the Gulf Cooperation Council announced various bans on products with partially hydrogenated oil. We have ceased the sale of our beverages containing non-dairy creamer with partially hydrogenated oil components in those jurisdictions; and

- the GSO 692 implemented in 2017 in Saudi Arabia prohibited sucrose or any other readily fermentable carbohydrates as an ingredient in toothpaste. Following the ban, we have ceased the sale of Ganozhi Toothpaste which contains sucrose.

If we are not granted product registration or renewal in respect of any product, we will not be able to market and sell the relevant product in the relevant jurisdiction. Further, even if we obtain product registration or renewal for a particular product in a particular jurisdiction, there can be no assurance that the relevant regulatory authority will not revoke it at any time. In the event any of the foregoing occurs, our business and prospects may be materially and adversely affected.

For further details on the internal quality controls and process with respect to our products, see Sections 5.1.5 and 7.14 of this Prospectus.

5.1.8 Our business, operations and results may be materially and adversely impacted by events relating to the COVID-19 pandemic or other disease outbreaks

We have faced and may in the future face disruptions to our business, operations, manufacturing and direct selling activities due to the COVID-19 pandemic or other disease outbreaks. The COVID-19 pandemic had disrupted the global economy and resulted in travel and transportation restrictions; prolonged closures of workplaces, businesses and schools; significant strains on national health systems; general lockdowns and social distancing measures in numerous countries; increased volatility in international capital markets; supply chain disruptions and many other related consequences.

Since the outbreak of the COVID-19 pandemic in 2020, we have had to comply with government directives aimed at controlling the pandemic in the various countries in which we operate, including lockdowns and other restrictions on the movement of people and goods, social distancing and workplace safety measures. As a result of these restrictions, we faced labour shortages, logistical disruptions in the shipment of our products and cessations in our operations which have led to loss in productivity and cost overruns. Further, movement and social distancing restrictions have impacted the ability of our Members to make sales. Such restrictions primarily had an impact on our results of operations from April to June 2020. We have continued to encounter intermittent shipment delays up to the LPD, although the situation has gradually improved since the second half of 2020 and has not had a material impact on our operations. For further details on how the COVID-19 pandemic affected our business, see Section 7.23 of this Prospectus.

While we have implemented various precautions, restrictions and measures aimed at safeguarding the health of our employees and the stability of our operations and financial condition at our offices, research, cultivation and manufacturing facilities and other premises (for further details on such measures, see Section 7.23 of this Prospectus), there can be no assurance that our precautions will be sufficient or that we will not encounter COVID-19 or other disease outbreaks in the future. In such an event, we may be required to take measures such as shutting down our facilities, suspending operations, putting our workers in quarantine, conducting health tests on our employees, paying for other medical expenses for our workers and other additional responsive measures. For example, between May to July 2021, we closed certain of our coffee and juice production facilities in Malaysia for a total of 15 days due to employees at such facilities tested positive for COVID-19, as required by the MOH. We may also only be permitted to reopen any such facilities after obtaining approval from the relevant authorities and satisfying all their requirements. In addition, we may incur additional expenses and financial burdens in addressing the COVID-19 pandemic or other disease outbreak, including but not limited to paying for additional support staff and other general crisis management procedures.

The current COVID-19 pandemic or other disease outbreaks in any country where our operations, suppliers, Members, stockists or external distribution agencies are based, and any regulatory measures or restrictions taken in response to an outbreak, including lockdowns or any similar restrictions, could severely disrupt the supply of raw materials, labour supply, business operations and distribution networks for our products. Government approvals for routine matters may also be delayed as resources are redirected as a result of the pandemic. We cannot predict the direct and indirect effects of the COVID-19 pandemic and governments' responses to it on our business, results of operations, financial condition and liquidity, which may include:

- the risk that we or our suppliers, Members, stockists and external distribution agencies may be prevented from conducting business activities for an indefinite period of time;

- a decline in our Members' sales and distribution activities as a result of lockdowns, social isolation requirements or other restrictions on movement; For example, our revenue decreased by 4.9% from RM1,104.6 million for the FYE 29 February 2020 to RM1,050.2 million for the FYE 28 February 2021 primarily due to movement restrictions imposed in response to COVID-19 by the local governments of our core markets in Latin America, South Asia and Southeast Asia. See Section 12.2.7 of this Prospectus for further details.

- a prolonged disruption to our operations and manufacturing activities, leading to significant loss of business and revenue, and harm to our relationship with our Members; and

- delays to our expansion and construction plans, in particular our plans to establish two new cultivation facilities in Ningxia, China and Telangana, India, and four new manufacturing facilities, in Ningxia, China; Telangana, India; Pondicherry, India and Tlaxcala, Mexico.

We may also experience an increase in transportation costs due to logistical disruptions. In addition, we may face interruptions in our supply chain; impact to our costs or access to capital and funding resources; any material COVID-19-related contingencies; and general economic and social uncertainty, including increases in interest rates, variations in foreign exchange rates, inflation and unemployment and other unforeseen impacts and consequences resulting from the COVID-19 pandemic.

Any of the above disruptions could have a material adverse effect on our business, results of operations and financial condition, which may lead us to be unable to meet the demand of our customers. Any such disruption could also materially harm our reputation and expose us to legal claims. Furthermore, the COVID-19 pandemic may also have the effect of heightening many of the other risks described in this Section of the Prospectus.

5.1.9 We rely on third party suppliers for raw materials, packaging components and certain finished products

We purchase raw materials and packaging components for our products, including natural ingredients (such as Ganoderma and Spirulina), raw materials to cultivate mushrooms (such as rubberwood sawdust and rice chaff), ingredients used in the production of our FFB and HDS (such as coffee powder, creamer and sugar), and packaging materials (such as capsules and plastic containers). We also purchase certain finished products from third party suppliers comprising, among others, food and beverages (such as tea sachets and zhi mint candy), home appliances (such as water filtration systems and kettles) and personal care products (such as soap and hair oil). There can be no assurance that our suppliers will continue to or be able to supply their products in the quantities and timeframes required by us or to comply with their supplier agreements with us. A supplier's inability to supply a raw material, packaging component or finished product for any reason, a disruption or interruption in the supply chain or the loss of our material suppliers would affect our ability to manufacture, sell and deliver our products and could significantly increase our costs and affect our business, profitability and reputation. For instance, the Russia-Ukraine conflict could adversely impact our raw materials, energy and transportation costs, as well as certain of our suppliers, global and local macroeconomic conditions, causing further supply chain disruptions. In addition, we are dependent on suppliers for natural ingredients such as Ganoderma and Spirulina, which are susceptible to certain risks related to their cultivation. See Section 5.1.12 of this Prospectus for further details.

In FYE 28 February 2021, approximately 28% or 47 tonnes of Spirulina powder was sourced from third party suppliers. We may incur additional cost, time and resources to seek alternative supplies on terms that are commercially acceptable to us. In a worst-case scenario, it may be difficult to obtain the raw materials and packaging components that we need at commercially acceptable terms, due to factors over which we have no control, such as climate, agricultural production, economic conditions, geopolitical tensions and transportation and processing costs, among others. Each of these may adversely affect our profit margins if we are unable to pass along any higher costs in the form of price increases or otherwise achieve cost efficiencies in manufacturing and distribution.
In addition, we have limited or no control over the operations of such third party suppliers. There can be no assurance that our suppliers will not have issues regarding working conditions, sustainability, outsourcing of the production chain and improper safety conditions, or that they will not use these irregular practices in order to lower product costs. If our suppliers engage in these practices, our reputation may be harmed and, consequently, our customers' perception of our products may be affected, thereby causing a reduction in our results of operations.

5.1.10 We use third party manufacturers to manufacture and are subject to risks inherent in such activities carried out by our third party manufacturers

While 90.6% of our products are manufactured in-house in the FYE 28 February 2021 (based on gross revenue), we use third party manufacturers to manufacture certain of our products, such as home appliances and water filtration systems. Our third party manufacturers face many of the same operational risks that we do. See Section 5.1.11 of this Prospectus for further details. In addition, there can be no assurance that all our third party manufacturers will fulfil their obligations under the agreements into which we enter with them. If any of our third party manufacturers encounters any situation affecting their output, or if any of our third party manufacturers fails to meet their contracted obligations, this could affect our ability to deliver our products to market. Further, we do not have complete control over our third party manufacturers and therefore cannot guarantee that our third party manufacturers are in compliance with all applicable laws or regulations, creating reputational or liability risks to us.

5.1.11 We face certain risks inherent to the research, cultivation and manufacturing process

We operate two R&D facilities, five cultivation facilities and nine manufacturing facilities, where we develop, cultivate and manufacture a significant portion of natural ingredients and products. The natural ingredients we cultivate include, but are not limited to, Ganoderma, Spirulina, Cordyceps, Roselle, Lion's Mane Mushroom, Tiger Milk Mushroom, pineapples, aloe vera and Noni.

The output from our cultivation facilities mainly comprises RG, GL and Spirulina. In the FYE 28 February 2021, our Group had sourced approximately 57 tonnes of RG powder and 73 tonnes of GL powder entirely from our cultivation facilities, as well as approximately 120 tonnes and 47 tonnes of Spirulina powder from our cultivation facilities and third party suppliers respectively. Similarly, during the same financial year, our Group had used approximately 35 tonnes of RG powder, 69 tonnes of GL powder and 156 tonnes of Spirulina powder in the production.

In respect of manufacturing output, 90.6% of our direct selling products sold (based on gross revenue contribution) were manufactured in-house during the FYE 28 February 2021.

We are exposed to certain risks inherent to our research, cultivation and manufacturing activities, including industrial accidents, fires, burglary, malicious damage, labour strikes and other labour or industrial disputes, interruptions to logistics, disruptions to our water supply, power supply, information and/or other systems, problems or breakdowns of key facilities, machinery or equipment, licensing requirements and other regulatory or government issues, environmental actions, as well as natural disasters, extreme weather conditions, disease outbreaks or pandemics, acts of terrorism and other external factors over which we have no control, and which may not be fully covered by insurance. We also use flammable materials, such as plastic packaging, in manufacturing our products, or alcohol for sanitising purposes, in line with our safety protocols. These materials may be stored in bulk in our facilities and premises. Any accidents may expose us to risks related to the total or partial loss of our facilities, depending on the severity of such accidents. Any such disruption or emergency situation may disrupt our research, production and manufacturing processes, affect our production facilities and adversely affect our production schedules. While we have not experienced any other material adverse disruptions in our research, production and manufacturing processes during the financial years and period under review, in September 2020, an electrical fault at one of our facilities resulted in a fire which engulfed one of our warehouses in our manufacturing facility in Kedah, Malaysia. The fire resulted in the loss of all of our inventory in that warehouse amounting to RM11.5 million which was approximately three months stock as well as an increase in our expenses of RM6.2 million due to production outsourcing. We typically maintain inventory levels of raw materials, work-in-progress and finished products of six to nine months, given the long lead time of about two to three months required to ship our products to some of our core markets, such as Latin America. While such inventory loss led to the temporary disruption of supply for certain products, we did not face material delays in shipments of products to our customers or consequently a material impact on our revenue or profit margins. We have relied on short-term arrangements on a purchase order basis with third party and related-party manufacturers to make up for the lost inventory and outsourced our production activities until the reconstruction of the manufacturing facility was completed in February 2022. Our ability to accurately forecast our supply needs is affected by factors beyond our control, and if we fail to manage our inventory effectively, including ensuring that any specific storage conditions that are required, we may face risks such as shortage of supply of our products. To the extent that the losses we suffer are uninsured or uninsurable, our financial condition and results of operations could be materially and adversely affected. See Section 5.1.16 of this Prospectus for further details.

While we have implemented various precautionary measures at our facilities, including installing firefighting equipment such as fire extinguishers and hose reels, fire safety systems, backup water supply, back-up generators, temperature and humidity monitoring systems and closed-circuit television surveillance systems, we cannot guarantee that such measures will be effective in minimising or eliminating such operational disruptions and potential loss and damages.

In addition, in the event of any machinery and equipment breakdown, our production facilities may be interrupted, causing production downtime and delay in the delivery of products to our customers. We may also incur additional cost to repair or replace the affected machinery, equipment and inventory, and may not be able to address such problems or obtain timely replacements. These in turn may materially and adversely affect our research, manufacturing or cultivation facilities as well as our results of operations and financial condition.

5.1.12 We face certain risks related to the cultivation of Ganoderma, Spirulina and other natural ingredients

We cultivate and produce natural ingredients such as Ganoderma, Spirulina, Cordyceps, Roselle, Lion's Mane Mushroom, Tiger Milk Mushroom, pineapples, aloe vera and Noni, and source other natural ingredients such as Ganoderma and Spirulina from third party suppliers in China. The cultivation and production of these natural ingredients are subject to risks inherent in the agricultural business, including risks of crop failure presented by weather, climate change, natural disasters, insects, infestations, fire, diseases and similar agricultural risks. Weather patterns have an effect on the cultivation and production of our natural ingredients in China and India. In China, Spirulina cultivation stops entirely during the winter (which occurs from November to March of the following year) and can be affected by unusual or rainy weather during the cultivation season (which occurs from April to October). In India, our Spirulina yield is typically lower during the rainy season which occurs from September to December and Ganoderma cultivation typically slows down during the winter season which occurs from December to March of the following year. Further, if our crops are affected by pests or crop disease, which often lead to reduced crop quality, stunted growth or death of the plant, we will have to dispose the applicable portions of these crops and if any applicable government or regulatory agencies finds that the quality of our crops is unsuitable for commercialisation, we will be required to destroy those crops, which could have a material adverse effect on our business.

In addition, our natural ingredients are cultivated in specific, controlled environments. For example, Ganoderma mushrooms are cultivated in a controlled environment that requires specific temperatures and uncontaminated water for optimal growth. There can be no assurance that there will be no disruptions to the electricity or water supplies to our cultivation facilities, unusual weather conditions or other unexpected business interruptions that will interrupt our cultivation activities and in turn, materially and adversely affect our business operations. For example, we experienced frequent electricity power cuts in our cultivation facility in Odisha, India as is typical for the area during the summer period, during which we rely on more costly alternative power sources such as diesel for our irrigation and other production activities. There can be no assurance that our cultivation facility will not experience similar power supply shortages in the future. See Section 5.1.11 of this Prospectus for further details.

5.1.13 We face risks related to failures or breaches of our IT systems

We rely on our own IT systems and infrastructure, as well as those of third parties, to support our business and performance. We use a variety of in-house technological solutions to track and analyse data to manage inventory, plan production, prevent overstocking and communicate with Members. We have a web portal (eWorld) and mobile applications (DXN app and DChat app) where Members are able to order products, monitor sales and track rewards such as special promotions, their month-to-month bonus information, their ePoints balance and transaction history. We have also integrated the eWorld web portal with our regional websites, such that branches in foreign jurisdictions are able to publish and disseminate marketing content and individual Members can drive sales and engage non-Members by creating their own personal shopfront webpages. Our web portal, mobile application and other technological solutions rely on a variety of other technological tools, including online ordering systems, electronic billing and third party cloud solutions. We also use third party software for certain of our IT systems pursuant to contracts, which we renew on an annual basis. See Section 7.15 of this Prospectus for further details.

We have an internal IT security team that plans, monitors and establishes our security plans and infrastructure, including network security, system installation and patching, and IT system strategies. We have also formulated various policies surrounding system security and data backup, as well as conducted testing of our internal IT system recovery plan. Nevertheless, our and our third party service providers' data, IT systems and infrastructure may be vulnerable to various potential risks, including but not limited to incidents originating from legacy or non-integrated systems, or both, as well as fires, natural disasters, power failure, telecommunication failure, terrorist attacks, break-ins, data corruption and similar events may also occur. Other risks and challenges could arise as we upgrade, modernise and standardise our IT systems.

We may also face risks as a result of human error or malfeasance or failure, disruption, cyber incidents or other security breaches of third party systems or infrastructure. As techniques used by cyber criminals change frequently, a failure, disruption, cyber incident or other security breach may go undetected for a long period of time. A failure, disruption, cyber incident or other security breach of our IT systems or infrastructure, or those of our third party service providers, could result in the theft, transfer, unauthorised access to, disclosure, modification, misuse, loss, or destruction of the Company's, employee's, Member's or other third party's data, including sensitive or confidential data, personal information and intellectual property. Furthermore, our ability to protect and monitor the practices of our third party service providers is more limited than our ability to protect and monitor our own IT systems and infrastructure. Efforts and investments to monitor our IT systems and infrastructure are costly, and as cyber threats continue to evolve, we may be required to expend significant additional resources to continue to modify or enhance our protective measures or to investigate and remediate any information security vulnerabilities.

Further, there can be no assurance that our efforts will prevent a failure, disruption, cyber incident or other security breach of our or our third party service providers' IT systems or infrastructure, or that we will detect or respond timely if there is such a failure, disruption, cyber incident or other security breach. Any such failure, disruption, cyber incident or other security breach could adversely affect our business, including our ability to expand our business, cause damage to our reputation, result in increased costs to address internal data, security, and personnel issues, and result in violations of applicable privacy laws and other laws and external financial obligations such as governmental fines, penalties, or regulatory proceedings. We may also face remediation efforts (liabilities for stolen assets or information, or repairs of system damage, among others), increased cybersecurity protection costs, lost revenues arising from the unauthorised use of proprietary information or the failure to retain or attract Members following a cybersecurity incident, litigation and legal risks, increased insurance premiums, reputational damage affecting our customers' and investors' confidence, as well as damage to our competitiveness, Share price and long-term shareholder value. Any failure by us to adequately protect our IT systems and the confidential data which we hold could have a material adverse effect on our business, financial condition and results of operations.

5.1.14 We face risks related to the unauthorised disclosure of confidential information and compliance with privacy laws

We store highly confidential information on our IT systems, including personal data, financial information, and other types of information related to our business, products and Members, including but not limited to, through our eWorld web portal and DXN app. See Section 7.15 of this Prospectus for further details on our IT systems. We also collect and process a considerable volume of information which is considered, in certain jurisdictions, to be sensitive personal data and is subject to legal regulations. As such, we must ensure that any processing, collection, use, storage, dissemination, transfer and disposal of data for which we are responsible to, complies with relevant data protection and privacy laws in each jurisdiction, including the PDPA, the General Data Protection Regulation in Europe and the Personal Data Protection Act in Singapore.

We rely on commercially available systems, software, tools and monitoring to provide secure processing, transmission and storage of confidential customer information, such as credit card details and other personal information. Our facilities and systems, either of our e-commerce platform, as well as those of our third party service providers, may be vulnerable. See Section 5.1.13 of this Prospectus for further details on potential risks related to failures or breaches of our IT systems. If our servers or the servers of the third parties on which our data is stored are the subject of a physical or electronic break-in or other cyber risks, confidential information could be stolen, rendered unavailable, devalued or destroyed. Any security breach involving the misappropriation, loss or other unauthorised disclosure or use of confidential information of our suppliers, Members, external distribution agencies or others, whether by us or a third party, could subject us to civil and criminal penalties, have a negative impact on our reputation or expose us to liability. Further, the perception by our customers that we failed to comply with privacy laws or properly address privacy concerns could materially harm our business and standing with our customers.

5.1.15 We face risks related to the protection of our intellectual property rights

Our future success and ability to compete depends significantly on our ability to protect our current and future brands and to defend our intellectual property rights, including trademarks, patents, industrial designs, domain names, trade secrets and know-how. We have been granted trademark registrations covering our major brands and products in the jurisdictions where such products are principally sold and have filed and expect to continue to file trademark, industrial design and patent applications seeking to protect newly developed brands and products. There can be no assurance that these registrations will be granted with respect to any of our applications. There is also a risk that we could, even if by omission, fail to renew a trademark in a timely manner or that third parties will challenge, and succeed in obtaining the invalidation of any existing or future trademarks issued to, or licensed to us. Monitoring the unauthorised use of intellectual property requires significant efforts, and we cannot be certain that the steps we have taken to protect our portfolio of intellectual property rights will be sufficient or that third parties will not infringe upon or misappropriate our proprietary rights. The improper or unauthorised use of our intellectual property rights, especially trademarks, may decrease the value of our brands, as well as cause a decline in our sales.

There can be no assurance with respect to the rights associated with intellectual property registered in certain countries where we operate. In addition, the laws of certain foreign countries, including many emerging markets, may not completely protect our intellectual property rights. The costs required to protect our patents and trademarks, especially in emerging markets, may be substantial.

While we have not had issues with counterfeiting and imitation of our products to date, there can be no assurance that counterfeiting and imitation will not occur in the future or, if it does occur, that we would be able to detect and address the problem effectively. Any occurrence of counterfeiting or imitation could impact negatively upon our reputation and brand name, lead to loss of consumer confidence in our brand, and, as a consequence, adversely affect our results of operations.

As we actively pursue innovation in the natural ingredients and health-oriented supplements industry and enhance the value of our intellectual property portfolio, we may be involved in litigation to protect our intellectual property or to defend against claims of invalidity or infringement by others. An adverse outcome in litigation or any similar proceedings could adversely affect our business, financial condition and results of operation. In addition, the diversion of management's attention and resources while addressing any intellectual property litigation claim, regardless of whether the claim is valid, could be significant and could materially affect our business, financial condition and results of operations.

5.1.16 Our insurance coverage may be inadequate

While we maintain insurance policies to cover a variety of risks that are relevant to our business needs and operations, and our principal assets (save for certain biological assets), there can be no assurance that any insurance proceeds we receive would be sufficient to cover all insured losses and/or liabilities. See Section 7.21 of this Prospectus for further details on our insurance policies.

In September 2020, an electrical fault at one of our facilities in Kedah, Malaysia resulted in a fire which engulfed one of our warehouses in our manufacturing facility resulting in the property, plant and equipment and inventories of RM17.6 million collectively being written off. We submitted an insurance claim for the fire incident for a total sum of approximately RM25.3 million during FYE 28 February 2021, of which RM15.4 million was approved. While we have made claims and received compensation under our insurance policies in the past, there can be no assurance that we will be able to successfully claim for the full amount of the losses suffered or receive the full amount of our claim from the insurer or that our existing insurance policies will be sufficient to cover all of our potential losses or risks associated with our business and operations.

There are certain types of risks that are not covered by our policies, such as war, force majeure and certain business interruptions such as the COVID-19 pandemic. In addition, while our Group holds product liability insurance, such insurance policies may not cover all liabilities, including product liability claims. To the extent that we suffer losses or damages as a result of a risk for which we do not maintain insurance or which is not covered by our insurance policies or where the cost of the losses or damages exceeds our insurance coverage, we will have to bear such costs which would have a material adverse effect on our business, financial condition, and results of operations.

5.1.17 We face certain risks related to the perceived safety and reputation of the direct selling industry

The public's perception of direct selling companies, including the perception of our Company, is dependent upon a number of factors, including:

- incidents that reflect doubt as to the quality, safety or efficacy of natural ingredients used or products manufactured, distributed or sold by the direct selling industry;
- opinions on the direct selling business generally, including perceptions on marketing programs or the attractiveness or viability of the financial opportunities that direct selling companies may provide;
- negative reports, news, scandals or other unfavourable incidents associated with the health-oriented supplements or direct selling industry or health-oriented and dietary supplement products;
- determination by regulatory authorities that such health-oriented and dietary supplement products are detrimental to public health;
- actual or purported failure by direct selling companies or Member-equivalents to comply with applicable laws, rules, and regulations, including those regarding over-claiming product efficacy, other product claims and advertising, good manufacturing practices, marketing regulations, product registration requirements; and
- actual or alleged impropriety, misconduct, or fraudulent activity by any person formerly or currently associated with any direct selling companies or in the direct selling industry.

Adverse publicity concerning any of the foregoing whether or not accurate or resulting in investigation, enforcement, or other legal or regulatory actions or the imposition of fines, penalties, or other sanctions, may not only damage the reputation of the parties involved, but also the direct selling industry in general, and may adversely affect us even if such parties or incidents have no relation to us, our products or our counterparties.

5.1.18 Direct selling companies are subject to numerous laws and our direct selling business model could be deemed as non-compliant with current or newly adopted regulations or laws

The direct selling industry is subject to a number of federal and state regulations. For more information on the relevant laws and regulations governing our Group in our core markets, see Section 7.26 of this Prospectus.

Laws specifically applicable to direct selling companies generally are directed at preventing deceptive or misleading marketing and sales practices, and include laws often referred to as "pyramid" or "chain sales" scheme laws. These anti-pyramid laws are focused on ensuring that product sales ultimately are made to end consumers and that advancement within a sales organisation is based on sales of products and services rather than investments in the organisation, recruitment of other participants, or other non-retail sales-related criteria. The regulatory requirements concerning direct selling programmes do not include "bright line" rules, involve a high level of subjectivity and are subject to judicial interpretation. Our Group is subject to the risk of any changes in these laws or regulations or the enforcement or interpretation of these laws and regulations by the governmental agencies or courts. See also Section 5.1.23 of this Prospectus for further details on risks relating to differences in interpretations of laws or regulations.

There are also additional risks in certain jurisdictions, such as Mexico, Peru, Bolivia and Mongolia, where there are no laws or guidelines governing the direct selling industry or where the application of such laws and guidelines are unclear. The table below sets out the contribution from Mexico, Peru, Bolivia and Mongolia in terms of gross revenue for the financial years/period indicated:

	FYE 28 February 2019		**FYE 29 February 2020**		**FYE 28 February 2021**		**FPE 31 December 2021**	
	RM million	**% of gross revenue(1)**	**RM million**	**% of gross revenue(1)**	**RM million**	**% of gross revenue(1)**	**RM million**	**% of gross revenue(1)**
Mexico	121.6	12.5	158.1	13.3	166.6	14.2	148.5	13.9
Peru	198.8	20.4	268.1	22.6	252.6	21.6	243.2	22.7
Bolivia	111.1	11.4	143.2	12.1	140.7	12.0	153.5	14.4
Mongolia	12.8	1.3	14.6	1.3	15.0	1.3	15.3	1.5

Note:

(1) Calculated based on gross revenue from our primary business, namely the sale of health-oriented and wellness consumer products, and not revenue from our other business activities such as laboratory testing services, lifestyle products and operating a café.

We may face increased compliance costs if authorities in those jurisdictions were to enact or update such laws.

Any direct selling companies that we own or acquire in the future, or any modification to our bonus and compensation plan, could be found to be non-compliant with current or newly adopted laws or regulations in one or more markets, which could prevent us from conducting our business in these markets. For example, Oman passed a law in 2021 prohibiting all pyramidal marketing activities in the country. We believe that our direct selling business in Oman does not fall within such prohibited pyramidal marketing activities, and we have thus far not received any notice from the authorities prohibiting us from operating our business or been subject to any enforcement action. Laws or regulations affecting direct selling companies could harm our prospects, business activities, financial condition and results of operations. The implementation of such regulations may be influenced by public attention directed toward a direct selling company, its products or its direct selling program, such that extensive adverse publicity could result in increased regulatory scrutiny.

5.1.19 We are subject to extensive legal and regulatory requirements in the countries in which we operate and any changes in the relevant laws and regulations may significantly increase our compliance burden

Our products and business activities are regulated by various laws and regulations, including those relating to food products, health-oriented supplements, general consumer protection, product safety, foreign direct investments and direct selling, and we are subject to extensive supervision by government and other agencies in respect of various aspects of our operations, including licensing and certification requirements, product registration requirements, quality and safety standards and periodic renewal and reassessment procedures and the way we conduct the direct selling business.

Foreign investments in our subsidiaries in India, including the Indian Subsidiaries are regulated through the Consolidated Foreign Direct Investment Policy and the FEMA. The FEMA regulates transactions involving foreign exchange and generally provides that certain transactions cannot be carried out without the general or specific permission of the RBI or the government of India. There have been certain instances of procedural non-compliance by the Indian Subsidiaries with the applicable foreign investments requirements in the past, including failure to notify or obtain approval from the RBI and other regulatory authorities in India in respect of certain transactions, file annual return on Foreign Liabilities and Assets with the RBI, or undertaking entity user registration with RBI. We expect to incur rectification costs and monetary penalties of a non-material amount for these non-compliances. While we have regularised some instances of non-compliances, we are still in the process of making regularisation applications with the relevant authorities in India to regularise certain non-compliances, which we expect to be completed within two years from the date of this Prospectus. We will provide further updates on the regularisation process of these non-compliances in our annual report. As we continue to grow, there could be further instances of inadvertent non-compliances with the foreign exchange laws in India, which may subject us to regulatory action in India, including monetary penalties. Further, any changes to the regulations issued by the RBI under the FEMA which impose further restrictions or requirements in respect of foreign investments may increase our compliance burden, cause us to incur additional cost or otherwise adversely affect our business and our financial performance.

Our various facilities are required to comply with certain quality standards as well as any other applicable standards. For example, we are required in Malaysia to obtain CCCs for our buildings as official recognition that the buildings are fit for the purpose it was built for, and use our facilities in accordance with the category of land use and the express condition stipulated in the land title of our facilities. Failure to obtain CCCs in a timely manner, or to comply with the category of land use or express conditions (or obtain approval to vary such conditions in the land title), may affect our ability to operate at our facilities, and expose us to fines and other penalties, including, in the event of failure to obtain approval to change the express condition, the possibility of relocation of our facilities. As at the LPD, while no enforcement action has been taken against us in respect of the CCC and land title-related non-compliances in Malaysia and we are actively undertaking rectification measures in respect of such non-compliances. However, there can be no assurance that local authorities will not impose fines and/or penalties on our Group in the future.

We are also required to comply with GMP regulations for:

- manufacturing facilities which produce food supplements, pharmaceutical products or cosmetic products in countries which require GMP compliance; or

- manufacturing facilities which export food supplements, pharmaceutical products or cosmetic products to countries that require GMP compliance.

All our manufacturing facilities are GMP compliant save for our virgin coconut oil manufacturing facility in South Kalimantan, Indonesia, our tea products manufacturing facility in Anxi, China and our fortified beverages manufacturing facility in Tlaxcala, Mexico which do not require GMP compliance. Failure to comply with such practices may have a material and adverse effect on our ability to manufacture and in turn, sell and/or distribute certain of our products, which may materially and adversely affect our business operations. We also maintain various certifications on a voluntary basis, including but not limited to Halal certification, ISO standards and HACCP principles. We are subject to periodic inspections by the relevant certification agencies. If we are unable to obtain or renew such certifications in a timely manner, or at all, our products may lose their commercial value or brand value, affecting our sales and distribution, which may materially and adversely affect our business operations. For example, in 2021, our TGA certification from the Department of Health, Australia lapsed as the TGA was unable to schedule an on-site inspection of our facilities in Malaysia due to the COVID-19 pandemic. While this has not caused a material impact on our business, the TGA certificate is a supporting document for certain other product licence applications and renewals, including a food supplement product licence in Canada. As at the LPD, we have applied for and are pending a response for the re-certification for our TGA certificate. See Section 5.1.8 of this Prospectus on further details on the potential impact of COVID-19 pandemic on our business and results of operations.

In addition, we are required to possess various approvals, permits or licences to manufacture, market and sell our products. Further details of our major licences, permits and approval are set out in Section 7.22 of this Prospectus. See Section 5.1.18 of this Prospectus for further details on direct selling licences that we are required to obtain and maintain. These approvals, licences and permits need to be reviewed on a periodic basis or reassessed by the relevant regulatory authorities. We may not be able to renew such licences with the authorities, particularly if authorities choose to impose new terms or conditions which we may be unable to fulfil in future. We may also be subject to periodic inspections, examinations, inquiries or audits by government agencies, and an adverse outcome from any such inspection, examination, inquiry or audit may result in the loss or non-renewal of permits, licences or certifications required for our business operations. In certain jurisdictions, failure to comply with these rules could result in the seizure of our products, significant penalties or claims and even criminal liability. Further, our licences from the authorities may even be revoked or suspended prior to the expiration. If we or other third parties such as our external distribution agencies are unable to obtain or renew such approvals, permits or licences in a timely manner, or at all, we and/or external distribution agencies may not be able to manufacture, sell and/or distribute the relevant products in the relevant jurisdiction and our business operations in such jurisdictions may be materially disrupted.

We incur ongoing costs and obligations associated with compliance with the relevant laws, regulations and standards, and failure to comply with these laws, regulations and standards could result in additional costs for corrective measures and/or subject us to penalties or restrictions on our business operations. We have had to react to changes in applicable laws and regulations in the past and future changes to such laws and regulations could require extensive changes to our business operations or give rise to increased compliance costs or material liabilities, which would have a material and adverse effect on our business, results of operations and financial condition. If we are unable to adapt our business strategies and operations accordingly, our business may be materially and adversely affected.

5.1.20 We are subject to political, legal, tax, regulatory, social and economic risks of doing business in the countries in which we operate

Our business operates on a global scale. As a result, we are subject to the laws and regulations of various jurisdictions, some of which may impose limitations on our operations.

For example, Indonesian regulations require that our production facility located in Indonesia must prioritise the use of local raw materials and/or auxiliary materials. Mexican regulations promote local sugar supply by imposing various restrictions for imported sugar, which increases the regulators' scrutiny on our business and operations as we use imported sugar. While we generally have not faced any material issues in profit repatriation from our core markets, we are subject to withholding tax requirements in certain countries such as Indonesia and the Philippines. In India, two of our subsidiaries are currently unable to remit profits to Malaysia due to errors in the registration of shareholding of our Indian subsidiaries with the Reserve Bank of India, though such subsidiaries are not restricted from declaring dividends. We are still in the process of making regularisation applications with the relevant authorities in India to regularise these errors in the registration of shareholding of our Indian subsidiaries with the

Reserve Bank of India, which we expect to be completed within one year from the date of this Prospectus.

Further, any adverse development in the political, legal, tax, regulatory, social or economic environment in the countries in which we operate could adversely affect our results of operations and prospects. These developments may include, but are not limited to, changes in political leadership, nationalisation, economic or political instability, bureaucratic delays, changes in macro-economic conditions, changes in diplomatic or trade relationships (including any sanctions, restrictions and other responses), price and capital controls, inflation, fluctuations in interest rates, constraints in commercial trades and payables, imposition of import and economic restrictions, sudden restrictive changes to government policies, introduction of new taxes on goods and services and introduction of new laws, as well as demonstrations, riots, local civil unrest, coups and war. In particular, in February 2022, armed conflict escalated between Russia and Ukraine. The United States government and other governments in jurisdictions in which we operate have imposed severe sanctions and export controls against Russia and Russian interests, and have threatened additional sanctions and controls. It is not possible to predict the broader consequences of this conflict, which could include further sanctions, embargoes, greater regional instability, geopolitical shifts and other adverse effects on macroeconomic conditions, currency exchange rates, supply chains and financial markets, which may in turn have adverse effects on our business.

A foreign government might also ban, halt or severely restrict our business, including our primary method of direct selling. These developments may result in the termination of contracts and/or disrupt our business operations in the relevant country. See Section 5.1.18 of this Prospectus for further details on the potential impact of changes in laws. If we are unable to address these matters in a satisfactory manner or adhere to or successfully implement processes in response to changing regulatory requirements, our business, costs and/or reputation may be adversely affected. We cannot predict with certainty the outcome or the impact that pending or future legislative and regulatory changes may have on our business in the future.

In addition, our labour costs may increase for various reasons, such as changes in the labour laws in the countries in which we operate. Potential disputes, adverse relations, and increases in labour costs could result in work stoppages or other events that could disrupt our business operations, which could materially and adversely affect our business and results of operations. Social or civil disturbances, terrorist attacks, hostilities and other acts of violence or war may also occur in the countries in which we operate and adversely affect, directly or indirectly, our business operations in these countries and our financial performance. The occurrence of any of these events may result in a loss of business confidence, potentially lead to an economic downturn and have an adverse effect on our business, results of operations, financial condition, and prospects.

5.1.21 We operate in numerous jurisdictions and are subject to changes in taxation rates, audits and investigations from time to time. These may result in additional tax liabilities, fines or penalties and/or tax proceedings which could have a material adverse effect on our results of operations and financial condition

We are subject to direct and indirect taxes as well as transfer pricing regulations in numerous jurisdictions. We calculate and provide for such taxes in each jurisdiction where we operate. The amount of tax we pay is subject to our interpretation of applicable tax laws of the jurisdictions where we file taxes.

We have taken and will continue to take positions based on our interpretation of tax laws, but tax accounting often involves complex matters and judgement is required in determining the provision for taxes and other tax liabilities of our Group. Although we rely on generally available interpretations of applicable tax laws and regulations, including interpretations made by the relevant tax authorities and courts of law where available, and believe that we have complied with all applicable tax laws, there can be no assurance that the relevant tax authorities or courts of law will not depart from the generally available interpretations of applicable tax laws and regulations on which we rely, and assess us with additional tax liabilities.

From time to time, we or our subsidiaries may be subject to routine or special tax and audit processes and investigations by tax authorities in relation to taxes in connection with our operations. Such audits and investigations may require the production of certain documents which may no longer be available because of the length of time since such documents were executed or prepared.

In addition, there have been instances where tax authorities have disagreed, and may in the future disagree, with our judgements. Our judgements of the likely outcomes of these tax audits to determine the appropriateness of our tax liabilities might not be sustained, and the amounts that are ultimately paid could be different from the amounts previously recorded. Any adverse finding resulting from such audits and investigations may lead to administrative proceedings and the assessment of additional tax liabilities or result in fines or penalties which could in turn increase our Group's costs of operations or our Group's effective tax rate and have a negative effect on our business, financial condition and results of operations.

There are certain ongoing tax disputes between several of our subsidiaries and the tax authorities of the jurisdictions in which we operate, including, among others, disputes over whether our subsidiary's expenses qualify as deductible expenses for tax computation purposes; our subsidiary's eligibility for tax deductions; the tariff to be paid for the import of our products; and the classification of products for the purposes of excise duty rates and GST rates. For instance, DXN Mexico has an ongoing income tax dispute with the Tax Administration Service Mexico (Servicio de Administración Tributaria) ("**SAT**"), where the SAT took the view that certain of DXN Mexico's expenses were non-deductible and that there was an omission of taxable income in respect of the reversal of excess provision. DXN Manufacturing India has an ongoing dispute with the Customs Excise and Service Tax Appellate Tribunal ("**CESTAT**") in India, over additional excise duty payable in respect of RG and GL capsules, with the CESTAT claiming that DXN Manufacturing India was applying incorrect excise duty rates for products deemed classified under the category of "health food supplements". Daxen Agritech has an ongoing custom tariff dispute with the Commissioner of Customs, New Delhi ("**Indian Customs**"), over additional custom duty payable in respect of the import of RG and GL capsules, with the Indian Customs claiming that Daxen Agritech was applying incorrect custom duty rates for products deemed classified under the category of "food". Additionally, DXN Marketing India has an ongoing GST dispute with the GST Intelligence in Belagavi, India ("**GST Intelligence**"), where the GST Intelligence took the view that DXN Marketing India was applying incorrect GST rates for the classification of RG and GL powder capsules, Spirulina powder capsules and Neeli hair oil.

The accounting provisions made for the period from the FYE 28 February 2018 up to the LPD is RM35.4 million. The accounting provisions made do not have a material impact on our Group's profitability as shown below, however, it may not be adequate if the actual tax liabilities imposed by the relevant authorities are higher.

	FYE 28 February 2019	FYE 28 February 2020	FYE 29 February 2021	From 1 March 2021 up to the LPD
	RM'000	**RM'000**	**RM'000**	**RM'000**
Provisions made	1,566	6,511	18,218	5,141
Profit for the year	218,867	255,248	200,884	N/A
% of provisions made to profit for the year	0.7	2.6	9.1	N/A

The net tax exposure deemed as a high probability arising from these disputes, after taking into account the accounting provisions made is RM4.3 million.

While we have not faced such instances in the past, we may, in particular, also face disputes with local tax authorities on the judgement of transfer pricing arising out of our intragroup transactions. Our intragroup relationships are subject to complex transfer pricing regulations administered by tax authorities in various jurisdictions. It is our policy that arrangements between companies within our Group, such as the intragroup provision of services and financing, are carried out on an arm's length basis. However, the relevant tax authorities may disagree with the positions taken by our Group generally or its determinations as to the value of assets sold or acquired or income and expenses attributable to specific jurisdictions. There can be no assurance that we will succeed in defending similar disputes in the future, or that we will not incur additional tax liabilities of such amounts as to have a material adverse effect on our business, financial condition and results of operations.

Our effective tax rate in the future could also be adversely affected by changes in the mix of earnings in countries with differing statutory tax rates, changes in the valuation of deferred tax assets and liabilities and changes in tax laws. Tax rates in jurisdictions where we operate may change as a result of macroeconomic, political or other factors. Increases in the tax rate in any of the jurisdictions in which we operate could have a negative impact on our profitability.

In addition, changes in tax laws, treaties or regulations, or their interpretation or enforcement, may be unpredictable, particularly in less developed markets, and could become more stringent which could materially adversely affect our tax position. Any of these occurrences could have a material adverse effect on our business, results of operations and financial condition.

5.1.22 We are subject to environmental laws and regulations and face compliance costs and risks

Our production facilities are located in several countries, including Malaysia, China, India, Indonesia and Mexico and we are subject to the relevant environmental laws and regulations with respect to our operations. These laws and regulations require us to adopt measures and controls in respect of wastewater discharge, emissions of air pollutants, waste disposal and management, occupational health and safety and management of hazardous substances. We have adopted measures to comply with such requirements, and in addition to these measures, we have voluntarily implemented further steps and policies to reduce our environmental impact. However, there is no assurance that these measures will be sufficient in the future. For further details on the environmental laws and regulations we are subject to, see Sections 7.26 and 7.29.2 of this Prospectus.

As at the LPD, our subsidiary, Anxi Gande Foluohua is exposed to potential liabilities in respect of non-compliance with environmental laws and regulations, for failing to obtain the required environmental approvals for the construction and usage of its facilities, putting the constructions into use before passing the requisite environmental inspection, and failing to conduct the environmental impact assessment procedure on its production facilities. DXN Corporation Ningxia had on 17 May 2022 entered into a share sale agreement to dispose of its entire equity interest in Florin Fujian (which wholly-owns Anxi Gande Foluohua), where following completion, Anxi Gande Foluohua will cease to be a subsidiary of our Group. While we have not had other instances of violation of environmental laws or regulations in the past which were material to our Group, there is no assurance that such violations would not arise in the future and expose us to fines or other penalties, which could have a material and adverse impact on our business, results of operations, prospects and reputation. Moreover, environmental laws and regulations tend to be complex and frequently revised and the interpretation of such laws and regulations is constantly changing, resulting in uncertainty and making it difficult to predict the effect of such laws and regulations on our business and operations. Environmental laws and regulations are becoming increasingly stringent globally and this may result in increased costs of compliance for us, including costs of obtaining and maintaining compliance with required licences. We may not be able to pass on such costs to customers, which may have a material effect on our profitability.

5.1.23 We may be involved in legal proceedings that, if adversely adjudicated or settled, could adversely affect us

In the course of our business, we may, from time to time, become involved in disputes with various parties (including our employees, suppliers, distributors, Members and other customers) in relation to, among others, contractual interpretation, employee or employment claims, claims related to our products or advertising, product liability and infringement of intellectual property rights, which may lead to litigation or other proceedings.

In addition, we may have disagreements with regulatory bodies in the course of our operations or may be investigated by regulatory bodies, which may subject us to administrative proceedings, unfavourable orders, directives, decrees or sanctions such as fines or other penalties.

Such disputes, investigations, or other proceedings could in turn result in costs and negative publicity to us, regardless of the outcome. We may be forced to dedicate time and attention to defend against these claims, which could prevent us from concentrating on our business. Depending on the result, certain lawsuits, investigations or other proceedings may be concluded or settled on terms unfavourable to us, result in restrictions to our operations and adversely affect our business, financial condition and results of operations. Any attempts to resolve outstanding disputes may also be protracted and complaints that assert some form of wrongdoing, regardless of the factual basis for the assertions being made, may further lead to investigations by regulators.

For example, a winding up petition was filed by the Securities and Exchange Commission of Pakistan ("**SECP**") against our subsidiary, DXN Pakistan, in 2018 for unauthorised multi-level marketing through its offices and/or service centres in Islamabad, Peshawar, Lahore and Karachi as well as through DXN Pakistan's website. The SECP first issued a show cause notice to DXN Pakistan in 2016, further to which DXN Pakistan defended allegations that it had carried out unlawful or fraudulent activities. In 2017, DXN Pakistan attended a hearing at the SECP's request to explain its operations.

Subsequent to its investigations, the SECP issued a public warning and an impugned order ("**Order**") against DXN Pakistan in 2018, on the basis that DXN Pakistan was carrying out unauthorised multi-level marketing activities. The Order authorised the SECP to file a winding up petition against DXN Pakistan before the High Court of Islamabad. The High Court of Islamabad subsequently suspended the SECP from enforcing the Order against DXN Pakistan until the next hearing date on 15 June 2022, in order for DXN Pakistan to address the arguments raised by the SECP. In respect of these proceedings, we believe that even if the Order is enforced, the winding-up of DXN Pakistan's operations in Pakistan is not expected to have a material impact on our business, financial condition and results of operations. Our sales from Pakistan for the FYE 28 February 2021 only contributes RM3.4 million or 0.3% of the gross revenue of our Group of RM1,171.1 million and as at the LPD, we have a total of 12,372 active Members in Pakistan, representing approximately 0.4% of our total active Members. See Section 7.6 of this Prospectus for further details on our total active Members.

Any similar disputes, even without foundation, may be expensive to defend or respond to, and could divert our management's attention, disrupt our day-to-day operations and negatively affect our relationships with our suppliers, customers and distributors and our reputation in the industry or require our Group to change our business practices, which may materially and adversely affect our business, financial condition, results of operations and prospects.

5.1.24 We face foreign currency fluctuations risk

We are exposed to risks associated with exchange rate fluctuations, particularly with respect to the EUR, USD and RM.

Our exports, which consist of sales to external distribution agencies and our subsidiaries, are primarily denominated in USD and EUR. Sales to Members occur in local currencies before they are converted into USD and EUR and repatriated to Malaysia. 22.7%, 13.9%, 14.4%, 11.0%, 8.4%, 5.7% and 3.0% of our total sales for the FPE 31 December 2021 are denominated in PEN, MXN, BOB, INR, RM, USD and EUR, respectively. Our purchases are denominated mainly in RM and USD and our operating expenses are denominated mainly in RM. 53.4% and 2.0% of our total purchases for the FPE 31 December 2021 are denominated in RM and USD, respectively. To the extent that our sales, purchases and operating expenses are not naturally matched in the same currency and there are timing differences between invoicing and collections/payment, we will be exposed to any adverse fluctuations of local currencies against the USD and EUR.

In December 2016, Bank Negara Malaysia ("**BNM**") implemented an export conversion rule requiring exporters to convert at least 75% of export proceeds into the RM. As such, we were only able to retain up to 25% of our export proceeds in foreign currencies. In March 2021, BNM removed the export conversion rule effective April 2021. Following which, we are able to manage currency conversion to RM more flexibly according to our cashflow needs or exchange rate favourability. There can be no assurance that the government or central bank in the jurisdictions where we operate will not impose these or other foreign exchange controls in the future. The imposition of such controls may lead to increased exposure of the economy to potential risks and vulnerability of developments in the international markets and thus may adversely affect our business, financial condition and results of operations, the value of our Shares and the ability of our shareholders to liquidate their Shares.

5.1.25 Leakage of cash payments made at our branches may adversely affect our revenues and financial condition

Our revenues derived from payments made in our sales branches are dependent on the integrity of our payment collection management systems, including the collection of cash, and may be reduced through incidences of theft, fraud, violations or technical failures of our payment collection management systems or processes with respect to cash collection. While these payment collection management processes are part of our policies on which we require our branch managers and persons in charge to undergo training, given that many of our customers make payments in cash at our sales branches, if cash collection is not properly monitored or if there are cash collection errors, such leakage may result in a reduction of our revenues from sales branches. Any significant failure by us to control leakage in payment collection systems could have a material adverse effect on our results of operations.

5.1.26 We rely on key personnel and the loss of members of our Directors and Key Senior Management and/or our inability to attract, retain and train key personnel may adversely affect our business, financial condition and results of operations

Our success depends, in part, upon the abilities, performance and continued efforts of our Directors and Key Senior Management and on our ability to retain our key personnel. The loss of any of our Directors, Key Senior Management or key personnel could materially and adversely affect our performance and we may not be able to replace them with individuals that possess equivalent experience and expertise in a timely manner.

Our success also depends, in part, on our continuing ability to identify, hire, attract, train, develop and retain other highly qualified personnel. Key personnel may leave us for a variety of reasons and the impact of these departures is difficult to predict, which may hinder the implementation of our strategic plans and adversely affect us. Such turnover also creates a risk of business processes not being sustained if the turnover occurs with inadequate knowledge transfer. Competition for these key employees can be intense and our ability to hire, attract and retain them depends on our ability to provide competitive compensation. Our failure to do so could materially and adversely affect our business, including the execution of our global business strategy.

5.1.27 We are controlled by our substantial shareholders whose interests may not always align with the interests of our other shareholders

Immediately following the completion of our IPO, our substantial shareholders will own in aggregate 71.8% of the enlarged issued Shares assuming the Over-allotment Option is not exercised. Accordingly, our substantial shareholders will still be able to exercise significant influence over the outcome of matters requiring the vote of our shareholders, including voting on appointments of our Directors, and consequently may be able to influence the composition of our Board. The interest of our substantial shareholders may differ from the interests of our other shareholders. For example, DLSJ has direct interest in Daehsan Biotech Private Ltd, a company in India having a similar trade as that of our Group, and Sunyatee International Foundation and Zaman Biotech Sdn Bhd, companies which are a supplier and customer to our Group respectively, although our Board is of the view that such interest does not give rise to any existing or potential conflict of interest situation, or has been mitigated. See Section 11.1 of this Prospectus for further details.

Our substantial shareholders could also have significant influence in determining the outcome of corporate transactions or other matters submitted to our shareholders for approval, including mergers, consolidations and the sale of all or substantially all of our assets and other significant corporate actions to the extent that they are not required to abstain from voting (and procuring persons connected to them to abstain from voting) in respect of such transactions and corporate actions. Our substantial shareholders are also able to prevent or cause a change in control in our Company.

5.2 RISKS RELATING TO THE INDUSTRY IN WHICH WE OPERATE

5.2.1 The health-oriented and wellness consumer products industry is characterised by rapid change and advances in technology or other developments which could negatively affect our business

The health-oriented and wellness consumer products industry is characterised by rapid change and the constant emergence of new products. Advances in technology or other developments may negatively affect the competitiveness of our products or materially and adversely affect the viability of our business model. For example, new scientific evidence may disprove or dispute the safety or efficacy of our products or assert that our products cause previously unknown adverse side effects. Additionally, our competitors may also develop or acquire manufacturing techniques or technologies that allow them to create new and disruptive products which render our products less competitive. To compete effectively, we invest significant resources in R&D so as to keep pace with technological and scientific changes, integrate new technology into our products, and create new and relevant product categories. If we are unable to adapt to changing technologies or market conditions by modifying our product portfolio or business strategies accordingly, our business and prospects could be materially and adversely affected.

5.2.2 The health-oriented and wellness consumer products industry is highly competitive and we may not be able to compete successfully with our competitors

We operate in a highly competitive industry. The health-oriented and wellness consumer products industry is highly competitive as there are a number of companies in the jurisdictions that we operate in. According to Frost & Sullivan, the direct selling market of FFB, HDS, and PCC products is highly fragmented, comprising both small localised and large multinational companies, with different product offerings and geographical presence. In this fragmented market, we have positioned ourselves with innovative differentiated products which are manufactured in-house with a level of capital expenditure similar to that of comparable direct selling companies. There can be no assurance that our current or potential competitors will not offer products comparable or superior to those we offer or adapt more quickly than we do to the evolving industry trends or changing market requirements. If our advertising, promotional and marketing strategies do not succeed and if we are unable to offer new products to meet the market demands, we may be adversely affected. If our end consumers believe that our competitors' products are more attractive, our sales, profitability and results of operations may be adversely affected. There can be no assurance that we will be able to compete effectively or cost-efficiently against current and future competitors. Increased competition may result in reduced prices and gross margins, and loss of market share, any of which could have a material adverse impact on our business and results of operations.

Moreover, some of our competitors have been in business longer than we have and may have substantially greater financial, marketing and other resources than us. Our competitors may be able to devote greater resources than us to invest in marketing and business development. Our competitors may also be acquired by, receive investments from, or enter into other commercial relationships with larger, better-established and better-financed companies in certain lines of business. As such, we may be materially adversely affected to the extent we are unable to compete successfully with our competitors.

5.2.3 Changes in consumer preferences may adversely affect our business, financial condition and operating results

We operate in an industry that is subject to rapid and unpredictable changes in consumer demand and trends. Consumer preferences and trends may change due to a variety of factors, including factors beyond our control, such as new market trends, changes in the characteristics and ingredients of products, changes in demographic trends, negative publicity from lawsuits against us or our peers, or a weak economy in one or more of the markets in which we operate Such changes may adversely affect the demand for our products and in turn, materially and adversely affect our business and growth prospects. In addition, consumers may switch to the products of competitors, such that the demand for products in our segment as a whole could decline. See Section 5.2.2 of this Prospectus for further details. If we are unable to anticipate changes in consumer preferences and trends, or successfully create new products to cater to such changes and preferences or we are not able to respond to restrictions on our business due to customs, norms and policies in the various jurisdictions in which we operate, our business, financial condition and results of operations could be materially adversely affected.

In addition, consumer purchasing habits, including reducing purchases of health-oriented supplements generally, or reducing purchases from representatives through direct selling by buying health-oriented and related products in other channels such as retail, could reduce our sales, impact our ability to execute our global business strategy or have a material adverse effect on our business, financial condition, results of operations and prospects.

5.3 RISKS RELATING TO OUR SHARES AND OUR LISTING

5.3.1 The offering of our Shares may not result in an active and liquid market for our Shares

There can be no assurance as to the liquidity of the market that may develop for our Shares, the ability of shareholders to sell our Shares or the prices at which shareholders would be able to sell our Shares. Neither we nor our Promoter have an obligation to make a market for our Shares or, if such a market does develop, to sustain it. In addition, there can be no assurance that the trading price of our Shares will reflect our operations and financial condition, our growth prospects or the growth prospects of the industry in which we operate.

5.3.2 Our Share price and trading volume may be volatile

The market price of our Shares could be affected by numerous factors, including the following:

- general market, political and economic conditions;
- trading liquidity of our Shares;
- differences in our actual financial and operating results and those expected by investors and analysts;
- changes in earnings estimates and recommendations by financial analysts;
- changes in market valuations of listed shares in general or shares of companies comparable to ours;

- perceived prospects of our business and the industry in which we operate;

- adverse media reports regarding us or our shareholders;

- changes in government policy, legislation or regulation; and

- general operational and business risks.

In addition, many of the risks described in this Section could materially and adversely affect the market price of our Shares. Accordingly, there can be no assurance that our Shares will not trade at prices lower than the Final Retail Price.

Over the past few years, the Malaysian, regional and global equity markets have experienced significant price and volume volatility that has affected the share prices of many companies. Share prices of many companies have experienced wide fluctuations that were not always related to the operating performance of such companies. There can be no assurance that the price and trading of our Shares will not be subject to similar fluctuations.

5.3.3 The sale, or the possible sale, of a substantial number of our Shares in the public market following our Listing could adversely affect the price of our Shares

Following our Listing, we will have in issue 4,985,000,000 Shares, of which up to 1,406,250,000 Shares, representing up to 28.2% of the enlarged issued share capital, will be held by investors participating in our IPO, and not less than 61.9% will be held by our Promoter via its direct and indirect interests in our Company, assuming the Over-allotment Option is not exercised. Our Shares sold in our IPO will be tradable on the Main Market of Bursa Securities without restriction following our Listing. Our IPO Shares may also be sold outside the United States, subject to the restrictions of Regulation S.

In addition, our Promoter could dispose of some or all of our Shares that it holds after the moratorium period pursuant to its own investment objectives. If our Promoter sells, or is perceived as intending to sell, a substantial amount of our Shares that it holds, the market price for our Shares could be adversely affected.

5.3.4 There may be a delay in, or termination of, our Listing

The occurrence of certain events, including the following, may cause a delay in, or termination of, our Listing:

- the Joint Managing Underwriters' or the Joint Underwriters' exercise of their rights under the Retail Underwriting Agreement, or the Joint Global Coordinators' exercise of their rights under the Placement Agreement, to discharge themselves of their obligations under such agreements;

- our inability to meet the minimum public shareholding spread requirement under the Listing Requirements of having at least 25.0% of the total number of our Shares for which our Listing is sought being in the hands of at least 1,000 public shareholders holding at least 100 Shares each at the point of our Listing; or

- the revocation of the approvals from the relevant authorities for our Listing for whatever reason.

Where prior to the issuance and allotment or transfer of our IPO Shares:

- the SC issues a stop order under Section 245(1) of the CMSA, the applications shall be deemed to be withdrawn and cancelled and we and the Selling Shareholders shall repay all monies paid in respect of the applications for our IPO Shares within 14 days of the stop order, failing which we shall be liable to return such monies with interest at the rate of 10.0% per annum or at such other rate as may be specified by the SC pursuant to Section 245(7)(a) of the CMSA; or

- our Listing is aborted other than pursuant to a stop order by the SC under Section 245(7)(a) of the CMSA, investors will not receive any IPO Shares, and all monies paid in respect of all applications for our IPO Shares will be refunded free of interest.

Where subsequent to the issuance and allotment or transfer of our IPO Shares and the proceeds from our Public Issue form part of our share capital:

- the SC issues a stop order under Section 245(1) of the CMSA, any issue of our Issue Shares shall be deemed to be void and all monies received from the applicants shall be forthwith repaid and if any such money is not repaid within 14 days of the date of service of the stop order, we shall be liable to return such monies with interest at the rate of 10.0% per annum or at such other rate as may be specified by the SC pursuant to Section 245(7)(b) of the CMSA; or

- our Listing is aborted other than pursuant to a stop order by the SC, a return of monies to our shareholders could only be achieved by way of a cancellation of our share capital as provided under the Act and its related rules. Such cancellation can be implemented by the sanction of our shareholders by special resolution in a general meeting and supported by either (a) consent by our creditors (unless dispensation with such consent has been granted by the High Court of Malaya) and the confirmation of the High Court of Malaya, in which case there can be no assurance that such monies can be returned within a short period of time or at all under such circumstances, or (b) a solvency statement from the directors.

5.3.5 We may not be able to pay dividends

As part of our Board's guidance on dividends, we aim to declare a certain portion of our retained earnings for the year, subject to the approval of our Board and to any applicable law and contractual obligations, as dividends, provided that such distribution will not be detrimental to our Group's cash requirements or to any plans approved by our Board. See Section 12.4 of this Prospectus for further details of our dividend policy. We propose to pay dividends after setting aside the necessary funds for capital expenditure and working capital and taking into account applicable restrictive covenants under our financing documents such that any declaration of dividends shall not exceed our distributable profits. We believe that we have sufficient working capital for the next 12 months from the date of this Prospectus, based on our cash generated from our operating activities, cash and bank balances, credit facilities and the gross proceeds of approximately RM[●] million that we expect to raise from our Public Issue. However, there can be no assurance that our working capital will be sufficient or that we will be able to make dividend payments in the future. Even if we are able to pay dividends, our Board may decide, in its sole and absolute discretion, at any time and for any reason, not to pay dividends or to pay smaller dividends that we currently propose. Further, if we incur new borrowings subsequent to our Listing, we may be subject to additional covenants restricting our ability to pay dividends. If we do not pay dividends, or we pay dividends at levels lower than anticipated by investors, the market price of our Shares may be negatively affected and the value of your investment in our Shares may be reduced.

Our Company is a holding company and substantially all of our operations are conducted through our subsidiaries, joint venture and associate. Accordingly, dividends and other distributions received from our subsidiaries, joint venture and associate are our Company's principal source of income. Our Company or our subsidiaries or joint venture or associate may also enter into financing agreements which could further limit our ability to pay dividends, and we may incur expenses or liabilities that would reduce or eliminate the cash or profit available for the distribution of dividends.

Further, our payment of dividends may adversely affect our ability to fund unexpected capital expenditure as well as our ability to make interest and principal repayments on any borrowings that we may have outstanding at the time. As a result, we may be required to borrow additional money or raise capital by issuing equity securities, which may not be on favourable terms or available at all.

5.3.6 This Prospectus contains forward-looking statements which may not be accurate

This Prospectus contains forward-looking statements. All statements, other than statements of historical facts, included in this Prospectus, including without limitation to those regarding our financial position, business strategies, plans and objectives for future operations, are forward-looking statements. Such forward-looking statements are made based on assumptions that we believe to be reasonable as at the date of this Prospectus. Forward-looking statements can be identified by the use of forward-looking terminologies, such as the words "may", "will", "would", "could", "believe", "expect", "anticipate", "intend", "estimate", "aim", "plan", "forecast" or similar expressions, and include all statements that are not historical facts. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance, achievements, or industry results expressed or implied by such forward-looking statements.

Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Such factors include, among others, general economic and business conditions, competition, the impact of new laws and regulations affecting our industry and government initiatives.

In light of these uncertainties, the inclusion of such forward-looking statements in this Prospectus should not be regarded as a representation or warranty by us or our advisers that such plans and objectives will be achieved.

6.1 OUR COMPANY

6.1.1 History and background

Our Company was incorporated in Malaysia under the Companies Act, 1965 on 11 October 1995 as a private limited company under the name of Magcure Marketing Sdn Bhd and is deemed registered under the Act. On 3 August 1998, our Company changed its name from Magcure Marketing Sdn Bhd to DXN Holding Sdn Bhd and subsequently changed its name to DXN Holdings Sdn Bhd on 21 June 2002. Our Company was converted into a public limited company on 16 July 2002.

Our Group is a global health-oriented and wellness direct selling group of companies. The history of our Group's business can be traced back to when DSLJ, who in his efforts to promote the potential health benefits of Ganoderma, also known as Lingzhi or Reishi, established DXN Marketing in Kedah, Malaysia which commenced operations in 1995. Under his stewardship, our Group expanded its presence from being solely in the Malaysian market into international markets.

The principal activities of our Company are investment holding and provision of management services. As at the LPD, we have 78 subsidiaries across 40 countries, which are principally involved in the sales of health-oriented and wellness consumer products through a direct selling model. Our Group's direct selling network consists of Members (including stockists) and external distribution agencies who exclusively carry our products to on-sell and distribute to other Members and end-consumers. Our Group's other business activities that primarily serve to support our core business include conducting laboratory testing services for third parties, offering of lifestyle products and operating a café. The principal activities of our subsidiaries are set out in Section 6.3 of this Prospectus.

Our top 10 markets in terms of revenue for the FYE 28 February 2021 are Peru, Mexico, India, Bolivia, Malaysia, the Philippines, the Middle East, the United States, Thailand and Colombia. Our Group has sales branches in these top 10 markets except for the Middle East, where our Group uses an external distribution agency structure.

Our Company was listed on the Main Board of the Kuala Lumpur Stock Exchange on 30 September 2003 but was delisted on 27 December 2011 following the completion of the voluntary conditional take-over offer by Deras Capital Sdn. Bhd. (now known as DXN Global), DXN Group Sdn. Bhd., Temasek Sejati Sdn. Bhd., DLBY and Lim Yew Lin (collectively, "**Joint Offerors**").

6.1.2 The Privatisation

On 5 September 2011, the Joint Offerors made a voluntary conditional take-over offer to acquire all the remaining Shares (excluding treasury shares) which were not already owned by the Joint Offerors ("**Privatisation Shares**") for a cash offer price of RM1.75 per Privatisation Share ("**Offer Price**") ("**Offer**").

Based on the 224,982,300 Shares in issue at the time of the Offer (excluding treasury shares), the illustrative market capitalisation of our Company was RM393.7 million based on the Offer Price.

As disclosed in the document dated 26 September 2011 in relation to the Offer ("**Offer Document**"), notwithstanding that our Group was recording steady growth in terms of revenue and profits in the past financial years prior to the Offer, our Group remained cautious of our prospects in the near term in view of the then volatile and uncertain global economy, competitive market environment and rising cost of doing business which adversely affected our business. Efforts to sustain and transform the businesses of our Group based on our business structure at the point of the Offer proved challenging. To address these challenges, the Joint Offerors considered to undertake the necessary restructuring, reorganisation and rationalisation exercises which the Joint Offerors believed that there would be more flexibility to achieve these objectives if our Company was a non-listed company.

Accordingly, the Joint Offerors offered the then shareholders of our Company the opportunity to exit at a premium while not subjecting them to the associated risks of our restructuring, reorganisation and rationalisation exercises planned by the Joint Offerors.

The Offer Price represented:

(i) a premium of RM0.32 or 22.4% to the last transacted price as at 2 September 2011, being the last full trading day for our Shares prior to the date of announcement of the Offer ("**Last Trading Day**"); and

(ii) a premium ranging from 25.9% to 32.6% to the five (5)-day, one (1)-month, three (3)-month and six (6)-month weighted average market price of our Shares up to and including the Last Trading Day.

As stated in the independent advice circular dated 6 October 2011 in relation to the Offer ("**IAC**"), the Offer Price represented a PER of 9.5 times based on our audited consolidated PATAMI for the FYE 28 February 2011 which was above the range of PERs of selected comparable companies as set out in the IAC of between 4.7 times to 8.4 times and the traded PER of our Company for the past 12 months up to and including the Last Trading Day. In addition, the Offer Price represented an EV/EBITDA of 6.2 times which was within the range of EV/EBITDAs of the selected comparable companies as set out in the IAC of between 2.9 times and 7.6 times.

The Offer Price also represented a premium of RM1.12 or 277.8% to our previous IPO price of RM0.63.

The Offer closed on 25 November 2011 and was validly accepted by the holders of the Privatisation Shares of not less than nine-tenth in the nominal value of the Privatisation Shares (excluding the DXN Shares already held by persons acting in concert with the Joint Offerors in relation to the Offer). On 1 December 2011, the Joint Offerors posted the notice of compulsory acquisition to the dissenting shareholders of our Company pursuant to Section 222 of the CMSA, stating their intention to compulsorily acquire the remaining Privatisation Shares for which valid acceptances had not been received on 25 November 2011 on the same terms of the Offer as set out in the Offer Document. Subsequently on 27 December 2011, our Company was delisted from the Main Market of Bursa Securities.

On 12 April 2017, Gano Global entered into a share purchase agreement to invest in 25.7% equity interest in our Company while DXN Global continues to hold the remaining 74.3% equity interest in our Company, where 26.0% equity interest and 0.3% equity interest in our Company are held on trust for DLSJ and DLBL respectively.

6.1.3 Significant developments since the Privatisation

Since the Privatisation, we have undertaken several initiatives to restructure and grow our business as follows:

(i) Focus on the business of selling health-oriented and wellness consumer products

Prior to the Privatisation, our Group was primarily involved in the selling of health-oriented and wellness consumer products, and property development. Our revenue for these segments for the FYE 28 February 2011, based on the latest available audited consolidated financial statements of our Group prior to the Privatisation, was as follows:

	FYE 28 February 2011	
Revenue segment	**RM'000**	**%**
Sales of health-oriented and wellness consumer products	255,196	91.4
Property development	21,094	7.5
Others[(1)]	3,049	1.1
Total	**279,339**	**100.0**

Note:

(1) Comprising operations related to travel agent and tour operator, information technology consultancy and advisory, manufacture and sale of biodiesel related products, investment holding and provision of management services.

Post the Privatisation, our Group concentrated our resources on the sales of health-oriented and wellness products, thus allowing our Group to conserve cash from other business segments and further strengthen our business of selling health-oriented and wellness consumer products as detailed in items (ii), (iii) and (iv) below. For the FYE 28 February 2021, our gross revenue from the sales of health-oriented and wellness consumer products increased by RM899.3 million or 352.4% to RM1.2 billion from RM255.2 million for the FYE 28 February 2011, and contributed 98.6% of the gross revenue of our Group.

(ii) Expansion into existing and new markets

We continued to expand our business in health-oriented and wellness consumer products in our existing 35 markets and further expanded our operations into 14 new markets, namely Greece, Bolivia, Bulgaria, Germany, Italy, Spain, Panama, Ecuador, Turkey, Morocco, Uzbekistan, Nigeria, Mauritania and Poland.

The gross revenue of our top 10 markets in respect of the sales of health-oriented and wellness consumer products for the FYE 28 February 2021 as compared to the FYE 28 February 2011 was as follows:

	FYE 28 February	
	2011	**2021**
	RM'000	**RM'000**
Malaysia	29,713	91,318
Peru	7,076	252,570
Mexico	52,579	166,612
Bolivia	-	140,684
India	21,989	134,430
Philippines	80,340	100,329
Middle East	17,032	68,359
U.S.	6,777	34,961
Thailand	13,409	21,886
Colombia	58	17,564
Other countries	26,223	125,757
Total	**255,196**	**1,154,470**

Based on the table above:

(a) gross revenue contribution from the top 10 markets registered an increase of RM799.7 million or 349.3% from RM229.0 million for the FYE 28 February 2011 to RM1.0 billion for the FYE 28 February 2021 primarily due to the increase in gross revenue contribution from Peru, Mexico and India, and also gross revenue contribution from Bolivia.

Our Group commenced operations in Bolivia in March 2012. Since then, the Bolivian market has grown to become one of the top five markets of our Group, contributing RM140.7 million or 12.2% to the gross revenue of our Group from the sales of health-oriented and wellness consumer products for the FYE 28 February 2021; and

(b) gross revenue contribution from the other markets registered an increase of RM99.5 million or 379.6% from RM26.2 million for the FYE 28 February 2011 to RM125.8 million for the FYE 28 February 2021. The gross revenue contribution from new markets (excluding Poland where our Group only commenced operations in June 2021) amounted to RM60.1 million or 5.2% of the gross revenue of our Group from the sales of health-oriented and wellness consumer products for the FYE 28 February 2021.

As a result of the foregoing, our Group's profit for the year increased by RM159.1 million or 380.3% from RM41.8 million for the FYE 28 February 2011 to RM200.9 million for the FYE 28 February 2021.

(iii) Investments in production facilities

Since the Privatisation and up to and including the LPD, we have made additional investments of approximately RM178.4 million in the following existing production facilities:

(a) RM99.5 million for the expansion of the research facility, cultivation facility and two manufacturing facilities in Kedah, Malaysia, and two manufacturing facilities in Pondicherry, India and West Java, Indonesia respectively that were part of our Group at the time of the Privatisation;

(b) RM32.1 million for the construction and subsequent expansion of a research facility to conduct research related to FFB, edible fungi, Spirulina and fermentation, a cultivation facility to cultivate Spirulina powder and a manufacturing facility to manufacture FFB and Spirulina tablets in Ningxia, China;

(c) RM24.1 million for the acquisition of Florin Fujian and subsequent expansion of its cultivation facility to cultivate tea trees and manufacturing facility to manufacture tea products in Anxi, China;

(d) RM4.9 million for the construction and subsequent expansion of a cultivation facility in Pondicherry, India to cultivate Spirulina and Noni, and a cultivation facility in Odisha, India to cultivate Ganoderma, Lion's Mane mushroom and Cordyceps; and

(e) RM17.8 million for the construction and subsequent expansion of three manufacturing facilities in:

    (i) Himachal Pradesh, India to manufacture RG and GL capsules, and fortified beverages;

    (ii) Tlaxcala, Mexico to manufacture fortified beverages; and

    (iii) South Kalimantan, Indonesia to manufacture virgin coconut oil.

As at the LPD, we operate two research facilities, five cultivation facilities and nine manufacturing facilities across Malaysia, China, India, Indonesia and Mexico.

We plan to increase our production capacity to meet the growing demand for our products. As at the LPD, we have made investments of approximately RM263.2 million in the following new production facilities:

(a) RM157.9 million for the construction of a cultivation facility and manufacturing facility in Telangana, India to cultivate Ganoderma and Spirulina, and produce fortified beverages, food supplements and cosmetics. We expect to complete the construction of these facilities in the first quarter of 2023 with a total estimated cost of RM209.1 million;

(b) RM0.8 million for the acquisition of Esen Lifesciences that owns one facility in Pondicherry, India and RM0.2 million to set up the production line to manufacture Spirulina cereal and Cordyceps cereal products. We expect to complete the setup of this facility in the fourth quarter of 2022 with a total estimated cost of RM0.7 million;

(c) RM83.9 million for the construction of a cultivation facility and manufacturing facility in Ningxia, China to cultivate Spirulina, Lion's Mane mycelium, Cordyceps mycelium and other mycelia of edible fungi, and produce carbonated beverage products, as well as to serve as a distribution centre for our products. We expect to complete the construction in the fourth quarter of 2022 with a total estimated cost of RM99.9 million; and

(d) RM20.4 million for the construction of a manufacturing facility in Tlaxcala, Mexico to produce FFB, including premixed coffee, premixed cocoa and juices, and food supplements products, including capsules and tablets. We expect to complete the construction of this facility in the third quarter of 2022 with a total estimated cost of RM21.0 million.

A summary of the development of the production facilities of our Group since the Privatisation are as follows:

2011	As at the LPD
Existing Facilities	
Research facility	
1. One research facility in Kedah, Malaysia	1. One research facility in Kedah, Malaysia 2. One research facility in Ningxia, China
Cultivation facility	
1. One cultivation facility in Kedah, Malaysia	1. One cultivation facility in Kedah, Malaysia 2. One cultivation facility in Anxi, China 3. One cultivation facility in Ningxia, China 4. One cultivation facility in Odisha, India 5. One cultivation facility in Telangana, India
Manufacturing facility	
1. Two manufacturing facilities in Kedah, Malaysia 2. One manufacturing facility in West Java, Indonesia 3. One manufacturing facility in Pondicherry, India	1. Two manufacturing facilities in Kedah, Malaysia 2. One manufacturing facility in West Java, Indonesia 3. One manufacturing facility in Pondicherry, India 4. One manufacturing facility in Himachal Pradesh, India 5. One manufacturing facility in South Kalimantan, Indonesia 6. One manufacturing facility in Anxi, China 7. One manufacturing facility in Ningxia, China 8. One manufacturing facility in Tlaxcala, Mexico
In the Pipeline	
Cultivation facility	
	1. One cultivation facility in Telangana, India 2. One cultivation facility in Ningxia, China
Manufacturing facility	
	1. One manufacturing facility in Ningxia, China 2. One manufacturing facility in Telangana, India 3. One manufacturing facility in Pondicherry, India 4. One manufacturing facility in Tlaxcala, Mexico

(iv) Investments in other business activities to support our core business

Since the Privatisation and up to and including the LPD, we have invested approximately RM87.4 million for the following business activities to support our core business in terms of production, marketing or services to our Members:

(a) RM1.5 million for the DXN Cafe outlets that provide a platform for interactions between our Members and also serve as an avenue for our Members to engage with their customers.

In 2017, we launched the first DXN Cafe outlet at DXN Stargate branch in Kedah, Malaysia;

(b) RM83.5 million for the construction of DXN Cyberville, a wellness and retreat centre with apartments in Cyberjaya, Malaysia that offers our Members a space to receive Ganotherapy and other natural health treatments using our products.

The construction of DXN Cyberville which commenced in 2019 is expected to be completed in the third quarter of 2022 with a total estimated cost of RM108.9 million; and

(c) RM2.4 million for the acquisition of Amazing Discovery which owns Boulder Valley, a lifestyle resort in Penang, Malaysia that consists of tented accommodations and space for small parties and events.

(v) Disposal of non-core businesses

Since the Privatisation, we have disposed of the following non-core businesses to focus our resources on our core business:

(a) in the FYE 28 February 2013, we disposed of DXN Comfort Tours Sdn Bhd ("**DXN Comfort Tours**") which provides flights and hotel booking services as well as inbound and outbound tour packages with fair value of identifiable NA of RM850,070 for a total cash consideration of RM950,000, registering a gain on disposal of RM99,930; and

(b) in the FYE 28 February 2021, we disposed of DXN Land Sdn. Bhd. ("**DXN Land**") and its subsidiaries, Yiked-DXN Stargate Sdn. Bhd. ("**Yiked**"), Richmont Sapphire Sdn Bhd ("**Richmont Sapphire**") and Bio Synergy Engineering Sdn Bhd ("**Bio Synergy Engineering**") that are involved in property development and property investment and DXN Plantation Sdn. Bhd. ("**DXN Plantation**") that is involved in forest plantation, timber logging and related forestry support services with an aggregate fair value of identifiable NA of RM45.4 million for a total cash consideration of RM47.1 million, registering a gain on disposal of RM1.7 million.

As at the LPD, all our current subsidiaries, associate and joint venture company are principally involved in the Group's core business or in support of our core business save for our subsidiaries which are currently dormant, DXN Materials which is involved in property holding, Box Park Management which is involved in management of real estate companies and DNC Food Industries which is involved in the business of manufacturing and trading of spices and curry powder.

6.1.4 The listing of our Company

Based on the initiatives undertaken since the Privatisation, we and our Promoter are of the view that it is timely to introduce our Company to the Malaysian equity market via our IPO on the back of the growth in our revenue and profitability since the FYE 28 February 2011, being the latest publicly available audited consolidated financial statements of our Group prior to the Privatisation.

The key financial data of our Group from the FYE 28 February 2011 to the FYE 28 February 2021 are summarised in the table below:

	Prior to the Privatisation	Post Privatisation									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	279,339	268,556	269,121	311,692	353,102	476,158	634,654	793,260	907,222	1,104,608	1,050,205
Results from operating activities	55,394	59,558	55,007	78,443	79,018	90,920	145,729	188,562	315,360	344,958	282,832
PBT	54,604	59,087	54,429	77,114	77,192	89,546	144,578	190,325	319,975	347,839	287,267
Profit for the year	41,826	45,511	42,557	56,773	57,741	64,102	97,557	128,311	218,867	255,248	200,884
PATAMI	41,463	44,663	41,708	55,672	56,841	62,319	93,113	122,123	209,973	241,671	191,572
NA attributable to the owners of our Company	215,400	235,551	227,458	144,373	184,948	224,120	307,713	381,899	484,906	675,335	581,170

For illustration purposes, we have compared our PER to the selected companies set out in the IMR Report as included in Section 8 of this Prospectus ("**IMR Peers**"). The key selection criteria for the IMR Peers are as follows:

(i) presence in three main product categories of our Group, namely FFB, HDS and PCC; and

(ii) presence in more than 20 countries.

Name of company[(1)]	**Country of listing**	**Principal activities**	**Market capitalisation as at the LPD**	**Adjusted PER as at the LPD[(1)(2)]**
Herbalife Nutrition Ltd	United States	Sells weight management, targeted nutrition, energy, sports and fitness, and outer nutrition products to and through a network of independent members	USD2,920.3 million	8.7 times
USANA Health Sciences Inc	United States	Develop and manufacture high quality science-based nutritional and personal care products that are sold internationally through a network marketing system, which is a form of direct selling	USD1,470.7 million	18.5 times
Nu Skin Enterprise Inc	United States	Develop and distribute premium quality, innovative personal care products and wellness products that are sold worldwide under the Nu Skin, Pharmanex and ageLOC brands and a small number of other products and services	USD2,137.6 million	13.0 times

Notes:

(1) *Based on earnings per share as disclosed in the latest available annual report.*

(2) *The PER of the IMR Peers have been adjusted using the following relative factor as there are differences between the macroeconomic factors of the markets where the IMR Peers are listed and the Malaysian market which include, but not limited to, interest rate, inflation, unemployment rate and gross domestic product:*

$$\frac{\textit{PER of the company x PER of S\&P 500 index}}{\textit{PER of FBM Kuala Lumpur Composite Index}}$$

Our PER based on our audited consolidated PATAMI of RM191.6 million for the FYE 28 February 2021 is [●] times.

6.1.5 Share capital

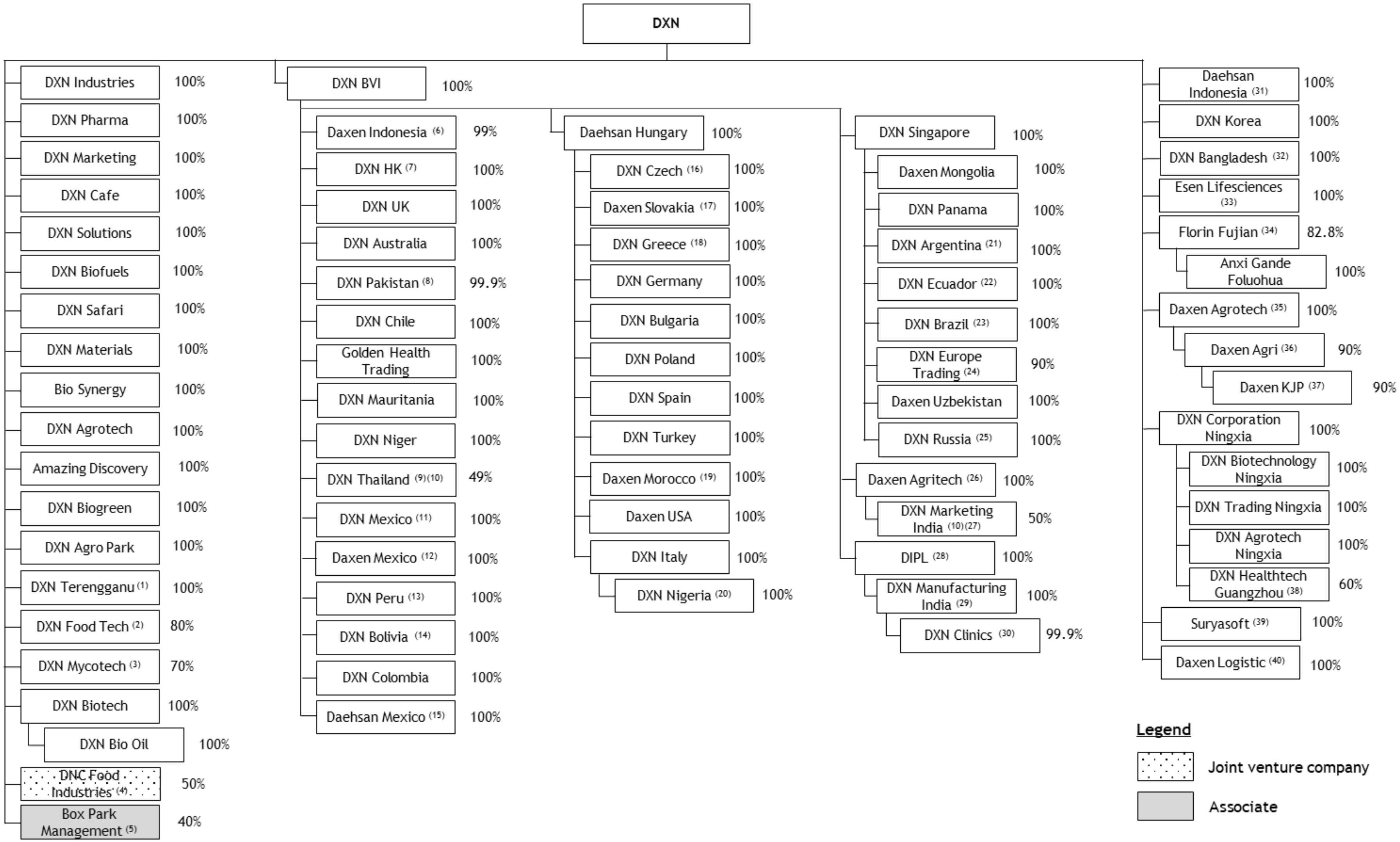
Our issued share capital is RM60,191,000, comprising 240,764,000 Shares as at the date of this Prospectus. Our Company does not have any treasury shares as at the LPD.

Save as disclosed below, there have been no changes in our issued share capital for the past three years preceding the LPD:

Date of allotment/ Subdivision	No. of Shares allotted	No. of cumulative Shares	Cumulative issued share capital (RM)
[●]	[4,584,236,000]	[4,825,000,000]	60,191,000

6.2 OUR GROUP STRUCTURE

Our group structure as at the LPD is as follows:



Notes:

(1) Our Company has commenced the process of striking-off DXN Terengganu which is expected to complete tentatively by June 2022.

(2) The remaining 20.0% equity interest in DXN Food Tech is held by Leong Why Sheng, the nephew of DLBL.

(3) The remaining 30.0% equity interest in DXN Mycotech is held by Norikmazaton Binti Mohd Zali.

(4) 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.

(5) The remaining 60.0% equity interest in Box Park Management is held by Aman Infrastructure Development Sdn. Bhd.

(6) The remaining 1.0% equity interest in Daxen Indonesia is held by Novita Kristin Djunaedi, the director of Daxen Indonesia.

(7) 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%.

(8) 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%.

(9) 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.

(10) 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 investees and there is no indication that other shareholders exercise their votes collectively.

(11) DXN BVI and DXN hold 99.9% and 0.1% equity interests respectively in DXN Mexico.

(12) DXN BVI and DXN hold 99.0% and 1.0% equity interests respectively in Daxen Mexico.

(13) DXN BVI and DXN hold 98.9% and 1.1% equity interests respectively in DXN Peru.

(14) DXN BVI and DXN Peru hold 99.9% and 0.1% equity interests respectively in DXN Bolivia.

(15) DXN BVI holds 99.9% equity interest in Daehsan Mexico while DXN holds the remaining equity interest in Daehsan Mexico which is less than 0.1%.

(16) Daehsan Hungary and DXN Peru hold 96.0% and 4.0% equity interests respectively in DXN Czech.

(17) Daehsan Hungary and DXN Peru hold 97.5% and 2.5% equity interests respectively in Daxen Slovakia.

(18) 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%.

(19) Daehsan Hungary and Daxen Slovakia hold 99.0% and 1.0% equity interests respectively in Daxen Morocco.

(20) DXN Italy and DIPL hold 99.0% and 1.0% equity interests respectively in DXN Nigeria.

(21) DXN Singapore and DXN hold 95.0% and 5.0% equity interests respectively in DXN Argentina.

(22) 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%.

(23) DXN Singapore holds 99.99% equity interest in DXN Brazil while DXN Peru holds the remaining equity interest in DXN Brazil which is less than 0.01%.

(24) The remaining 10.0% equity interest in DXN Europe Trading is held by Cheng Hwa Lee, the cousin of DLSJ.

(25) DXN Singapore and DXN hold 99.0% and 1.0% equity interests respectively in DXN Russia.

(26) DXN BVI and DXN hold 99.0% and 1.0% equity interests respectively in Daxen Agritech.

(27) The remaining 50.0% equity interest in DXN Marketing India is held by Jacob Antony and Premarajan Puthan Veetil with shareholdings of 24.5% and 25.5% respectively. Premarajan Puthan Veetil is recently deceased and the procedure of transmission of his shares to his legal heirs is under process.

(28) DIPL, which is incorporated in Labuan, Malaysia, has a branch office located in the Philippines.

(29) 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%.

(30) The remaining equity interest in DXN Clinics which is less than 0.1% is held by TH Strategic Investment Pvt Ltd.

(31) 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%.

(32) DXN and DXN BVI hold 99.0% and 1.0% equity interests respectively in DXN Bangladesh.

(33) 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%.

(34) The remaining 17.2% equity interest in Florin Fujian is held by Fujian Anxi Jinjiang Source Tea Technology Co., Ltd.

(35) DXN and DXN BVI hold 90.0% and 10.0% equity interests respectively in Daxen Agrotech.

(36) The remaining 10.0% equity interest in Daxen Agri is held by PT Kirana Investama Nusantara.

(37) The remaining 10.0% equity interest in Daxen KJP is held by PT KJP Cipta Desa Sejahtera.

(38) 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.

(39) DXN and DXN BVI hold 99.0% and 1.0% equity interest respectively in Suryasoft.

(40) The entire 100.0% equity interest in Daxen Logistic is held on trust by the shareholders of Daxen Logistic for DXN.

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.

6.3 OUR SUBSIDIARIES, ASSOCIATE AND JOINT VENTURE

Our subsidiaries, associate and joint venture as at the LPD are as follows:

Name / (Registration number)	Date and country of incorporation	Share capital	Our effective equity interest (%)	Principal activities
Subsidiaries of DXN				
Amazing Discovery (201101033209 (961344-H))	23 September 2011 Malaysia	RM500,000	100.0	Operating a glamping resort, namely Boulder Valley
Bio Synergy (201301038777 (1068606-W))	31 October 2013 Malaysia	RM1,000,000	100.0	R&D, analytical lab tests, experimental work in relation to pharmaceutical and biological products and trading of cosmetics and chemical materials
Daehsan Indonesia (8120002702741)	18 July 1997 Indonesia	IDR11,000,000,000	100.0	Direct selling business
Daxen Agrotech (8120004722003)	11 July 2018 Indonesia	IDR3,600,000,000	100.0	Investment holding
DXN Agro Park (200701020435 (778451-W))	26 June 2007 Malaysia	RM100,000	100.0	Operating a village complex, namely Ayer Hangat Village Langkawi
DXN Agrotech (201401018553 (1094640-X))	22 May 2014 Malaysia	RM5,000,000	100.0	Agricultural and forest plantation and processing of virgin palm oil. During the FYE 28 February 2021, it commenced operations in operating of a marine sanctuary and provision of tour activities
DXN Bangladesh (C-157803/2019)	11 December 2019 Bangladesh	BDT84,700,000	100.0	Dormant[(5)]
DXN Biofuels (200601000937 (720684-D))	12 January 2006 Malaysia	RM10,000,000	100.0	Designing, constructing, owning and operating a biodiesel processing plant, including the processing, manufacturing, selling, distributing and trading of biodiesel products and other related businesses
DXN Biogreen (201901029647 (1338976-M))	20 August 2019 Malaysia	RM100	100.0	R&D in aquaponics farming, cultivation, processing and trading of agricultural and horticultural crops and plants

Name / (Registration number)	Date and country of incorporation	Share capital	Our effective equity interest (%)	Principal activities
DXN Biotech (200401029723 (668231-V))	5 October 2004 Malaysia	RM1,000,000	100.0	R&D and experimental work in relation to biotechnology, bio-chemical and agricultural products. During the FYE 28 February 2021, it commenced operations in the trading of agricultural products
DXN BVI (490988)	11 April 2002 British Virgin Islands	USD2,500	100.0	Investment holding and provision of management services
DXN Cafe (200501033645 (715786-K))	23 November 2005 Malaysia	RM1,000,000	100.0	Operating a café
DXN Corporation Ningxia (91640000MA75W 9T24K)	14 December 2015 China	RMB400,000,000	100.0	Investment holding, R&D and experimental works in relation to biotechnology. Processing and trading of food and beverages, food supplements, cosmetics and consumer products
DXN Food Tech (201301013119 (1042957-X))	18 April 2013 Malaysia	RM10,000	80.0	Confectionery and biscuits manufacturer
DXN Industries (199601038378 (410731-D))	20 November 1996 Malaysia	RM500,000	100.0	Manufacture and distribution of health food supplements and other products
DXN Korea (808-88-00722)	1 August 2017 Korea	KRW300,000,000	100.0	Dormant(6)
DXN Marketing (199301029165 (283904-P))	11 December 1993 Malaysia	RM2,000,000	100.0	Sales of health supplements and other products on direct sales basis
DXN Materials (200101006050 (541806-A))	14 March 2001 Malaysia	RM200,000	100.0	Property holding
DXN Mycotech (201401011829 (1087906-D))	7 April 2014 Malaysia	RM100,000	70.0	Property investment
DXN Pharma (199601038339 (410692-K))	20 November 1996 Malaysia	RM4,000,000	100.0	Manufacture of health food supplements and other products
DXN Safari (200501028231 (710366-A))	20 September 2005 Malaysia	RM10,000,000	100.0	Plantation and cultivation of rubber trees and cash crops

6. INFORMATION ON OUR GROUP *(Cont'd)*

Name / (Registration number)	Date and country of incorporation	Share capital	Our effective equity interest (%)	Principal activities
DXN Solutions (199701009105 (424601-A))	25 March 1997 Malaysia	RM350,000	100.0	Information technology adviser and consultant and trading in computer hardware and software equipment
DXN Terengganu[(3)] (201401019964 (1096050-X))	2 June 2014 Malaysia	RM200	100.0	Dormant (*DXN Terengganu has been struck off on 11 July 2022*)
Esen Lifesciences (U24100PY2013PTC008466)	13 March 2013 India	INR500,000	100.0	Dormant[(6)]
Florin Fujian[(1)] (91350524MA2YBLDX1C)	20 June 2017 China	RMB50,000,000	82.82	Tea plantation, processing, R&D, wholesale trading and retailing of tea, pre-packaged food and beverages and other products
Suryasoft (2501220047088)	29 April 2005 Indonesia	IDR 2.500.000.000	100.0	Provision of IT services including IT system, IT consultancy, customised software development, customised software system and others
Daxen Logistic (202017810069)	24 June 2020 United States	USD10,000	100.0	Marketing and logistic networking
Subsidiary of Daxen Agrotech				
Daxen Agri (8120000901648)	25 July 2018 Indonesia	IDR3,600,000,000	90.0	Investment holding
Subsidiary of Daxen Agri				
Daxen KJP (8120318082947)	15 October 2018 Indonesia	IDR3,825,000,000	81.0	Manufacturing of virgin coconut oil
Subsidiary of DXN Biotech				
DXN Bio Oil (201701046476 (1260652-M))	19 December 2017 Malaysia	RM1,000	100.0	Dormant[(6)]
Subsidiaries of DXN BVI				
Daehsan Hungary (01-09-919366)	20 May 2009 Hungary	EUR12,000	100.0	Investment holding, trading and distribution of food and beverages, food supplements and consumers products
Daehsan Mexico (492170)	5 March 2013 Mexico	MXN50,000	100.0	Dormant[(6)]

Name / (Registration number)	Date and country of incorporation	Share capital	Our effective equity interest (%)	Principal activities
Daxen Agritech (U01111HP2009PTC031246)	24 November 2009 India	INR10,000,000	100.0	Manufacturing of health food, traditional medicine, all kinds of confectioneries and other food products and carry on the business of agro farming in the field of mushrooms
Daxen Indonesia (8120003701684)	5 August 1998 Indonesia	IDR15,950,000,000	99.0	Manufacturing of traditional medicines, cosmetics and beverages
Daxen Mexico (40489)	16 December 2008 Mexico	MXN50,000	100.0	Dormant(6)
DIPL(2) (LL01899)	8 March 1999 Labuan, Malaysia	USD15,010	100.0	Investment holding and trading and distribution of food and beverages, food supplements and consumers products on direct sales basis
DXN Australia (ACN 087 278 831)	23 April 1999 Australia	AUD100	100.0	Trading and distribution of food and beverages, food supplements and consumers products on direct sales basis
DXN Bolivia (180790027)	19 January 2011 Bolivia	BOB100,000	100.0	Trading and distribution of food and beverages, food supplements and consumers products on direct sales basis
DXN Chile (76.071.295-7)	13 August 2009 Chile	CLP50,000,000	100.0	Dormant(6)
DXN Colombia (02211073)	3 May 2012 Colombia	COP250,000,000	100.0	Trading and distribution of food and beverages, food supplements and consumers products on direct sales basis
DXN HK (626746)	17 October 1997 Hong Kong	HKD5,000,000	100.0	Direct selling business
DXN Mauritania 103508/GU/24517/1781)	20 May 2019 Mauritania	MRU9,000,000	100.0	Trading and distribution of food and beverages, food supplements and consumers products on direct sales basis
DXN Mexico (378834)	31 October 2002 Mexico	MXN2,151,600	100.0	Manufacturing and distribution of food and beverages, food supplements and consumers products on direct sales basis

Name / (Registration number)	Date and country of incorporation	Share capital	Our effective equity interest (%)	Principal activities
DXN Niger (NE/NIM/01/2019/B 15/00010)	15 August 2019 Niger	XOF20,000,000	100.0	Dormant[(6)]
DXN Pakistan (00000013017/200 60707)	11 July 2006 Pakistan	PKR3,000,000	99.99	Trading and distribution of food and beverages, food supplements and consumers products
DXN Peru (12317584)	8 May 2009 Peru	PEN9,000	100.0	Trading and distribution of food and beverages, food supplements and consumers products on direct sales basis
DXN Singapore (199701418D)	5 March 1997 Singapore	SGD2	100.0	Direct sales and trading in health products and provision of related services and investment holding
DXN Thailand (0105541039052)	25 June 1998 Thailand	THB20,000,000	49.0[(4)]	Trading and distribution of food and beverages, food supplements and consumers products on direct sales basis
DXN UK (04454617)	5 June 2002 United Kingdom	GBP1,000	100.0	Dormant[(6)]
Golden Health Trading (1575881)	21 March 2011 Hong Kong	HKD10,000	100.0	Provision of marketing consultancy services and general trading
Subsidiaries of Daehsan Hungary				
Daxen Morocco (369957)	17 February 2017 Morocco	MAD1,000,000	100.0	Trading and distribution of food and beverages, food supplements and consumers products on direct sales basis
Daxen Slovakia (46 410 163)	4 November 2011 Slovakia	EUR30,000	100.0	Trading and distribution of food and beverages, food supplements and consumers products on direct sales basis
Daxen USA (C2381741)	4 October 2001 United States	USD291,500	100.0	Trading and distribution of food and beverages, food supplements and consumers products on direct sales basis
DXN Bulgaria (202031644)	21 April 2012 Bulgaria	BGN1,170,000	100.0	Trading and distribution of food and beverages, food supplements and consumers products on direct sales basis. During the FYE 28 February 2019, it ceased operations

Name / (Registration number)	Date and country of incorporation	Share capital	Our effective equity interest (%)	Principal activities
DXN Czech (29389178)	8 November 2011 Czech Republic	CZK500,000	100.0	Trading and distribution of food and beverages, food supplements and consumers products on direct sales basis
DXN Germany [(3)] (HRB 93696)	7 March 2012 Germany	EUR25,000	100.0	Dormant (*DXN Germany has been liquidated on 21 July 2022*)
DXN Greece (116734904000)	11 July 2011 Greece	EUR 4,500	100.0	Trading and distribution of food and beverages, food supplements and consumers products on direct sales basis
DXN Italy (RM 1375274)	12 June 2013 Italy	EUR10,000	100.0	Trading and distribution of food and beverages, food supplements and consumers products on direct sales basis
DXN Poland (0000426992)	16 July 2012 Poland	PLN5,000	100.0	Trading and distribution of food and beverages, food supplements and consumers products on direct sales basis
DXN Spain (B30877195)	1 August 2013 Spain	EUR3,006	100.0	Trading and distribution of food and beverages, food supplements and consumers products on direct sales basis
DXN Turkey (984190-0)	22 July 2015 Turkey	TRY100,000	100.0	Trading and distribution of food and beverages, food supplements and consumers products on direct sales basis
Subsidiary of DXN Italy				
DXN Nigeria (RC1343396)	20 June 2016 Nigeria	NGN10,000,000	100.0	Trading and distribution of food and beverages, food supplements and consumers products on direct sales basis
Subsidiary of Daxen Agritech				
DXN Marketing India (U15490TN2014PTC095516)	18 March 2014 India	INR200,000	50.0[(4)]	Trading and distribution of food and beverages, food supplements and consumers products on direct sales basis
Subsidiary of DIPL				
DXN Manufacturing India (U24233PY2001PTC001607)	30 July 2001 India	INR516,069,740	100.0	Manufacturing of health food, traditional medicine, all kinds of confectioneries and other food products

Name / (Registration number)	Date and country of incorporation	Share capital	Our effective equity interest (%)	Principal activities
Subsidiary of DXN Manufacturing India				
DXN Clinics (U85300PY2019PTC008365)	8 January 2019 India	INR100,000	99.99	Consultation and treatment services with ganotherapy
Subsidiaries of DXN Singapore				
Daxen Mongolia (5189217)	28 December 2007 Mongolia	MNT179,728,200	100.0	Trading and distribution of food and beverages, food supplements and consumers products
Daxen Uzbekistan (768253)	7 October 2019 Uzbekistan	UZS1,414,950,000	100.0	Importation and distribution of food and beverages, food supplements and consumers products
DXN Argentina (1843480)	12 May 2011 Argentina	ARS17,394,120	100.0	Dormant(7)
DXN Brazil (24.104.344/0001-09)	2 February 2016 Brazil	BRL10,000	100.0	Dormant(6)
DXN Ecuador (1792376211001)	17 April 2012 Ecuador	USD1,520,000	100.0	Trading and distribution of food and beverages, food supplements and consumers products on direct sales basis
DXN Europe Trading(3) (HRB 189395 B)	5 September 2017 Germany	EUR25,000	90.0	Dormant
DXN Panama (2505291-1-819612)	25 November 2013 Panama	USD 10,000	100.0	Trading and distribution of food and beverages, food supplements and consumers products on direct sales basis
DXN Russia (1190327005582)	19 April 2019 Russia	RUB20,000	100.0	Dormant(6)
Subsidiaries of DXN Corporation Ningxia				
DXN Agrotech Ningxia (91640200MA76041TXU)	20 March 2017 China	RMB85,000,000	100.0	Research, cultivation, manufacture and trading of mushroom and Spirulina
DXN Biotechnology Ningxia (9164000032217330X8)	2 July 2015 China	RMB10,010,000	100.0	R&D and experimental works in relation to biotechnology. Processing and trading of food and beverages, food supplements, cosmetics and consumer products

Name / (Registration number)	Date and country of incorporation	Share capital	Our effective equity interest (%)	Principal activities
DXN Healthtech Guangzhou(3) (91440184591546012R)	29 March 2012 China	RMB5,000,000	60.0	Dormant
DXN Trading Ningxia (91640000MA75W50458)	3 November 2015 China	RMB1,000,000	100.0	Trading and distribution of food and beverages, food supplements, cosmetics and consumers products
Subsidiary of Florin Fujian				
Anxi Gande Foluohua (91350524MA2YM8UG5H)	12 October 2017 China	RMB36,000,000	82.82	Tea plantation, processing, R&D, wholesale trading and retailing of tea, pre-packaged food, beverages and other products
Associate company of DXN				
Box Park Management (201701046010 (1260186-W))	15 December 2017 Malaysia	RM100	40.0	Venture into business of management of real estate on a fee or contract basis
Joint venture company of DXN				
DNC Food Industries (201801010332 (1272347-M))	15 March 2018 Malaysia	RM100	50.0	Venture into business of manufacture and trading of spices and curry powder.

Notes:

(1) As at the LPD, Florin Fujian is a subsidiary owned by DXN Corporation Ningxia which in turn is our wholly owned subsidiary.

(2) DIPL has a branch office in the Philippines.

(3) In the process of liquidation or strike-off.

(4) Our Company regards DXN Thailand and DXN Marketing India as our subsidiaries by virtue of having board control and being the single largest shareholder in the companies, the remaining voting rights are held by individual investees and there is no indication that other shareholders will exercise their votes collectively.

(5) DXN Bangladesh intends to commence operations to manufacture and distribution of health food supplements and other products.

(6) There are no immediate plans for this dormant subsidiary.

(7) DXN intends to commence operations for direct selling for this dormant subsidiary.

The details of our material subsidiaries as at the LPD are as follows:

6.3.1 DXN Marketing

DXN Marketing was incorporated in Malaysia under the Companies Act, 1965 on 11 December 1993 and is deemed registered under the Act as a private limited company under the name of Petronar Service (M) Sdn Bhd. It assumed its present name on 19 August 1995.

DXN Marketing is principally engaged in the sales of health supplements and other products on direct sales basis. The principal place of business of DXN Marketing is at Wisma DXN, 213 Lebuhraya Sultan Abdul Halim, 05400 Alor Setar, Kedah, Malaysia.

The issued share capital of DXN Marketing is RM2,000,000 comprising 2,000,000 ordinary shares. Save as disclosed below, there has been no change in the issued share capital of DXN Marketing for the past three years preceding the LPD:

Date of allotment	No. of ordinary shares	Consideration	Cumulative issued share capital (RM)
15 July 2019	1,500,000	Cash	2,000,000

DXN Marketing is a wholly owned subsidiary of our Company. As at the LPD, DXN Marketing does not have any subsidiary, associate or joint venture.

6.3.2 DXN Industries

DXN Industries was incorporated in Malaysia under the Companies Act, 1965 on 20 November 1996 and is deemed registered under the Act as a private limited company under its present name.

DXN Industries is principally engaged in the manufacture and distribution of health food supplements and other products. The principal place of business of DXN Industries is at Lot 757, Jalan Bukit Wang, Kampung Padang Panjang, Mukim Malau, 06000 Jitra, Kedah, Malaysia.

The issued share capital of DXN Industries is RM500,000 comprising 500,000 ordinary shares. There has been no change in the issued share capital of DXN Industries for the past three years preceding the LPD.

DXN Industries is a wholly owned subsidiary of our Company. As at the LPD, DXN Industries does not have any subsidiary, associate or joint venture.

6.3.3 DXN Pharma

DXN Pharma was incorporated in Malaysia under the Companies Act, 1965 on 20 November 1996 and is deemed registered under the Act as a private limited company under its present name.

DXN Pharma is principally engaged in the manufacture of health food supplements and other products. The principal place of business of DXN Pharma is at Lot 757, Jalan Bukit Wang, Kampung Padang Panjang, Mukim Malau, 06000 Jitra, Kedah, Malaysia.

The issued share capital of DXN Pharma is RM4,000,000 comprising 4,000,000 ordinary shares. There has been no change in the issued share capital of DXN Pharma for the past three years preceding the LPD.

DXN Pharma is a wholly owned subsidiary of our Company. As at the LPD, DXN Pharma does not have any subsidiary, associate or joint venture.

6.3.4 DXN Biotech

DXN Biotech was incorporated in Malaysia under the Companies Act, 1965 on 5 October 2004 and deemed registered under the Act as a private limited company under the name of Auto Ridge Sdn Bhd. It assumed its present name on 16 September 2015.

DXN Biotech is principally engaged in R&D and experimental work in relation to biotechnology, bio-chemical and agricultural products. During the FYE 28 February 2021, it commenced operation in the trading of agricultural products. The principal place of business of DXN Biotech is at Lot 757, Jalan Bukit Wang, Kampung Padang Panjang, Mukim Malau, 06000 Jitra, Kedah, Malaysia.

The issued share capital of DXN Biotech is RM1,000,000 comprising 1,000,000 ordinary shares. There has been no change in the issued share capital of DXN Biotech for the past three years preceding the LPD.

DXN Biotech is a wholly owned subsidiary of our Company. Save for DXN Bio Oil which is a direct subsidiary of DXN Biotech, as at the LPD, DXN Biotech does not have any subsidiary, associate or joint venture.

6.3.5 DIPL

DIPL was incorporated in Labuan, Malaysia under the Offshore Companies Act, 1990 on 8 March 1999 as a private limited company under its present name.

DIPL is principally engaged in investment holding and trading and distribution of food and beverages, food supplements and consumer products on direct sales basis. The principal place of business of DIPL is at Tiara Labuan, Jalan Tanjung Batu, Federal Territory of Labuan, 87000 Malaysia.

The issued share capital of DIPL is USD15,010 comprising 15,010 ordinary shares. There has been no change in the issued share capital of DIPL for the past three years preceding the LPD.

DIPL is a wholly owned subsidiary of DXN BVI. Save for DXN Manufacturing India which is a direct subsidiary of DIPL, DXN Clinics which is an indirect subsidiary of DIPL, and DIPL Philippines Branch which is a branch office of DIPL, as at the LPD, DIPL does not have any subsidiary, associate or joint venture.

6.3.6 DXN Peru

DXN Peru was incorporated in Peru under Ley General de Sociedades (General Corporations Law), Law No. 26887, by means of public deed dated May 8th, 2009 as a private limited company under its present name, and registered in Electronic File No. 12317584 of the Lima Corporations Registry.

DXN Peru is principally engaged in trading and distribution of food and beverages, food supplements and consumer products on direct sales basis. The principal place of business of DXN Peru is at Av. Angamos Oeste 547, Miraflores. Lima, Peru.

The issued share capital of DXN Peru is PEN9,000 comprising 90 ordinary shares. There has been no change in the issued share capital of DXN Peru for the past three years preceding the LPD.

As at the LPD, the shareholders of DXN Peru and their respective shareholding are as follows:

Shareholder	No. of ordinary shares	%
DXN BVI	89	98.9
DXN	1	1.1

As at the LPD, DXN Peru does not have any subsidiary, associate or joint venture.

6.3.7 DXN Mexico

DXN Mexico was incorporated in Mexico under public deed 11,199 dated as of 31 October 2002 executed by Juan José Thomas Moreno, head of the notary public 7 of Tijuana, Baja California duly subscribed at the public registry of commerce of Tijuana, Baja California with the folio 5309061 on 31 October 2002 as a private limited company under its present name.

DXN Mexico is principally engaged in manufacturing and distribution of food and beverages, food supplements and consumer products on direct sales basis. The principal place of business of DXN Mexico is at Londres 47 Lobby, 1° floor y 4° floor, Juárez, Cuauhtemoc, Zip Code 06600, Mexico City, Mexico.

The issued share capital of DXN Mexico is MXN2,151,600 comprising 43,032 ordinary shares. There has been no change in the issued share capital of DXN Mexico for the past three years preceding the LPD.

As at the LPD, the shareholders of DXN Mexico and their respective shareholding are as follows:

Shareholder	No. of ordinary shares	%
DXN BVI	43,031	99.9
DXN	1	*

Note:

* *Negligible*

As at the LPD, DXN Mexico does not have any subsidiary, associate or joint venture.

6.3.8 DXN Marketing India

DXN Marketing India was incorporated in India under the Companies Act, 2013 on 18 March 2014 as a private limited company under the name of DXN India Private Limited which was subsequently changed to its present name on 28 March 2014.

DXN Marketing India is principally engaged in trading and distribution of food and beverages, food supplements and consumer products on direct sales basis. The principal place of business of DXN Marketing India is at 69 (Old No 29) Eldams Road, Teynampet, Chennai, Tamil Nadu – 600018 India.

The issued share capital of DXN Marketing India is INR200,000 comprising 20,000 ordinary shares. There has been no change in the issued share capital of DXN Marketing India for the past three years preceding the LPD.

As at the LPD, the shareholders of DXN Marketing India and their respective shareholding are as follows:

Shareholder	No. of ordinary shares	%
Daxen Agritech	10,000	50.0
Jacob Antony	4,900	24.5
Premarajan Puthan Veetil(1)	5,100	25.5

Note:

(1) *Premarajan Puthan Veetil is recently deceased and the procedure of transmission of his shares to his legal heirs is under process.*

DXN regards DXN Marketing India as a subsidiary of Daxen Agritech by virtue of having board control and being the single largest shareholder in this company. The remaining voting rights are held by individual investors and there is no indication that the other shareholders of DXN Marketing India will exercise their votes collectively.

As at the LPD, DXN Marketing India does not have any subsidiary, associate or joint venture.

6.3.9 DXN Bolivia

DXN Bolivia was incorporated in Bolivia under Public Deed No. 94/2011 on 19 January 2011 as a limited liability company under its present name.

DXN Bolivia is principally engaged in trading and distribution of food and beverages, food supplements and consumer products on direct sales basis. The principal place of business of DXN Bolivia is at Landivar Avenue, No. 432, West area, Santa Cruz de la Sierra, Bolivia.
The issued share capital of DXN Bolivia is BOB100,000 comprising 1,000 ordinary shares. There has been no change in the issued share capital of DXN Bolivia for the past three years preceding the LPD.

As at the LPD, the shareholders of DXN Bolivia and their respective shareholding are as follows:

Shareholder	No. of ordinary shares	%
DXN BVI	999	99.9
DXN Peru	1	*

Note:

* *Negligible*

As at the LPD, DXN Bolivia does not have any subsidiary, associate or joint venture.

6.3.10 Daxen USA

Daxen USA was incorporated in the United States as a California corporation under California Corporations Code Section 200 on 4 October 2001 under its present name.

Daxen USA is principally engaged in trading and distribution of food and beverages, food supplements and consumer products on direct sales basis. The principal place of business of Daxen USA is at 565 Brea Canyon Road Suite B, Walnut, CA 91789, United States.

The issued share capital of Daxen USA is USD291,500 comprising 291,500 ordinary shares. There has been no change in the issued share capital of Daxen USA for the past three years preceding the LPD.

Daxen USA is a wholly owned subsidiary of Daehsan Hungary. As at the LPD, Daxen USA does not have any subsidiary, associate or joint venture.

6.3.11 DXN Thailand

DXN Thailand was incorporated in Thailand under the Thai Civil and Commercial Code on 25 June 1998 as a limited company under its present name.

DXN Thailand is principally engaged in the trading and distribution of food and beverages, food supplements and consumer products on direct sales basis. The registered head office of DXN Thailand is at No. 54, BB Building 12th Floor, Room No. 1202, Sukhumvit 21 Road (Asoke), Klongtoey Nuea Sub-district, Wattana District, Bangkok 10110.

The issued share capital of DXN Thailand is THB20,000,000 comprising 200,000 ordinary shares with par value of THB100 per share. There has been no change in the issued share capital of DXN Thailand for the past three years preceding the LPD.

As at the LPD, the shareholders of DXN Thailand and their respective shareholding are as follows:

Shareholder	No. of ordinary shares	%
DXN BVI	98,000	49.0
Anong Phoungtong	52,000	26.0
Nongluck Wongworn	50,000	25.0

Our Company regards DXN Thailand as a subsidiary of DXN BVI by virtue of having board control and being the single largest shareholder in this company. The remaining voting rights are held by individual investors and there is no indication that the other shareholders of DXN Thailand will exercise their votes collectively. As at the LPD, DXN Thailand does not have any subsidiary, associate or joint venture.

6.3.12 DXN Colombia

DXN Colombia was incorporated in Colombia by means of a private document dated 3 May 2012 and registered with the Mercantile Registry managed by the Chamber of Commerce of Bogotá on 7 May 2012 as a Simplified Shares Corporation (*Sociedad por Acciones Simplificada – S.A.S.*) under its present name.

DXN Colombia is principally engaged in trading and distribution of food and beverages, food supplements and consumer products on direct sales basis. The principal place of business of DXN Colombia is at Avenida Carrera 19 No. 108-11, Bogotá, D.C., Colombia.

The issued share capital of DXN Colombia is COP250,000,000 comprising 250 ordinary shares. There has been no change in the issued share capital of DXN Colombia for the past three years preceding the LPD.

DXN Colombia is a wholly owned subsidiary of DXN BVI. As at the LPD, DXN Colombia does not have any subsidiary, associate or joint venture.

6.3.13 Daxen Mongolia

Daxen Mongolia was incorporated in Mongolia under the Company Law of Mongolia and other applicable laws of Mongolia on 28 December 2007 as a foreign invested limited liability company under its present name.

Daxen Mongolia is principally engaged in trading and distribution of food and beverages, food supplements and consumer products. The principal place of business of Daxen Mongolia is at 4th floor, Diamond office building – 29, 13th khoroolol, 18th khoroo, Bayanzurkh district, Ulaanbaatar, Mongolia.

The issued share capital of Daxen Mongolia is MNT179,728,200 comprising 150,000 ordinary shares. There has been no change in the issued share capital of Daxen Mongolia for the past three years preceding the LPD.

Daxen Mongolia is a wholly owned subsidiary of DXN Singapore. As at the LPD, Daxen Mongolia does not have any subsidiary, associate or joint venture.

6.3.14 Daehsan Indonesia

Daehsan Indonesia was incorporated in the Republic of Indonesia under Deed No. 227 dated 18 July 1997 drawn before B.R.AY. Mahyastoeti Notonagoro, S.H., a Notary in Jakarta, which has been approved by MOLHR Decree No. 02-1293.HT.01.01.TH'98 dated 2 March 1998 as a private limited company under its present name.

Daehsan Indonesia is principally engaged in direct selling business. The principal place of business of Daehsan Indonesia is at Gedung Indra Sentral Cempaka Putih, Unit A, B, C, D, Jl. Letjen Suprapto No. 60, Jakarta, 10520, Indonesia.

The issued share capital of Daehsan Indonesia is IDR11,000,000,000 comprising 22,000 ordinary shares. There has been no change in the issued share capital of Daehsan Indonesia for the past three years preceding the LPD.

As at the LPD, the shareholders of Daehsan Indonesia and their respective shareholding are as follows:

Shareholder	No. of ordinary shares	%
DXN	21,999	99.9
DXN BVI	1	0.01

As at the LPD, Daehsan Indonesia does not have any subsidiary, associate or joint venture.

6.3.15 Daxen Morocco

Daxen Morocco was incorporated in Morocco under Dahir n ° 1-97-49 of 5 Chaoual 1417 (February 13, 1997) promulgating law n ° 5-96 on 17 February 2017 as a private limited company under its present name.

Daxen Morocco is principally engaged in trading and distribution of food and beverages, food supplements and consumer products on direct sales basis. The principal place of business of Daxen Morocco is at Angel Rue Chevalier Bayard Et Rue Chauny, Blevédère, Casablanca, Morocco.

The issued share capital of Daxen Morocco is MAD1,000,000 comprising 10,000 ordinary shares. There has been no change in the issued share capital of Daxen Morocco for the past three years preceding the LPD.

As at the LPD, the shareholders of Daxen Morocco and their respective shareholding are as follows:

Shareholder	No. of ordinary shares	%
Daehsan Hungary	9,900	99.0
Daxen Slovakia	100	1.0

As at the LPD, Daxen Morocco does not have any subsidiary, associate or joint venture.

6.3.16 Daxen Agritech

Daxen Agritech was incorporated in India under the Companies Act, 1956 on 24 November 2009 as a private limited company under its present name.

Daxen Agritech is principally engaged in 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. The principal place of business of Daxen Agritech is at Plot No. 120, DIC Industrial Area, Baddi District, Solan, Himachal Pradesh, India – 173205.

The issued share capital of Daxen Agritech is INR10,000,000 comprising 1,000,000 ordinary shares. There has been no change in the issued share capital of Daxen Agritech for the past three years preceding the LPD.

As at the LPD, the shareholders of Daxen Agritech and their respective shareholding are as follows:

Shareholder	No. of ordinary shares	%
DXN BVI	990,000	99.0
DXN	10,000	1.0

Save for DXN Marketing India which is a subsidiary, as at the LPD, Daxen Agritech does not have any subsidiary, associate or joint venture.

6.3.17 Anxi Gande Foluohua

Anxi Gande Foluohua was incorporated in China under PRC Company Law on 12 October 2017 as a private limited company under its present name.

Anxi Gande Foluohua is principally engaged in tea plantation, processing, R&D, wholesale trading and retailing of tea, pre-packaged food, beverages and other products. The principal place of business of Anxi Gande Foluohua is at No. 99, Fuxiyang, Huaidong Village, Gande Town, Anxi County, Quanzhou City, Fujian Province, China.

The registered capital of Anxi Gande Foluohua is RMB36,000,000. As at the LPD, the registered capital has been fully paid up. There has been no change in the registered capital of Anxi Gande Foluohua for the past three years preceding the LPD.

Anxi Gande Foluohua is a wholly owned subsidiary of Florin Fujian, which in turn is 82.8% owned by our Company. As at the LPD, Anxi Gande Foluohua does not have any subsidiary, associate or joint venture.

6.3.18 DXN Corporation Ningxia

DXN Corporation Ningxia was incorporated in China under PRC Company Law on 14 December 2015 as a private limited company under its present name.

DXN Corporation Ningxia is principally engaged in investment holding, R&D and experimental works in relation to biotechnology, processing and trading of food and beverages, food supplements, cosmetics and consumer products. The principal place of business of DXN Corporation Ningxia is at No.11, Ziqiang Road, Shizuishan High-tech Industrial Development Zone, Dawukou District, Shizuishan City, Ningxia, China.

The registered capital of DXN Corporation Ningxia is RMB400,000,000. As at the LPD, the total paid up capital of DXN Corporation Ningxia is RMB231,701,229.62. Save as disclosed below, there has been no change in the registered capital of DXN Corporation Ningxia for the past three years preceding the LPD:

Date	Registered capital (RMB)
14 August 2019	200,000,000
12 August 2021	400,000,000

DXN Corporation Ningxia is a wholly owned subsidiary of our Company. As at the LPD, the direct subsidiaries of DXN Corporation Ningxia are DXN Agrotech Ningxia, DXN Biotechnology Ningxia, DXN Healthtech Guangzhou, Florin Fujian and DXN Trading Ningxia, details of which are set out in this Section 6.3 of this Prospectus. Save for the above, DXN Corporation Ningxia does not have any subsidiary, associate or joint venture as at the LPD.

6.3.19 DXN Agrotech Ningxia

DXN Agrotech Ningxia was incorporated in China under PRC Company Law on 20 March 2017 as a private limited company under its present name.

DXN Agrotech Ningxia is principally engaged in research, cultivation, manufacture and trading of mushroom and Spirulina. The principal place of business of DXN Agrotech Ningxia is at east of Longma Road, south of Binhu Road, west of Yushantan Street and north of the office building of Zaoxiang Village Committee, Xinghai Town, Dawukou District, Shizuishan City, Ningxia, China.

The registered capital of DXN Agrotech Ningxia is RMB85,000,000. As at the LPD, the total paid up capital of DXN Agrotech Ningxia is RMB82,700,000. Save as disclosed below, there has been no change in the registered capital of DXN Agrotech Ningxia for the past three years preceding the LPD:

Date	Registered capital (RMB)
11 August 2021	85,000,000

DXN Agrotech Ningxia is a wholly owned subsidiary of DXN Corporation Ningxia. As at the LPD, DXN Agrotech Ningxia does not have any subsidiary, associate or joint venture.

6.3.20 Daxen Indonesia

Daxen Indonesia was incorporated in the Republic of Indonesia under Deed No. 11 dated 5 August 1998 made before Purbandari S.H., Notary Candidate in Jakarta as the substitute of Haji Abdul Kadir Usman, Notary in Jakarta which has been approved by the MOLHR pursuant to its Decree No. C2-28018 HT.01.01.Th.98. dated 14 December 1998 as a limited liability company under its present name.

Daxen Indonesia is principally engaged in the manufacturing of traditional medicines, cosmetics and beverages. The principal place of business of Daxen Indonesia is at Indra Sentral Building Unit A-D Fl 5, Jl. Letjen Suprapto No. 60, Central Jakarta, Indonesia.

The issued share capital of Daxen Indonesia is IDR15,950,000,000 comprising 1,100 ordinary shares. There has been no change in the issued share capital of Daxen Indonesia for the past three years preceding the LPD.

As at the LPD, the shareholders of Daxen Indonesia and their respective shareholding are as follows:

Shareholder	No. of ordinary shares	%
DXN BVI	1,089	99.0
Novita Kristin Djunaedi	11	1.0

As at the LPD, Daxen Indonesia does not have any subsidiary, associate or joint venture.

6.3.21 DXN Manufacturing India

DXN Manufacturing India was incorporated in India under the Companies Act, 1956 on 30 July 2001 as a private limited company under the name of DXN Herbal Manufacturing (India) Private Limited which was subsequently changed to DXN Manufacturing (India) Private Limited on 28 October 2015.

DXN Manufacturing India is principally engaged in manufacturing of health food, traditional medicine, all kinds of confectioneries and other food products. The principal place of business of DXN Manufacturing India is at R.S. No. 141/4 & 142/5, Whirlpool Road, Thirunvandar Koil, Mannadipet Commune Pondy-102, Pondicherry, India - 605102.

The issued share capital of DXN Manufacturing India is INR516,069,740 comprising 51,606,974 ordinary shares. Save as disclosed below, there has been no change in the issued share capital of DXN Manufacturing India for the past three years preceding the LPD:

Date of allotment / transfer	No. of ordinary shares	Consideration	Cumulative issued share capital (INR)
15 September 2020	50,960,000	Cash	INR516,069,740

As at the LPD, the shareholders of DXN Manufacturing India and their respective shareholding are as follows:

Shareholder	No. of ordinary shares	%
DIPL	51,606,973	99.9
DXN BVI	1	*

Note:

* *Negligible*

Save for DXN Clinics which is a direct subsidiary, as at the LPD, DXN Manufacturing India does not have any subsidiary, associate or joint venture.

As at the LPD, our Group does not have any outstanding warrants, options, convertible securities or uncalled capital.

None of our Shares and share capital in our subsidiaries were issued and allotted at a discount or have any special terms or instalment payment terms. Save for DXN Corporation Ningxia, DXN Agrotech Ningxia and Florin Fujian, our issued Shares and the issued shares of our subsidiaries are fully paid-up.

As at the LPD, neither our Company nor our subsidiaries are involved in any bankruptcy, receivership or similar proceedings.

During the last financial year and up to the LPD, there were no:

(i) public take-over offers by third parties in respect of our Shares; and

(ii) public take-over offers by our Company in respect of other companies' securities.

7. BUSINESS OVERVIEW

7.1 Overview

We are a global health-oriented and wellness direct selling company. We have a portfolio of 291 stock keeping units ("**SKUs**") of health-oriented and wellness consumer products that we manufacture in-house and a distribution footprint (including our sales branches and distributors) in 50 countries as at the LPD. As at the same date, we have 77 sales branches to distribute goods to our Members and we partner with 14 exclusive external distribution agencies. We have over 12.7 million registered and 2.8 million active Members (as defined below) in more than 180 countries as at the LPD. We were ranked among the top 10 players based on total sales in the direct selling industry in Peru and Bolivia in 2021 according to Frost & Sullivan.

DLSJ established DXN Marketing in Kedah, Malaysia, which commenced operations in 1995. DLSJ's mission was to promote the benefits of Ganoderma on human health. Ganoderma, also known as Lingzhi or Reishi, is a type of mushroom that we believe has a long history of being used in traditional medicines and herbal traditions in China, Japan and other Asian countries. Today, we have expanded the range of natural ingredients that we use to produce products such as Ganoderma, Spirulina, Cordyceps, Roselle, Beggarticks, Lion's Mane mushroom, Tiger Milk mushroom, pineapples, aloe vera and Noni.

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**"), which accounted for 1.4% of our gross revenue in the FYE 28 February 2021. Based on total retail sales of FFB via direct selling, we ranked among the top three players in Bolivia and Peru and among the top five players in the Philippines in 2021, according to Frost & Sullivan. In the same year, we also ranked among the top 10 players, based on retail sales of HDS via direct selling, in the Philippines, according to Frost & Sullivan.

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 50 research staff across two research facilities in Malaysia and China. We also operate five cultivation facilities and nine manufacturing facilities across Malaysia, China, India, Indonesia and Mexico. We also have another two cultivation facilities and four manufacturing facilities in the pipeline which we expect to complete by the first quarter of 2023. We use our research facilities to develop new products and to study and improve our cultivation and manufacturing techniques; our cultivation facilities to produce Ganoderma, Spirulina and various other herbs and ingredients; and our manufacturing facilities to manufacture our finished capsules, tablets, powdered beverages and liquid beverages. In the FYE 28 February 2021, 90.6% of our direct selling products sold (based on gross revenue contribution) were manufactured in-house, with tight control over the production process.

7. BUSINESS OVERVIEW *(Cont'd)*

Research (2 operating) → **Manufacturing (9 operating, 4 in pipeline)**

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 (5 operating, 2 in pipeline)


Internal cultivation
- In-house cultivation of Ganoderma, mycelium, Spirulina and various other raw materials
- 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 (9 operating, 4 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
- 90.6% of direct selling products sold (based on gross revenue for the FYE 28 February 2021)

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 291[(2)] SKUs of FFB, HDS, PCC and other products

FFB

Revenue: 62.1%[(3)]


Lingzhi Coffee 3-in-1


Cocozhi


Spirulina Cereal


Morinzyme

HDS

Revenue: 26.2%[(3)]


RG / GL


Spirulina


Andro-G


Cordyceps

PCC

Revenue: 7.9%[(3)]


Ganozhi Toothpaste


Ganozhi Shampoo


Ganozhi Soap


Gano Massage Oil

Other products

Revenue: 2.4%[(3)]

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


Energy Plus Water System

Laundry Detergent - Dyna Cleen

Distribution

Sales branches
- 77 sales branches[(2)]
- 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
- 14 external distribution agencies[(2)]
- 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
- 2.8 million active Members[(2)]
- 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. *(1) Save for the mycelium cultivation facility, we have vacated and ceased operations at the Kedah cultivation facilities pending the issuance of CCC or equivalent to the facilities.*
2. *(2) As at the LPD.*
3. *(3) Based on the gross revenue for the FYE 28 February 2021.*

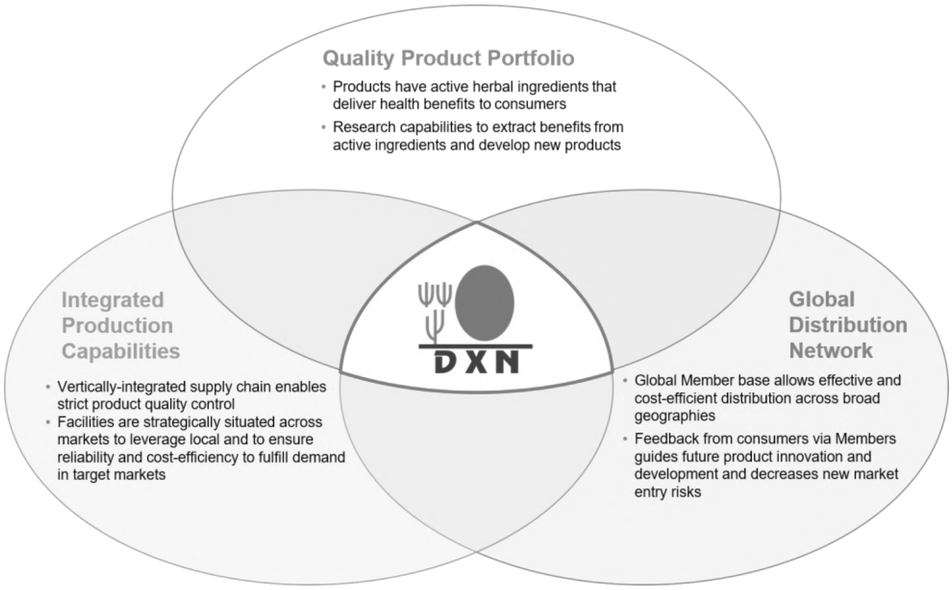
By conducting a significant part of our entire process in-house, from research and cultivation to processing raw materials, manufacturing, marketing and distribution, we are able to control our product quality and have the flexibility to develop and test new products. This structure also promotes integration and collaboration between our various teams and drives synergies in production reliability and efficiency. Our production facilities are also strategically located in various geographical locations which allows us to support our core markets by lowering risks of supply chain disruptions and regulatory compliance issues (such as meeting licensing requirements or meeting locally manufactured product requirements to be able to import certain products) and operating as a natural currency hedge.

Our products are distributed through either our direct selling network or sale branches. Our direct selling network comprises of 2.8 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) and 14 external distribution agencies who exclusively carry our products to on-sell and distribute to other Members and end-consumers as at the LPD. Members purchase and distribute our products within their personal network and serve as both consumers and distributors of our products. Sales can occur online, through personal e-commerce shopfronts for Members hosted on our website or via the DXN app. Some Members who are stockists also operate service centres, which distribute products to other Members.

We also have 77 sales branches as at the LPD which act partially as distribution centres of our products to our Members. The direct selling distribution model has helped to contribute to our growth since 1993 from a local Malaysian company to a multinational company with a distribution footprint (including our branches and distributors) in 50 countries, and registered Members in more than 180 countries as at the LPD.

Our bonus payments to Members are based on their worldwide sales as opposed to on a country-by-country basis. By providing a single, global **"One World One Market"** platform for our Members and applying the same business model and product branding worldwide, we are able to help our Members to conduct their direct selling efforts and grow their international sales. Other distinguishing features of our direct selling business include educating our Members about Ganotherapy and Sunya. We also provide training to our Members on our products, our culture, our marketing plan and on how to conduct business opportunity meetings. New distributors also undergo training on these key elements of the business. Our IT platforms, consisting of Member support tools such as the eWorld website, DXN app, DChat app and internal management tools relating to online billing, enterprise resource planning, laboratory management, human resource management, accounting and centralised processing, support our ecosystem and are also key to our business operations.

We have built a health-focused business platform anchored by almost three decades of institutional learning and a corporate culture constructed around the vision of DLSJ. We believe that our business expansion has been a result of our quality product portfolio, integrated production capabilities and global distribution network as illustrated below:



We have a track record of developing our business model and products in more mature markets, and subsequently applying and duplicating our business model in upcoming markets. Our core markets are Peru, Mexico, India, Bolivia, the Philippines, Malaysia, certain countries in the Middle East, the United States, Thailand and Colombia and our top 10 markets (by revenue) contributed to 87.9% of our gross revenue for the FYE 28 February 2021. Our revenue for the FYE 28 February 2019, FYE 29 February 2020, FYE 28 February 2021 and FPE 31 December 2021 was RM907.2 million, RM1,104.6 million, RM1,050.2 million and RM1,015.7 million respectively. For the same periods, our profit for the year or period (as the case may be) was RM218.9 million, RM255.2 million, RM200.9 million and RM176.4 million, respectively.

7.2 Competitive Strengths

Our competitive strengths are:

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

The health-oriented and wellness sector within the direct selling industry is growing fast in the global markets on the back of increasing propensity to self-medicate and adopt preventive solutions among consumers. According to Frost & Sullivan, the direct selling markets of FFB, HDS and PCC products are forecasted to grow at a CAGR of 10.5%, 4.1% and 5.3% respectively between 2021 and 2026 despite the impact of the COVID-19 pandemic. The global rollout and uptake of COVID-19 vaccines in 2021 and April 2022 has contributed to the re-opening of businesses and normalisation of production and distribution of consumer products in certain countries.

We operate a direct selling platform within the growing health-oriented and wellness sector with a wide product portfolio range of FFB, HDS and PCC products which use active natural ingredients such as Ganoderma, Spirulina and Cordyceps. According to Frost & Sullivan, the use of natural herbal ingredients with medicinal value by the traditional and complementary medicine industry has received encouraging responses around the world. Our exposure in global markets is diversified across various geographical regions such as Latin America, North America, Europe, Southeast Asia, Central Asia, South Asia, Middle East, Africa and Oceania. Our presence in core markets including Peru, Mexico, India, Bolivia, Malaysia, the Philippines, Middle East, United States, Thailand and Colombia has contributed to 87.9% of our gross revenue in the FYE 28 February 2021. Despite the impact of the pandemic, revenue in some of our core markets such as Peru, Mexico, Bolivia, Philippines, Middle East and United States has grown resiliently from the FYE 28 February 2019 to the FYE 28 February 2021 with a CAGR of 12.7%, 17.0%, 12.5%, 15.3%, 11.4% and 10.2% respectively.

Country	**Market Size Growth CAGR 2021E-2026F (%)(1),(2)**			**DXN's Market Share in 2019 (%)(1)**		**DXN's Market Share in 2021E (%)(1)**	
	FFB	**HDS**	**PCC**	**FBB**	**HDS**	**FFB**	**HDS**
Peru	5.2	8.3	8.2	29	2	29	4
Mexico	4.1	5.3	0.8	8	1	9	1
India	15.1	7.0	4.0	13	6	9	3
Bolivia	8.2	8.7	7.1	38	3	37	2
Philippines	8.6	6.4	7.4	13	7	13	6
Malaysia	13.6	14.9	10.9	7	7	3	3
United States	9.8	3.1	3.9	<1	<1	<1	<1
Thailand	7.3	7.6	4.9	1	1	<1	1
Colombia	2.9	4.3	4.5	5	4	5	2

Notes:

(1) Based on the IMR Report in Section 8 of this Prospectus. The estimated market share for the Middle East is not available due to the lack of the market data on the total retail sales value.

(2) Based on retail sales via direct selling for respective product categories.

(3) Between calendar year 2019 to 2021.

We are well-positioned across diverse high-growth geographies with a strong customer value proposition centred on the health benefits of our products. Although the barriers to entry as an operator in our industry only require regulatory approval, the sustenance of a strong competitive position in the industry is dependent on other key factors including integrated production facilities, global network, quality products, IT solutions and scalability of the platform. We have achieved a high level of standard in these areas, which are further elaborated in Sections 7.2.2, 7.2.3 and 7.2.5 of this Prospectus. According to Frost & Sullivan, we were ranked among the top three in high growth markets such as Peru and Bolivia in 2021, based on total retail sales of FFB via direct selling, with a market share of 29% and 37% respectively. Our innovative, in-house manufactured and unique products, with capital expenditure similar to that of comparable publicly listed direct selling companies with manufacturing capabilities has enabled us to remain competitive in the current high growth markets as we continue to expand further into other such geographies.

According to Frost & Sullivan, our revenue CAGR of 7.6% between the FYE 28 February 2019 and the FYE 28 February 2021 is higher than the average revenue CAGR of selected major direct selling players with in-house manufacturing capabilities, which was at 2.6% between FYE December 2019 and FYE December 2021. We have a dedicated mobile application for our Members to communicate and a unified compensation model and bonus structure. Besides that, we have also achieved a high number of certifications and awards collectively as well as having a number of cultivation and manufacturing facilities among our selected peers. For further details on our competitive landscape, see Section 8 of this Prospectus.

We have been the recipient of numerous awards across the regions that we operate in such as "Brand of the Year Award" under the "Herbal Food Supplement" category from the Federation of Pakistan Chambers of Commerce & Industry in 2017 and "Industry Excellence Award" from the National Pharmaceutical Control Bureau of the MOH in 2012. In addition, we have also received key accreditations in the scope of quality management system, environmental management system, as well as cultivation and production of Ganoderma, Spirulina and Cordyceps from well-recognised organisations such as International Organization for Standardization (ISO), Good Manufacturing Practices (GMP), Hazard Analysis Critical Control Points (HACCP), Therapeutic Goods Administration (TGA) and Ministry of Agriculture and Agro-Based Industry Malaysia (now Ministry of Agriculture and Food Industries). For further details of our awards and key accreditations, see to Sections 7.31 and 7.32 of this Prospectus.

7.2.2 Business platform with a broad product portfolio and integrated production facilities

The growth in demand in the health-oriented and wellness sector within direct selling is attributed to a changing consumer preference towards quality products with health benefits, while the supply side is driven by factors such as product innovation and integrated manufacturing. Building on our initial expertise in Ganoderma, we have expanded our product offerings to a diversified portfolio of health-oriented and wellness consumer products across a range of natural health ingredients. Out of the 291 SKUs we manufacture in-house as at the LPD, FFB products such as Lingzhi Black Coffee, Lingzhi Coffee 3-in-1, Cocozhi, Spirulina Cereal, Vita Café and Cordyceps Coffee 3-in-1 are our largest revenue contributors and have contributed approximately 62.1% of our gross revenue for the FYE 28 February 2021. These fast-moving consumable foods with attributable health benefits for daily consumption are sold at affordable price levels to generate repeated sales. Our strategy to balance between product differentiation and price sensitivity has enabled us to position our Group to generate a high volume of sales coupled with a good profit margin.

We exclusively sell our own-branded products. Based on gross revenue contribution, 90.6% of direct-selling products sold in the FYE 28 February 2021 were manufactured in-house to maintain control over the quality of products offered to consumers. While we continuously aim to consistently improve upon our product formulations through R&D based upon nutrition science, several of our best-selling products that have been in existence for many years have strongly contributed to our top-line growth. For example, we have revamped and relaunched our beverage products with non-dairy creamer that does not contain partially hydrogenated oil ("**PHO**") between 2019 and 2021. PHO contains trans-fat which can raise cholesterol and subsequently result in health complications. Within our core product portfolio, HDS products such as Spirulina powder capsules, RG powder capsules and GL powder capsules have contributed approximately 26.2% of our revenue for the FYE 28 February 2021, while PCC products such as Ganozhi Toothpaste, Gano Massage Oil and Ganozhi Soap have contributed to 7.9% of our revenue during the same period.

We use active natural ingredients such as Ganoderma and Spirulina in a significant portion of our product offerings containing no artificial preservatives or colouring. Ganoderma contains natural constituents that we believe improve body functions and has antioxidant properties with benefits including anticancer efforts and blood glucose regulation, among others. Meanwhile, we believe that the health benefits of Spirulina include the ability to modulate immune functions and exhibit anti-inflammatory properties by inhibiting the release of histamine by mast cells. In an example of our utilisation of these natural ingredients to produce quality products, we use Spirulina to produce FFB products such as Spirulina cereal, as well as HDS products such as Spirulina tablets or capsules in various packaging sizes. Our broad portfolio of products is able to cater for the diverse consumption patterns in various markets and are selectively rolled out in response to consumer demand, competitive landscape and regulatory constraints. While our business began by offering HDS products, our response to consumer demand for more accessibility and affordability has resulted in the development of our product offerings across the price spectrum, catering to consumers across a broad range of income levels. For further details of our products, see Section 7.7 of this Prospectus.

The integration of multiple activities across the supply chain allows for better control of our operations and ensures that our production output is able to keep up with the growing demand, both in terms of quantity and quality. We have established a vertically-integrated business with a majority-owned production chain from research to cultivation to manufacturing, allowing strict quality control at every step of the process to maintain high standards of safety and excellence. Our execution and production processes have been recognised by various local and global certifications and industry awards over the years and has enabled us to maintain consistently high gross profit margins of above 80.0% from the FYE 28 February 2019 to FYE 28 February 2021. Our facilities are strategically situated in locations based on unique advantages with regards to land, labour and climate factors, and its proximity to key markets to leverage on local resources and to drive synergies in ensuring production reliability and cost-efficiency of fulfilling demand in all markets.

With an increased R&D expenditure of 58.5% between the FYE 28 February 2019 and FYE 28 February 2021, the core biotechnological strength of our R&D efforts include tissue culture, eco-farming, nano fermentation, centrifuge filtration and cold dehydration. These biotechnologies are important to preserve the natural active ingredients in its original form to ensure product efficacy and enable us to create the uniqueness of our best-selling products. Furthermore, through our R&D development, we introduced 32 new products in 2019, and 26 new products in 2020, 10 new products in 2021 and 3 new products in 2022 up to the LPD. Our research functions are fully carried out in-house with about 50 research staff as at the LPD across two research facilities in Malaysia and China, which are registered with the GMP+ Registered Laboratory program (GMP+ B11) of the GMP+ Feed Certification Scheme. Our main research facility, located in Malaysia, is responsible for developing new products, optimising yield at the adjacent cultivation facility and handling product testing for the adjacent manufacturing facilities, while the research facility in China primarily develops products and raw materials such as honey candy, probiotic drinks and Lion's Mane mushroom powder.

In addition, we operate five cultivation facilities spread across Malaysia, India and China for the cultivation of Ganoderma, Spirulina, Cordyceps, Lion's Mane mushroom, Noni and Roselle. Commercial cultivation of Spirulina needs to be done in places with tropical or subtropical climates, as the growth demands sunshine through the year and depends on other factors such as wind, rain and variation in temperature. For mushroom cultivation, a controlled environment with a temperature range of 24-30 degrees Celsius is an important criterion. Our cultivation facilities in China include Spirulina cultivation in Ningxia and a tea plantation in Anxi, which benefit from export incentives from the Chinese Government to supply Spirulina powder to Malaysia for further processing. Our China operations enjoy cost advantages such as inland freight subsidies for export companies which are provided based on quarterly exportation, preferential policies on property tax for newly established small enterprises and export tax rebates based on products and quantities exported.

Furthermore, we operate nine manufacturing facilities in Malaysia, China, India, Indonesia and Mexico. With 90.6% of our direct-selling products sold being manufactured in-house, based on gross revenue contribution for the FYE 28 February 2021, we are able to ensure demand surges can be met, as supply bottlenecks that result in our Members having insufficient stock for sale can severely disrupt our growth momentum and undermine Member confidence in our network. Production lines are able to switch between different products within one to four hours, demonstrating the flexibility of our manufacturing capabilities.

Our integrated cultivation functions have enabled us to produce a production output of 73 tonnes of GL, 57 tonnes of RG and 120 tonnes of Spirulina for the FYE 28 February 2021. We believe that we are one of the pioneers in Malaysia since 1993 in stacking individual cultivation bags in a vertical layout during production, which is now an industry-wide practice for Ganoderma cultivation. The quality of our cultivation practices have been recognised through accreditation and certifications such as the European Union ("**EU**") Organic Certificate since 2017, USDA National Organic Program Organic Certificate in 2017, ISO 14001 certifications since 2000 as well as My Organic Malaysia Certificate since 2007.

The barriers to entry on the supply side are high due to economies of scale, integrated manufacturing processes and technological advancement in cultivation and production. As a vertically-integrated business, we are able to develop and cultivate our key ingredients internally and limit reliance on suppliers of natural ingredients. Through increased penetration in new and existing markets, we are able to achieve economies of scale and enjoy cost advantages, which are further supplemented by our distribution model. Our established operations in this industry are further supported by our core biotechnological strength in R&D, which has allowed us to continue producing a diverse and evolving portfolio of quality products. In addition, it is easier for integrated players with vast localised operations to comply with regulatory requirements. For example, the state government of Telangana, India extends various incentives to encourage the establishment of new industrial enterprises. Telangana is also a large producer of raw materials that we require for our cultivation and manufacturing processes, including Ganoderma and Spirulina. This makes it easier for us to achieve regulatory compliance as we source from local resources, rather than import these materials from outside of India. Furthermore, to meet the standard of quality for products, any compliance with the ISO standard, HACCP and GMP are taken into consideration for regulatory approvals. In Pondicherry, India, regulatory approvals we obtain are from two separate parties, namely Food Safety and Standards Authority of India (FSSAI) and Ministry of AYUSH (Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homeopathy). Achieving regulatory compliance is made easier as our vast localised operations are performed independently in separate production areas. Our expansion of localised production has allowed us to navigate and reduce regulatory barriers which has also benefited regional markets as well given higher levels of regulatory harmonisation within regions. For further details of our production facilities, see Section 7.13 of this Prospectus.

7.2.3 Expansive global distribution network and sustainable direct selling strategies

According to Frost & Sullivan, the global market of direct selling is forecasted to reach USD186.4 billion by 2026. This growth will be driven by various factors including the expanding base of independent sales representatives, which reached 125.4 million people in 2020. We have a vast distribution footprint spanning across various global regions of Europe, Latin America, North America, Central Asia, South Asia, Southeast Asia, Middle East, Africa and Oceania. With a distribution footprint (including our sales branches and distributors) across 50 countries as at the LPD, our geographical presence around the world provides revenue sustenance as we are not overly-concentrated in any particular country, hence mitigating risks that can have a significant impact to our Group's performance due to circumstances outside of our control. As at the LPD, our products are exclusively distributed through our global direct selling network of over 12.7 million Members, of which 2.8 million are active Members, and over 77 sales branches and 14 external distribution agencies, providing an efficient and cost-effective way to reach consumers worldwide. The strength of our network is reflected in the continued growth in Members from 9.3 million in 2019 to approximately 12.0 million in 2021, representing a CAGR of 13.6%, driven by the effectiveness of our direct selling model.

As the focus of our direct selling model is to drive consumer sales, we have structured our "One World One Market" compensation plan to primarily reward sales, as opposed to peer companies who may prioritise recruitment, as we do not charge our Members any upfront or annual fees. Our compensation plan comprises four components; retail profits, personal group bonuses, leadership and development bonuses, and incentives, which include a one-time mobile phone incentive, cash travel incentive and annual travel seminar incentive. We ensure there is no delay in bonus payments as these components provide flexibility for our Members to achieve their desirable income levels based on the efforts they have invested. Furthermore, membership, which can be registered in any country except those under sanctions as of April 2022, is applicable and valid worldwide, allowing Members to enjoy the bonuses from their downlines who purchase products in any part of the world. During the COVID-19 pandemic, there were no changes made to the structure of our Members' benefits and bonus incentives. Instead, we granted additional promotional campaigns during the height of the pandemic to support our Members in the form of product discounts. A global promotional campaign was launched in May 2020, giving a 10% discount on all products for qualified Members to redeem over a period of one year starting from 1 June 2020.

The direct selling model we employ is a mutually beneficial distribution channel for all of our stakeholders. We have a cost-effective product distribution approach with minimal recurring operating expenses required as there are no physical storefronts except for service centres, which are being operated by our Members at their own cost. This has enabled us to grow in a sustainable manner given the low capital expenditure required and strong demand visibility, while boosting consumer confidence through brand ambassadors trusted within their personal networks. With no joining or membership fees imposed, it provides an opportunity for our Members to earn income. The average sales for each of our active Members across Latin America, Asia Pacific and United States have seen a steady growth with a CAGR of as much as 27.8% in Peru, 8.9% in Thailand and 33.7% in the United States respectively between 2019 and 2021. In the corresponding period, the average compensation per active Member have also increased proportionately with a CAGR of as much as 28.7% in Peru, 10.9% in Thailand and 15.4% in the United States.

The flexibility of our distribution model allows our Members, who are customers who may also serve as distributors of our products, to tailor the level of sales engagement to their personal consumption and financial needs. For our end-customers, the model provides convenient access to our products and after-sales customer service through our Members, which is made easier through personal e-commerce shopfronts for Members hosted on our website. Customers also have the option to become a Member to access products at distributor prices set by us. We maximise our resources towards providing the distributors leadership support in retailing, recruitment and retaining distributors. All levels of our organisation are engaged in conducting marketing activities and training programs targeted to generate retail sales with product knowledge, expand our Members' network with recruitment skills, and retain our leaders through promotions, which comes along with incremental income. A small portion of the distribution income is allocated for these marketing activities. To further support our distributors from a production standpoint, sales branches are required by our company's policy to keep sufficient buffer stocks of at least three months and not more than six months of sales volume, which helps to offset any sudden demand surges and avoid any stockout situation for any product. From a sales standpoint, we have 77 sales branches as at the LPD, equipped with adequate sales and marketing staff to support the global Members' demand for our products including customer service enquiries.

Having developed a sustainable strategy based on a compensation plan that does not require an upfront membership fee and incentivise sales to customers rather than inventory loading, we are able to attract new Members and expand our distribution network sustainably. Further, we have transparent marketing plans with clear incentives and career-path structures to motivate our Members to be actively promoting and selling our products. These practices allow us to attract, engage and retain Members and differentiate us from other direct selling companies. For further details of our distribution network, see Section 7.6 of this Prospectus.

7.2.4 Strong track record of profitable growth and cash generation

We have proven our ability to establish our business in new markets by leveraging on our experience and scalable business model. Since the commencement of our operations 27 years ago, we have expanded our distribution footprint (including our sales branches and distributors) across 50 countries and sales in more than 180 countries as at the LPD including recent market entries in the past five years, namely Poland, Mauritania, Morocco, Uzbekistan and Nigeria. While sales within our local markets may fluctuate due to competitive pressure, economic conditions, political or pandemic or for other reasons, our geographical diversification helps to mitigate our financial exposure to any particular market. Our revenue is based on product sales to Members and earnings for most of our Members are primarily driven by sales of products. Furthermore, bonuses are only received by stockists upon sale to Members and end consumers, and not for purchasing stock.

We have a highly scalable business model as our distribution channel, operating procedures, management functions, and automated information systems which can be easily replicated for any expansion into existing and new markets.

From the FYE 28 February 2019 to the FYE 28 February 2021, our revenue increased by a CAGR of 7.6% from RM907.2 million to RM1,050.2 million, our EBITDA decreased by a CAGR of -3.2% from RM334.8 million to RM313.9 million, and our profit for the year decreased by a CAGR of -4.2% from RM218.9 million to RM200.9 million.

From the FPE 31 December 2020 to the FPE 31 December 2021, our revenue increased by a CAGR of 15.4% from RM879.9 million to RM1,015.7 million, our EBITDA increased by a CAGR of 13.1% from RM265.7 million to RM300.6 million, and our profit for the period increased by a CAGR of 5.8% from RM166.8 million to RM176.4 million.

Our Group has demonstrated an ability to consistently convert profitability into operating cash flow generation. Through our end-to-end control of the supply chain and rigorous pricing discipline, we are able to achieve attractive operating margins:

	FYE 28 February 2019	**FYE 29 February 2020**	**FYE 28 February 2021**
EBITDA margin (%) (1)	36.9	33.5	29.9
Operating cash flow to EBITDA (%) (2)	51.9	83.1	79.8

Notes*:*

(1) Calculated as EBITDA divided by revenue. EBITDA is calculated as profit for the year/period plus (i) tax expense; (ii) finance costs; and (iii) depreciation and amortisation, less (iv) interest income.

(2) Calculated as net cash from operating activities divided by EBITDA.

Our cost-effective direct selling model enables us to scale our business with minimal capital expenditure for distribution network and setup costs attributed to sales branches and service centres. The minimal physical infrastructure requirements enable quick scaling up of presence in new regional or international markets. We do not require a company-employed sales force to market or sell our products as Members are both consumers and distributors within their networks and bear the majority of our consumer marketing expenses.

Our low fixed cost base for distribution network allows for testing of more markets with less sunk cost and provides an easier market exit if our entry is unsuccessful. Our direct selling model has also enabled us to grow in a sustainable manner given a strong demand visibility via our Members' feedback. Members are both consumers and distributors within their networks. As consumers, Member growth directly reflects the underlying demand for the product, meanwhile as distributors, Members are closest to the end-consumers and are best placed to assess product demand. Natural migration of Members across borders further enables us to grow our business internationally through cost-free testing of new markets, providing critical market information to guide decisions on opening local offices. For further details of our financial performance, see Section 12 of this Prospectus.

7.2.5 Robust technology ecosystem to support global operations

As we are a global health-oriented and wellness platform, our management has focused on our IT solutions as we continue to expand our presence worldwide. Our global ecosystem of IT infrastructures is broadly integrated via Application Programming Interfaces to allow a seamless transfer and syncing of key data across systems. Our systems, developed internally and together with Suryasoft (which we acquired in April 2022), are tailored to specific needs of the business and continually updated to reflect new market and technical trends. With no license fees and minimal cost for a global roll-out, we own the source codes and blueprints for all our 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**").

eWorld is an easy-to-use online portal, curated for: (a) Members to manage their activities such as purchases, earnings and marketing content; (b) non-Members to engage with the brand through registration and marketing content; and (c) local sales branches to publish and disseminate marketing materials. Launched in September 2015, our eWorld website has experienced continued increase in unique visits and usage, with a CAGR of 18.0% based on the monthly unique visitors between October 2020 to the LPD. Between 1 January 2021 to 31 December 2021, our eWorld website had over 690,000 unique visitors per month, with an average page per visit engagement rate of approximately 34 pages. Since 2018, the number of new Members on our eWorld platform has increased at a CAGR of 21.9% to 1 million new Members joining in 2021.

DXN-branded personal websites were launched in Europe in December 2017, Turkey in March 2019 and the United States in April 2019 to enable our Members' initiatives towards recruitment, sales and marketing. As part of our marketing strategy to cater for our Members' preference for online marketing and creating awareness, our Members from 80 countries (including 35 countries which we do not have a presence) as at the LPD are able to set up personal websites on our eight regional websites. The personal websites set up by our Members in the 45 countries where we have a distribution footprint (including our sales branches and distributors) can be used by Members to engage, recruit and sell products to their end-customers, whereas the personal websites set up by our Members in the 35 countries where we do not currently have a presence are meant for creating awareness of our brand in these countries. Our regional websites and Members' personal websites are managed by persons-in-charge of our sales branches and distributors ("**PICs**"). Our PICs maintain the content presented on our regional websites, such as information on local training events, business opportunities and marketing plans specific to the countries which they manage, which the personal websites of our Members may then import. They are also responsible for procuring local language translations for content on the regional websites, which Members import to their personal websites. As at the LPD, about 111,290 Members have set up these personal websites. To set up their personal websites on e-World, Members must first apply via e-World and must agree to a website user agreement which sets out the requirements and terms and conditions that Members must comply with. We engage in Member recruitment globally through personal websites, which are hosted on our regional websites.

Our OBS and ERP systems underpin the day-to-day functioning of our global production network. The OBS supports local management teams in operational management and has already been rolled out across all markets, whereas the ERP supports production management teams in supply chain management. Besides that, our CPS and ACIS systems enable our management to oversee a global operations base and to track sales and earnings for our Members. The CPS ensures accurate and timely calculation of Member tiers and earnings, meanwhile the ACIS digitises finance processes to improve on the reliability and productivity of our financial management.

The launch of ePoints in 2015 has helped our business to save on bank transfer fees and improve our working capital position. Member incentives and bonuses are paid out in ePoints in most countries, with the total FYE 28 February 2021 Member payout in ePoints amounting to RM265.6 million for the top 10 geographical markets (excluding the United States and the Middle East). The United States uses an eBonus system that is in line with the U.S. tax regulation, while bonuses for Members in the Middle East are included upfront in our distribution price to the external distribution agency who operates in that region, who will then distribute Member payouts in cash rather than ePoints. We intend to migrate the eBonus system to the ePoints system in the United States once we are able to comply with the local tax regulatory requirements.

Member payouts can come in the form of cash or product purchases (based on distributor prices). The accessibility of our ePoints platform enables our Members to treat their ePoints credit as cash for product purchases or cash withdrawals, the latter of which is only allowed upon our prior approval. ePoints can only be utilised by a Member in the country where the ePoints are earned. However, upon request by a Member, we can assist the Member to convert his/her ePoints earned in one country to ePoints in another country for utilisation of the Member's ePoints in that other country, subject to compliance with local rules and regulations. For further details of our IT, see Section 7.15 of this Prospectus.

7.2.6 Experienced founder-led management

Our founder-led Key Senior Management has successfully grown our business from a local Malaysian company to a multinational company. We are anchored by a corporate culture established under the leadership of our founder and Executive Chairman, DLSJ, who has been with our Group for over 25 years.

Our business is well-supported by a strong team of seven Key Senior Management with an average of 21 years of industry experience. Most of our Key Senior Management have each been with either our Company or Group for at least 15 years and possess qualifications in their respective field of expertise. Leveraging on their experience and understanding of the health-oriented and wellness sector as well as local demographics in locations where we operate, our senior management has successfully developed strategies to drive growth through market entries into new high-growth geographies and market share gains.

DLSJ's vision, philosophy and concepts have been institutionalised and integrated into our Company and whose experience in the industry is pivotal to the continued expansion and performance of our Group. We have also put in place succession planning strategies for our Key Senior Management, which are continually re-evaluated to ensure that our business continues to run smoothly if any important personnel are unavailable. Overseen by our Nomination Committee, our succession plan has been developed to facilitate the smooth transition of responsibility over time. Part of our Nomination Committee's responsibility is to lead the succession planning and appointment of directors, and oversee the development of a diverse pipeline for board and management succession, including our future Chairman, Chief Executive Officer and Executive Directors. As part of our strategy to develop potential successors, on the job training is conducted by the incumbent and annual performance appraisal is carried out based on relevant key performance indicators.

We are committed to increasing our employees' capabilities by providing them professional development trainings such as U.S FDA Food Safety Modernization Act (FSMA)'s Preventive Controls Qualified Individual (PCQI) for Human Food and Certified Environmental Professionals. Moreover, our staff are trained on Occupational Safety and Health Administration to meet the requirements of manufacturing certificates and relevant personnel are also trained in method validation and quantification of measurement uncertainty in microbiology testing.

From an Environmental, Social and Governance ("**ESG**") perspective, we have partnered with the Inter-Governmental Institution for the use of micro algae Spirulina against malnutrition ("**IIMSAM**"), which is an Autonomous Entity within Article Five of the Convention for co-operation in scientific research and humanitarian use of micro-alga spirulina as food, to launch the 'One Dollar One Child' campaign to improve malnutrition in children and provide vital aid for life sustainability in underprivileged communities worldwide during the COVID-19 pandemic. Our partnership with IIMSAM is in support of United Nation Decade of Action 2020 – 2030 and United Nation Sustainable Development Goals 2 (zero hunger) and 17 (partnerships for the goals). While we had ended our partnership with IIMSAM in August 2022, we intend to continue with the distribution of Spirulina to malnourished children under the 'One Dollar One Child' programme.

In response to the COVID-19 crisis in India, we have also donated oxygen concentrators, masks and personal protective equipment kits to provide aid for the people of India. In developing economies, we provide our Members a platform to earn additional income to supplement their current wages. Through our transparent and fair earning structure, there is no minimum purchase or annual fee imposed on our Members. From an environmental aspect, we have initiatives to minimise wastage across our supply chain such as using Ganoderma stalk and mycelium, which are commonly discarded by manufacturers, for some of our products.

7.3 Future Plans and Strategies

We intend to pursue the following strategies to grow our business:

7.3.1 Visible pathway to grow in new and existing markets

Our well-tested blueprint for market entry has been honed over decades of experience in establishing our distribution footprint in 50 countries as at the LPD. Historically, we have taken between 24 to 36 months to enter a new market. Selected markets have been identified on the basis of being in proximity to high-growth existing markets, which will be expected to spread into neighbouring territories given the organic growth of Members and movement of Members across borders within neighbouring regions.

We will decide to open up a new sales branch or appoint an external distribution agency whenever there is a sufficient number of Members to do network marketing, coupled with a sales volume that is sizable. As a rule of thumb, if there are monthly sales of USD50,000 and 500 active Members, with a positive trend for growth in that particular market, we will consider to initiate company incorporation or appoint an external distribution agency, prior to product registration.

We consider several factors when deciding between a subsidiary incorporation model and the appointment of an external distribution agency in a new market, including the following:

- regulatory restrictions on foreign direct investments and foreign ownership of companies;
- foreign exchange controls and restrictions on the repatriation of profits or dividends for foreign investors; and
- general economic and political conditions.

We generally appoint external distribution agencies in jurisdictions which have strict or unfavourable restrictions on foreign direct investments and foreign ownership, foreign exchange controls and restrictions on the repatriation of profits or dividends for foreign investors.

Our normal practice is to kick start our operations in a high potential market of a particular geographical region and gradually expand into the neighbouring countries thereafter. For instance, we began our operations in Latin America and Africa by setting up our first sales branches in Mexico and Morocco respectively.

Our expansion into new markets and further penetration into existing markets are funded by internally generated funds, utilising our Group's cash flows to reinvest into the business. In the FYE 28 February 2023 to FYE 29 February 2024, we plan to expand into five further markets globally, including countries in the Latin American and African regions.

7. BUSINESS OVERVIEW *(Cont'd)*

Country	Expected launch	Expansion model	Members as at the LPD		Current status
			Total	Active	
Argentina	2022/2023	Subsidiary	25,182	34.4%	• company has been registered • product registration in progress for some products
Brazil	2022/2023	Subsidiary	4,610	17.1%	• company has been registered • in the process of appointing new consultant for product registration
Niger	2023/2024	Subsidiary	354	70.9%	• company has been registered • product registration in progress
Algeria	2023/2024	Agency	11,057	70.2%	• company of the Agency has been registered • product registration in progress
Ghana	2023/2024	Subsidiary	1,438	44.6%	• in progress of liaising with the authorities on the requirements for formation of a company

Our planned market entries are sustained by the low capital expenditure requirement of our direct selling model, which is ideal for a high-growth global health-oriented and wellness consumer goods platform like ours, and by following market momentum demonstrated by our Members selling into markets that we have not established local sales branches yet. The total set up cost to expand into a new market ranges from RM2.0 million to RM3.0 million which mainly comprises the company's incorporation, product registration, office setup and initial start-up sales inventory. The roll-out of our product suite will be based on Member demand, competitive landscape, product availability and regulatory approvals. Through our "One World One Market" approach, we aim to create a single global network for all Members, with transferable membership across geographies, offering individuals the opportunity to embark on an international career and business enterprise, and to be part of a large multinational organisation.

We will also continue to commit our resources to drive further penetration in the existing markets in Latin America, the Middle East, South Asia and Europe. Our penetration strategies in existing markets include launching new products and setting up new production facilities, sales branches or service centres in strategic locations, which includes the appointment of temporary stockists, mobile stockists or sales branch agents at remote areas to expand our coverage within these existing markets. Additionally, we intend to conduct promotional exercises for the recruitment of new Members and support our leaders in hosting activities at open areas to generate awareness on our offerings. Furthermore, we are committed to allocating an annual budget equivalent to 2% to 4% of our revenue for marketing activities, including continuous training programs to build brand awareness of our Company as well as the basics of networking marketing.

7.3.2 Catering to changing consumer needs and enhancing Member engagement

Development of new health-oriented and wellness products

We have a systematic approach to product ideation, development and launch, which is backed by our strong track record of producing new products with 398 SKUs in our product portfolio (as at the LPD) since our inception. In line with our strength of producing FFB products, we have launched tea products fortified with Lion's Mane in China in 2022 such as Lion's Mane Oolong tea, Lion's Mane Black Tea and Oolong Tea powder, and also exporting the Lion's Mane tea series and the tea products fortified with Ganoderma such as Lingzhi Oolong Tea and Lingzhi Black Tea to Malaysia. As like our other cultivation farms, these initiatives are aimed at serving the business internally, in terms of vertical integration, to support the demand of the direct selling industry or the conventional tea market in China. Meanwhile, in our research and laboratory facility in Ningxia, China, cultivation research is being conducted with a focus on plantation of corn, Chinese cherry and paddy. The cultivation of corn and paddy are mainly to serve as raw material for our mycelium products, which is estimated to start trials by July 2022. The planting and cultivation of Chinese cherry in Ningxia, China is on a small scale for R&D purposes only.

Lifestyle offerings

Drawing from our expertise in health and wellness, our lifestyle products are strategic offerings for us to engage our Members, who can opt to pay a subscription fee via ePoints to enjoy a wide range of leisure and lifestyle options including motivational speaking, product introduction, conferences and recognition, including an annual travel seminar incentive which cost RM6.6 million, RM14.2 million and RM10.9 million in FYE 28 February 2019, FYE 29 February 2020 and FYE 28 February 2021 respectively. With the investment towards the construction of our wellness and retreat centre, namely DXN Cyberville, we are able to offer our Members a recreational space to receive Ganotherapy and other natural health treatments using our products, an experiential Ganoderma harvesting experience and introduction to our food projects. It will consist of a three-storey wellness and retreat centre that includes a 10-storey apartment and a two-storey recreational space, as well as a global cyber hub with sales branch office, stockist sales counter and convention hall. The construction which commenced in 2019 is expected to be completed by the third quarter of 2022. In addition, we have acquired shares in Amazing Discovery, which owns Boulder Valley, a lifestyle resort in Penang, Malaysia, that consists of tented accommodations and space for small parties and events. Utilising synergies between our nutritional products and lifestyle facilities, we are able to reduce the cost of our Members' annual incentive trips.

As our Member network continues to mature and consume more than just the health-oriented and wellness products, we intend to foster sustainable projects which positively impact the surrounding community from a social aspect such as the cultivation and introduction of local herbs for consumption or application. Supplemented by our experience in health and wellness, we intend to integrate farms containing various indigenous or local plants and herbs in our future wellness and retreat centres.

7.3.3 Continued expansion of our vertically-integrated global supply chain

Our global growth has been underpinned by our vertically-integrated global production network. We intend 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 top-line growth.

In line with demand growth, we intend to scale up our production capacity to maintain our in-house cultivation and manufacturing proportions. We aim to insource more cultivation in order to have an increasing control over ingredient quality. In addition, to ensure supply chain reliability to keep up with demand growth, we intend to expand our localised production facilities and optimise our global supply chain to improve cost efficiency attributed to reduced transportation costs, lower import duties and beneficial tax incentives. Localised production is able to benefit neighbouring markets given higher levels of regulatory harmonisation within regions. With increased access to local facilities for Member networks in key markets, the expansion of our production can improve Member and customer confidence in our brand and products. For instance, we expect the establishment of a new manufacturing facility in Tlaxcala, Mexico in the third quarter of 2022 to help to meet fast-growing demand in Latin America.

Our planned projects in the pipeline include four new manufacturing facilities and two new cultivation facilities, with capacity expansion for existing outputs. The four new manufacturing facilities will be located in Telangana and Pondicherry, India, Ningxia, China and Tlaxcala, Mexico. The two new cultivation facilities will be located in Telangana, India and Ningxia, China. The project costs are expected to be financed by our internally generated funds.

For the manufacturing facility in Telangana, India, we have acquired 46.9 acres of land in Siddipet, India in 2018 to build a 17.7 acres manufacturing facility for the production of coffee, juice, supplements, cosmetics and toiletries. This facility is intended to produce a full range of products for India and nearby countries, reducing ordering and delivery time from Malaysia and helping us to save costs. Construction for the GMP-certified factory for the production of supplements in this manufacturing facility has been completed, with the factories for the production of coffee, juice, cosmetics and toiletries expected to be completed in the first quarter of 2023. We have a manufacturing facility in the pipeline in Pondicherry, India. This facility will primarily be used to manufacture Spirulina cereal and Cordyceps cereal products and is expected to be completed in the fourth quarter of 2022. We also have a manufacturing facility in the pipeline in Tlaxcala, Mexico, which is our second factory in Mexico. This facility is being constructed on existing land several kilometres from our current manufacturing facility in Tlaxcala, Mexico and will have production lines for FFB, including premixed coffee, premixed cocoa and juices, as well as production lines for food supplement products, including capsules and tablets. This facility is intended to serve the Mexico and Latin America markets, so as to reduce ordering and delivery time from Malaysia and helping us to save costs. We expect to complete construction of this manufacturing facility in the third quarter of 2022, which should both enable the production of new products as well as double the production capacity of our manufacturing facilities in Mexico. Furthermore, we have a manufacturing facility in the pipeline in Ningxia, China. This facility has been built in the same location as the other manufacturing facilities in Ningxia, China under DXN Corporation Ningxia and, pending machinery testing, will be used to produce carbonated beverage products while simultaneously serving as a distribution centre for our subsidiaries. Upon commencement of operations of the manufacturing facility, DXN Corporation Ningxia's production capacity will increase by 35.5%. Our facilities are strategically situated to reduce cost by leveraging local advantages such as land, labour and climate, as well as to through the localisation of our production. These facilities are expected to support global markets and will collectively cater for the growth of demand for at least the next few years based on a conservative estimate.

China is an attractive supply base with considerable upsides given the availability of land, qualified labour, cheap raw materials and trade connections. Our planned manufacturing facility in China enable continual rebalancing towards lower-cost geographies as costs rise at existing facilities primarily in Malaysia. We expect to begin production at such planned manufacturing facility in China at the end of 2022. Facilities in Ningxia, China that are spearheading the development of new products for global export additionally benefit from export tax incentives from the Chinese Government. As at the LPD, we have received GMP certification for our factory and are in the midst of applying for approval documents for food supplements from the Ministry of Food and Drug Administration. Due to export incentives from the Chinese Government, we expect to enjoy cost advantages in utilising these new facilities to support global markets we operate in such as inland freight subsidies for export companies, property tax preferential policies for newly established small enterprise and export tax rebate based on products and quantity exported, among other incentives as well. From January 2018 to July 2021, we received RM1.3 million worth of tax reliefs and incentives from the Chinese Government which included inland transportation, pioneer enterprise, agricultural-related and other incentives.

The expansion of our global supply chain will help us to address several supply impediments such as reduced shipping time, currency fluctuation, regulatory formalities for imported products, delay or restriction in product registration, stock shortage, and inventory holding costs. The facilities are mainly to support the expansion of the existing and new markets across the regions we operate in. It also provides us an avenue to market the locally cultivated and manufactured products such as beverages, mycelium and Lion's Mane mushroom. For further information on our expansion plans, see Section 7.13.5 of this Prospectus.

7.3.4 Enhancing our technological ecosystem

Potential for social media to drive direct selling penetration

We are in a position to harness social media tailwind. Since the launch of eWorld website and DXN app, we have seen a combined total of about 1.1 million unique monthly visitors on these platforms in 2021. The availability of social media will enable us to increase our effective outreach and enrolment of Members, as Members are able to easily share their success stories across their personal networks respectively, allowing a wider audience to understand the value proposition offered by us. Besides that, Member productivity can be improved through Member engagement and community building, where Members are able to use online communities to engage their downlines and provide guidance seamlessly through social media channels. These channels provide frequent touchpoints for Members to share their personal stories of using existing products as well as promote new products to keep our end-consumers constantly engaged with our brand. We are able to leverage on our social media platforms to facilitate sales and Member recruitment.

On our social media accounts, we share the latest information on our Group such as ESG and marketing campaigns as well as new release of products to increase the awareness level with our customers through the reach of social media platforms. As social media platforms naturally have a high level of engagement amongst users, we intend to conduct further recruitment drives by posting marketing videos to our customers and targeting various demographics across different social media platforms such as Facebook and Instagram, which have more than two billion users collectively.

Seamless supply chain management platform

The ERP and ACIS are integrated based on company, suppliers, customer and account code information. It also links the purchase order invoice with our account payable module. As part of our continuous effort to improve our IT ecosystem to allow for seamless data flow across our technological infrastructures, the ACIS is currently being upgraded in-house for deeper integration with the ERP. The upgrade is expected to be rolled out in stages for use by our local factories and finance teams in Mexico and India by the first half of 2023. This future enhancement will include the addition of invoicing integration where factory-issued invoices will be linked to our account receivable module. Furthermore, the upgrade will enhance our bill of materials and machine information such as capacity and performance. This will enable our integrated system to generate more comprehensive information for each respective department. Besides that, processes will be automated to reduce the data encoding and the integrated system can trigger cross-functional activities which helps to increase accuracy and productivity. This integrated system will act as a real-time and single source of information where various departments can access information and execute business processes without cross-department interference. These enhancements will enable us to consolidate information to streamline operations, automate business processes and simplify business solutions.

Enhancement of our Member portal

The web browser and mobile app interfaces of our portal, eWorld, with selected functionalities such as online purchasing and online recruitment has been rolled out across our markets globally. The future enhancement of our Member portal will integrate the DChat app feature into the current network module to enable our distribution leaders to communicate seamlessly with their downlines respectively. Members will be able to share updated information on company news, events, products and marketing strategies. In the direct selling business where connection is an important factor, this feature will be one of the key pillars to improve the business chain on our platform as Members will be able to stay connected in spite of physical distance.

As at the LPD, we have not identified any specific acquisition targets.

7.4 Key Milestones

The table below sets out certain of our key milestones:

Calendar Year	Milestone
1993	DNX Marketing was incorporated
1995	DXN Marketing commenced operations
1996	Expanded into international markets by commencing operations in Singapore and Mauritius
1997	Received the GMP certificate from the MOH for our Ganoderma manufacturing facility

Calendar Year	Milestone
1999	Received TGA certification from the Ministry of Health, Australia demonstrating GMP compliance
	DXN Pharma's manufacturing facility received ISO 9001 certification
	Expanded into Spirulina products
2000	DXN Pharma's cultivation facility received ISO 14001 certification
	Reached one million registered Members
2001	Awarded a five-year pioneer status incentive from 2001 to 2006 for Ganoderma cultivation and processing from the Ministry of Agriculture and Agro-Based Industry (now Ministry of Agriculture and Food Industries), Malaysia
	Built a new DXN Pharma facility for food supplement products in Kedah, Malaysia
	Reached two million registered Members in 25 countries
2002	Constructed our manufacturing facility in Pondicherry, India
2003	Listed on the Main Board of Kuala Lumpur Stock Exchange *(now known as the Main Market of Bursa Securities)*
2005	Awarded a 10-year pioneer status incentive from March 2011 to February 2021 for Spirulina cultivation and processing from the Ministry of Agriculture and Agro-Based Industry (now Ministry of Agriculture and Food Industries), Malaysia
2006	Received MS ISO/IEC 17025 certification for our Laboratory quality management system
2007	Awarded a five-year pioneer status incentive from 2007 to 2012 for Ganoderma cultivation and processing from the Ministry of Agriculture and Agro-Based Industry (now Ministry of Agriculture and Food Industries), Malaysia
	Commenced sales of PCC products
2011	Delisted from the Main Market of Bursa Securities
2016	Constructed our manufacturing facility in Tlaxcala, Mexico
	Constructed our research facility in Ningxia, China

Calendar Year	Milestone
2017	Launched our first DXN Cafe outlet at the DXN Stargate Branch in Kedah, Malaysia
	Signed an agreement with the Dawukou District Government, Ningxia Hui Autonomous Region of the People's Republic of China, for a R&D project for Ganoderma, Spirulina and Cordyceps
	Received an investment by KV Asia Capital Pte Ltd through its investment vehicle, Gano Global, which acquired a 25.7% equity stake in our Company
	Received the USDA's National Organic Program Control Union Certification for DXN Pharma's facility
	Awarded five-year pioneer status incentive from 2017 to 2022 for Bio Synergy from the Malaysian Investment Development Authority, which partially reduced our income tax
2018	Reached more than eight million registered Members worldwide, across more than 180 countries
	Received HACCP certification for Food for DXN Industries – Food production (Coffee & Juice)
2019	Acquired Boulder Valley, a lifestyle resort in Penang, Malaysia
	Commenced construction of DXN Cyberville, a wellness and retreat centre and main administrative centre with apartments in Cyberjaya, Malaysia
2020	Reached 10 million registered Members worldwide
	Received the ISO 22716:2007 (Cosmetic) certification for DXN Industries
	Received the EU Organic certification for DXN Pharma's facility
	Launched the "One Dollar One Child" campaign against child malnutrition

We have a distribution footprint across 50 countries in Europe, Latin America, North America, Central Asia, South Asia, Southeast Asia, Middle East, Africa and Oceania. We define our distribution footprint as the jurisdictions in which we have a subsidiary or sales branch and/or an external distribution agency. The table below sets out the countries we distribute to as at the LPD and the years in which we commenced operations in those countries:

Year of entry	Country
1995	Malaysia@
1996	Singapore@
	Mauritius*
1997	Hong Kong@
	Indonesia@

7. BUSINESS OVERVIEW *(Cont'd)*

Year of entry	Country
1998	Thailand@
1999	Philippines@
2000	Australia@
	India@
2001	UAE*
	South Africa*
	Bangladesh*
	Sri Lanka*
2002	United States@
2003	Saudi Arabia**
	Oman**
	Canada*
	Bahrain**
2004	Jordan**
	Puerto Rico*
	Nepal*
2005	Qatar**
	Yemen**
	Mexico@
2006	Kuwait**
2007	Kenya*
	Pakistan@
2008	Mongolia@
2009	Hungary@*
	Romania**
	Czech Republic@
	Slovakia@
	Colombia@
2010	Peru@
	Ethiopia*
	Iraq**

Year of entry	Country
2011	Greece@
2012	Bolivia@
	Bulgaria*
	Nicaragua(1)*
2013	Germany*
	Italy@
2014	Spain@
2015	Panama@
2016	Ecuador@
	Turkey@
2019	Morocco@
	Uzbekistan@*
	Nigeria@
2020	Mauritania@
2021	Poland@

Notes*:*

@ *Operated via our own subsidiary or sales branch.*

* *Operated via a distribution agency.*

** *Operated via a distribution agency through another country, for example the UAE or Hungary.*

(1) We ceased operations in Nicaragua in 2017.

7.5 Our Business

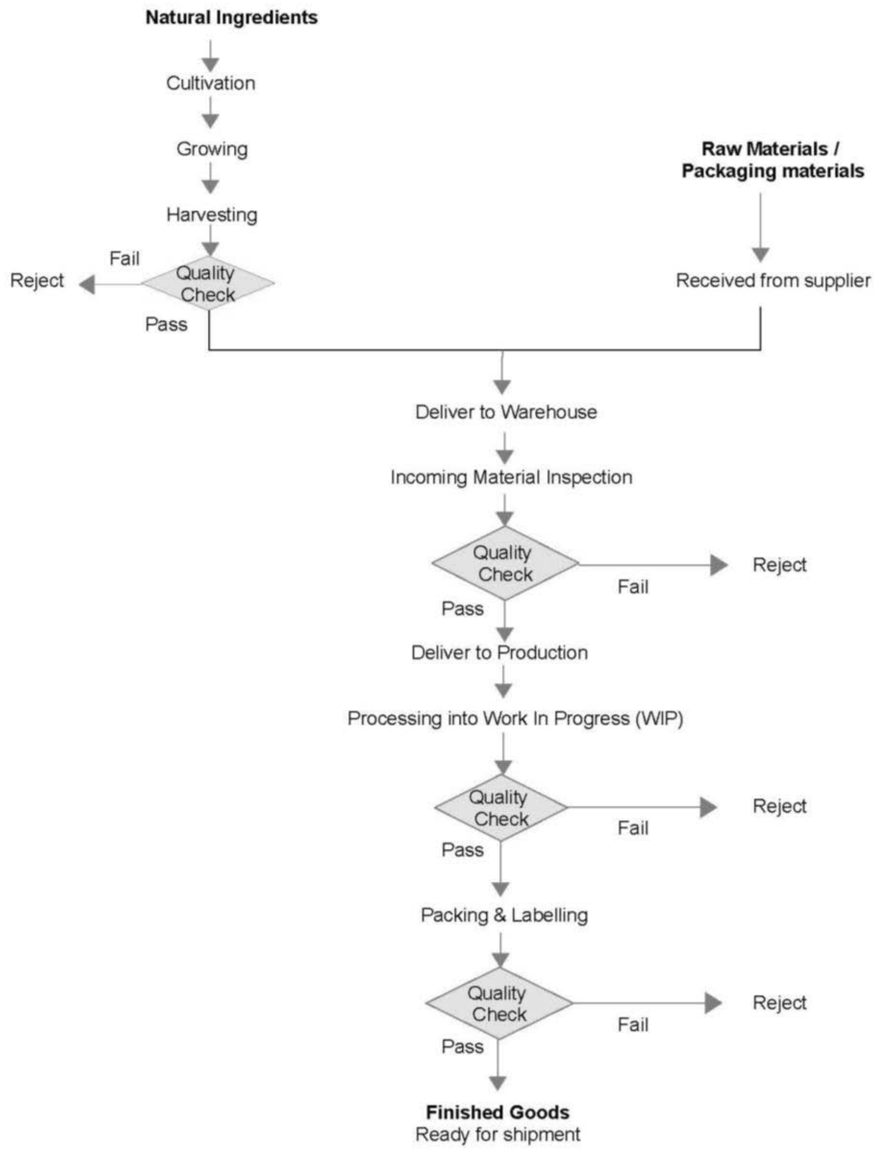
7.5.1 Principal business activities

Our primary business is selling health-oriented and wellness consumer products, consisting of (i) FFB, (ii) HDS, (iii) PCC and (iv) others. We have a diverse product portfolio, with 398 SKUs of health-oriented and wellness consumer products as at the LPD.

We operate a vertically integrated supply chain with in-house research, cultivation and manufacturing functions. By conducting a significant part of our entire process in-house, from cultivating to processing raw materials, manufacturing, to marketing and distribution, we are able to control our product quality and manage our costs.

The flow chart below sets out our production process from cultivation to shipment of finished goods:

Production Process



We sell and distribute our products through a direct selling model. Our direct selling network consists of Members (including stockists) and external distribution agencies. Members are individuals who are able to distribute our products as a result of their membership. Members purchase and distribute our products within their personal network and serve as both consumers and distributors of our products. Sales can occur online, through personal e-commerce shopfronts for Members hosted on our website or via the DXN app. Members can engage in a level of entrepreneurship suited to their personal needs and objectives. Our direct selling network also consists of external distribution agencies that on-sell and distribute our products to other Members and end-consumers. We also have 77 sales branches worldwide as at the LPD, which act partially as distribution centres of our products to Members. External distribution agencies may in turn have their own sales branches, which are not managed by us.

The direct selling model has allowed us to establish a global distribution network without expending significant capital. Further, we provide our Members and other consumers with premium-quality products at affordable prices and position our products at the mid-price and mid-complexity category.

We have adopted strategies to avoid the common risk associated with direct selling where Members are incentivised to recruit and purchase unsustainably. For example, our Members are only rewarded for sales and there is no incentive for recruitment that is unlinked to sales. Members earn a bonus for each purchase plus additional retail profit for sales to end consumers who are non-Members. In general, our Members purchase our products in amounts for their own consumption or for sales to non-Members. Members may buy our products in bulk to resell to other Members and non-Members. Stockists earn a commission in addition to the bonus for purchasing and they help facilitate physical distribution in areas without local sales branches by reselling our products to other Members without a mark-up. We also require stockists to pay upfront in an effort to discourage overstocking our products, except for during the start of the COVID-19 pandemic, where we permitted certain stockists to purchase products on a loan of an amount up to the stockists' three-month average bonus plus commission.

7.5.2 Other business activities

We have expanded into other business activities that primarily serve to support our core businesses in terms of production, marketing or delivering services to Members. These businesses consist of laboratory testing services for third parties, lifestyle products and operating a café. Our other business activities accounted for 1.4% of our revenue for the FYE 28 February 2021.

7.5.2.1 Third-party laboratory testing

We carry out various laboratory tests for third parties, such as food safety and Halal tests, in our labs.

7.5.2.2 Lifestyle offering

Our lifestyle offering business is part of our commitment to promote sustainability, not just in our business but also to our surrounding community. We consider this to be an important branch of our Group as it is a complementary business to our direct selling business. The lifestyle offering business provides us with the opportunity to engage with our Member network and for Members to engage with each other and is a means to capture additional revenue to service tourism demand from both Members and non-Members. We would also be able to use these locations for annual incentive trips.

DXN Cyberville

In 2019, we commenced construction of DXN Cyberville in Cyberjaya, Malaysia. It is a three-storey wellness and retreat centre with a 10-storey apartment and two-storey recreational space that includes a sales counter, sales branch office, stockist sales counter, VIP lounges, convention hall and helipad. We intend for this space to offer Members a space to receive Ganotherapy and other natural health treatments using DXN products, including as part of group retreats. We have completed the first phase of construction for the three-storey wellness and retreat centre, which includes the DXN Experiential Gallery and training rooms for accommodating over 1,500 visitors, with the remaining construction to be completed by the third quarter of 2022.

As at the LPD, we have spent RM83.5 million on DXN Cyberville. We expect the total project to cost RM108.9 million.

Boulder Valley

Boulder Valley is a lifestyle resort in Penang, Malaysia, that consists of tented accommodations and space for small parties and events. In 2019, we acquired shares in Amazing Discovery, which owns Boulder Valley, for RM2.4 million.

7.5.2.3 DXN Cafe

We operate a café in Kedah, Malaysia, which provides a platform for interaction between our Members and also serves as an area for Members to engage with their customers.

7.5.3 Revenue contribution by business activities

The table below sets out our revenue and the gross revenue contribution of our business activities for the years/periods indicated. Our gross revenue is our revenue derived from the sale of FFB, HDS, PCC and other products and our other business activities including laboratory testing services to third parties, provision of lifestyle products and a café, before deduction of the consideration due / paid to our customers. Revenue is gross revenue after deducting service centre commissions and personal effort bonuses and, for the FYE 28 February 2021, our 10.0% Discount Promotion (as defined below):

	FYE 28 February 2019			FYE 29 February 2020			FYE 28 February 2021			FPE 31 December 2021		
Particulars	**Revenue (in RM million)**	**% of gross revenue**	**Gross margin (%)**	**Revenue (in RM million)**	**% of gross revenue**	**Gross margin (%)**	**Revenue (in RM million)**	**% of gross revenue**	**Gross margin (%)**	**Revenue (in RM million)**	**% of gross revenue**	**Gross margin (%)**
FFB(1)	603.6	61.9	79.1	759.4	64.0	79.2	726.9	62.1	78.5	699.0	65.3	78.2
HDS(1)	261.7	26.9	90.6	287.0	24.2	91.0	306.8	26.2	91.9	259.6	24.3	89.9
PCC(1)	72.6	7.4	83.8	90.9	7.7	83.6	92.2	7.9	82.7	68.7	6.4	83.0
Other products(1)(2)	24.1	2.5	78.1	33.0	2.8	77.2	28.5	2.4	77.6	25.1	2.4	76.4
Other business activities(3)	12.7	1.3	56.5	15.4	1.3	87.9	16.7	1.4	89.5	17.4	1.6	91.9
Gross revenue	**974.7**	**100.0**	**83.9**	**1,185.7**	**100.0**	**82.7**	**1,171.1**	**100.0**	**82.9**	**1,069.8**	**100.0**	**81.9**
Less: consideration due/paid to customers(4)	(67.5)			(81.1)			(120.9)(5)			(54.1)		
Revenue	**907.2**			**1,104.6**			**1,050.2**			**1,015.7**		

Notes:

(1) Our FFB, HDS, PCC and other products are sold to Members (including stockists) at the distributor price, non-Members at the retail price, and external distribution agencies at an intermediate price pursuant to a cost-plus structure. Additionally, stockists are entitled to earn a service centre commission for the distribution of our products, which may either be paid out directly or deducted from the distributor price, depending on the terms of agreement with our stockists.

(2) Consists of products including starter kits, raw materials, promotional packages, household products, home appliances, and water filtration system.

(3) Refers to our Group's other business activities that primarily serve to support our Group's core businesses consisting of laboratory testing services for third parties, lifestyle products and operating a café.

(4) Consideration due/paid to customers comprises personal effort-related performance bonus and service centre commission, netted against gross revenue in accordance with presentation consistent with MFRS 15.

*(5) Includes a 10.0% discount that we applied to promote sales during the COVID-19 pandemic to Members' purchases made from June 2020 to May 2021 ("**10.0% Discount Promotion**"). Each qualified Member's total discount was limited to the amount of their purchases made in April 2020 and May 2020. For accounting purposes, the discount was fully accrued in the FYE 28 February 2021.*

7.6 Our Distribution Network

7.6.1 Structure of our distribution network

Our products are distributed through our global network of sales branches, exclusive external distribution agencies and Members. Sales branches are our local offices and distribute goods to Members. External distribution agencies are responsible for local operations and marketing functions, while we retain control over supplying products, the Member remuneration plan, our IT system and our intellectual property. Our Members include stockists, who manage our service centres and receive a commission. Members purchase and distribute products within their personal network. Members can conduct sales online and host personal e-commerce shopfronts on our website and mobile application. As at the LPD, we have a distribution footprint (including our sales branches and distributors and defined as the jurisdictions in which we have a subsidiary or sales branch and/or an external distribution agency) in 50 countries, registered Members in more than 180 countries, and 77 sales branches and 14 external distribution agencies.

Members (including Members who are appointed as stockists) and external distribution agencies must apply to be distributors of our products by registering through our website. To be eligible, applicants must be aged 18 years and above, and agree to the terms of our distributorship rules and regulations ("**DXN DRR**"), code of conduct and ethics, marketing plan and other internal policies. Corporations (including companies and partnerships) may not be eligible for distributorship without approval from our Group. Where distributorship has been approved for a corporation, the corporation is required to obtain our approval for any changes to its equity structure. The membership of our Members does not expire but a Member will be classified as inactive if they do not purchase one of our products within a stipulated timeframe (see below in Section 7.6.1 of this Prospectus for our definition of an active Member). In order for an inactive Member to be reclassified as an active Member, he/she is required to make at least one personal purchase of our products. There are no joining or membership fees. However, to be eligible for compensation bonuses, profit sharing and other incentives, new Members are required to make a one-off purchase of a starter kit containing a member's handbook and sample products retailing at between RM19.40 to RM222.70, the price of which varies from one jurisdiction to another. For the FYE 28 February 2019, FYE 29 February 2020, FYE 28 February 2021 and the FPE 31 December 2021, RM12.6 million, RM12.7 million, RM7.26 million and RM5.7 million of our revenue was attributable to the purchase of starter kits.

Members qualify for multiple tiers of status within our distribution network structure, depending on conditions such as their achievement of a specified purchase volume and success in recruiting and sponsoring other Members. Individuals that are sponsored by existing Members are referred to as a "downline" of their sponsors. When Members purchase a certain requisite value of our products, they will be eligible for ePoints, which may be utilised for future purchases or converted to cash. Members' ePoints do not expire. ePoints can only be utilised by a Member in the country where the ePoints are earned. Upon request by a Member, we can assist the Member to convert his/her ePoints earned in one country to ePoints in another country for use of the Member's ePoints in that other country, subject to compliance with local rules and regulations. Member status, once achieved, need not be maintained and will remain through the duration of membership.

The following diagram sets out the different tiers of membership status in our distribution network structure:

Status	Condition
Distributor	Age 18 years
Star Agent (SA)	Achieves accumulated Group Sales of 4,500PV
Star Ruby (SR)	Sponsors 3 First Generation Star Agents (SA)
Star Diamond (SD)	With 6 First Generation Star Agents (SA) & qualifies for 37% Star Group Bonus
Executive Star Diamond (ESD)	Star Diamond who sponsors 1 Star Diamond*
Senior Star Diamond (SSD)	Star Diamond who sponsors 2 Star Diamonds*
Executive Senior Star Diamond (ESSD)	Star Diamond who sponsors 3 Star Diamonds*
Double Diamond (DD)	Star Diamond who sponsors 4 Star Diamonds*
Executive Double Diamond (EDD)	Star Diamond who sponsors 5 Star Diamonds*
Triple Diamond (TD)	Star Diamond who sponsors 6 Star Diamonds*
Executive Triple Diamond (ETD)	Star Diamond who sponsors 7 Star Diamonds*
Gold Diamond (GD)	Star Diamond who sponsors 8 Star Diamonds*
Executive Gold Diamond (EGD)	Star Diamond who sponsors 9 Star Diamonds*
Crown Diamond (CD)	Star Diamond who sponsors 10 Star Diamonds*
Executive Crown Diamond (ECD)	Star Diamond who sponsors 11 Star Diamonds*
Senior Crown Diamond (SCD)	Star Diamond who sponsors 12 Star Diamonds*
Executive Senior Crown Diamond (ESCD)	Star Diamond who sponsors 13 Star Diamonds*
Double Crown Diamond (DCD)	Star Diamond who sponsors 14 Star Diamonds*
Executive Double Crown Diamond (EDCD)	Star Diamond who sponsors 15 Star Diamonds*
Triple Crown Diamond (TCD)	Star Diamond who sponsors 16 Star Diamonds*
Executive Triple Crown Diamond (ETCD)	Star Diamond who sponsors 17 Star Diamonds*
Gold Crown Diamond (GCD)	Star Diamond who sponsors 18 Star Diamonds*
Executive Gold Crown Diamond (EGCD)	Star Diamond who sponsors 19 Star Diamonds*
Crown Ambassador (CA)	Star Diamond who sponsors 20 Star Diamonds*

Note:

(*) As per dynamic compression, which means that it can be any generation of a particular Star Diamond line, and it does not have to be the first generation.

When selecting Members as our stockists, we generally consider their level of status in our distribution network. For example, in certain jurisdictions, only Members who have attained "Star Ruby" or "Star Diamond" status will be considered. We consider their proximity to locations in which we wish to facilitate distribution of our products and avoid appointing stockists within the same physical vicinity. We also require our stockists to agree to exclusive distribution of our products, purchase a certain minimum volume of our products, and have a physical venue for sale of our products, and for Members' meetings and training. As at the LPD, we have 1,989 stockists.

For our external distribution agencies, we similarly require them to distribute our products exclusively. We also select them based on criteria such as the level of influence in their local communities and their ability to navigate the regulatory requirements of their local jurisdiction and engage with the local authorities.

The table below sets out the total number of our registered Members and our 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) as at the end of the last three calendar years and the LPD:

	As at 31 December			**As at the LPD**
	2019	**2020**	**2021**	**2022**
Registered Members	9,323,151	10,567,626	12,015,291	12,694,778
Registered Members year-on-year growth	16.3%	13.3%	13.7%	5.7 %
Active Members	2,860,718(1)	3,197,074(2)	3,388,367(3)	2,787,685(4)
Active Members year-on-year growth	30.3%	11.8%	6.0%	(17.7)% (5)

Notes:

(1) Active Members as at 31 December 2019 are registered Members who have purchased a product from 1 January 2018 to 31 December 2019, and newly registered Members who joined our Group from 1 January 2018 to 31 December 2019.

(2) Active Members as at 31 December 2020 are registered Members who have purchased a product from 1 January 2019 to 31 December 2020, and newly registered Members who joined our Group from 1 January 2019 to 31 December 2020.

(3) Active Members as at 31 December 2021 are registered Members who have purchased a product from 1 January 2020 to 31 December 2021, and newly registered Members who joined our Group from 1 January 2020 to 31 December 2021.

(4) Active Members as at the LPD are registered Members who have purchased a product from 1 January 2021 to the LPD, and newly registered Members who joined our Group from 1 January 2022 up to the LPD.

(5) Active members count at the end of each calendar year is more than the beginning of each year as membership validity is terminated at the end of each calendar year and memberships are renewed or added throughout the year.

The table below sets out our active Members by geographical markets as at the end of the last three calendar years and the LPD:

	As at 31 December						As at the LPD	
	2019		2020		2021		2022	
	Active Members	% of total active Members	Active Members	% of total active Members	Active Members	% of total active Members	Active Members	% of total active Members
Malaysia	187,249	6.5	176,085	5.5	146,151	4.3	118,798	4.3
Overseas								
Peru	604,652	21.1	577,760	18.1	467,510	13.8	345,197	12.4
Mexico	86,187	3.0	96,164	3.0	98,922	2.9	83,957	3.0
Bolivia	245,156	8.6	251,569	7.9	279,929	8.3	237,327	8.5
India	540,430	18.9	555,546	17.4	559,904	16.5	461,530	16.6
Philippines	164,251	5.7	164,866	5.2	155,035	4.6	110,631	4.0
Middle East	624,482	21.8	826,154	25.8	850,838	25.1	669,099	24.0
United States	12,586	0.4	11,990	0.4	10,481	0.3	7,979	0.3
Thailand	27,088	0.9	21,717	0.7	16,910	0.5	12,610	0.5
Colombia	22,314	0.8	23,086	0.7	19,903	0.6	14,631	0.5
Other markets(1)	346,323	12.1	492,137	15.4	782,784	23.1	725,926	26.0
Total active Members	**2,860,718**	**100.0**	**3,197,074**	**100.0**	**3,388,367**	**100.0**	**2,787,685**	**100.0**

Note:

(1) Other markets include more than 160 countries including, among others, Indonesia, Morocco, Nepal, Bangladesh, Pakistan, Mauritania, Sudan, Turkey, Mongolia and Ecuador.

7.6.2 Salient terms of agreement with distributors

We sell our products to Members (including Members who are appointed as stockists), non-Members and external distribution agencies. We sell our products to Members (including stockists) at a distributor price and we (including our Members) sell our products to non-Members at the retail price. We also sell our products to external distribution agencies at an intermediate price pursuant to a cost-plus structure. Stockists and external distribution agencies can on-sell our products to Members at the distributor price or to non-Members at the retail price. All of the distributor prices, retail prices and intermediate prices are determined by us. We generally enter into purchase agreements with stockists entitling them to earn a commission above their entitlements under their membership compensation plan so as to facilitate the distribution of our products to Members through these stockists in areas without local sales branches.

Our relationship with Members and external distribution agencies are governed by the terms of the DXN DRR which prohibits distributors from, among others, changing the selling prices of products without approval, being involved with other direct selling companies and making false claims in relation to products. Distributors are also required under the DXN DRR to comply with our code of conduct and ethics, marketing plan and other internal policies, as well as all applicable laws. In the event of an alleged violation of the DXN DRR, we may issue either a reprimand, warning notice or show cause notice to the distributor requiring a written explanation relating to the allegations. We will investigate the violation and form a decision on the appropriate action, on the basis of the distributor's reply to the show cause notice as well as other information gathered over the course of the investigation. Such remedies include suspension or termination of distributorship, including any bonuses, incentives, commissions, benefits and other entitlements arising from distributorship.

For product returns, our buy-back policy is as follows: (a) for products that we are no longer selling in the market, we accept requests to return products as long as such products are in their original condition and with the packaging and price label intact; and (b) for products that we are still selling in the market, we accept requests to return products within 180 days from the date of purchase of the products and/or from distributors who wish to terminate their distributorship. We reserve the right to reject any returned products that do not meet the required conditions.

We may also approve product returns which have already been processed for bonuses and commissions. In such a case, we will refund to the distributor an amount which is the balance of the distributor price after deducting the bonus and commission paid to Members, which typically includes the handling fee. The total deducted amount is typically 85% of the sales value of the returned product. Product returns will be made subject to and in accordance with any applicable regulations of the relevant jurisdiction.

For complaints and replacements of defective products, we have procedures in place for our branch staff to check the condition of the product, the receipt of purchase and the date of expiry, to ensure that the products are defective and have not expired. In the event that the product complaint is attributable to a defect caused by us, we will proceed to issue a replacement for the defective product as soon as possible and the person-in-charge at the relevant branch will only need to report back to our management at headquarters for further investigation and inter-branch settlement. While our branch staff will conduct the initial verification and checks upon receiving complaints, headquarters may also review such case before a replacement if issued.

7.6.3 Compensation plan

As the focus of our direct selling model is to drive consumer sales, we have structured our "One World One Market" compensation plan to primarily reward sales by our Members, as opposed to peer companies who may prioritise recruitment, as we do not charge our Members any upfront or annual fees. Our Members' incentives and bonuses are based on Members' own sales, downlines sales, Members' network rank and qualifications.

Our compensation plan comprises several components:

- Retail profits

  Members earn a profit by purchasing our products at the distributor price, which are generally lower by more than 15% from the retail price, and selling these products to non-Members at the retail price.

- Personal group bonuses

  Each of our products carries specified sales value points which is used to calculate bonuses and incentives. We pay a personal group bonus of between 6% to 21%, calculated based on the sales value of a Member's own personal sales and the differential bonus on the Member's downlines sales. Members who achieve a minimum number of personal sales in a month and with higher tiers of membership status, such as Qualified Star Agent ("**QSA**") or Qualified Star Diamond ("**QSD**"), are entitled to a higher rate of group bonus of between 25% to 37%. A Member with more vertical lines of downstream Members with higher tiers of status, such as QSA, generally receives a higher percentage of bonuses and the scale of bonus further increases.

- Development bonus, international profit sharing and leadership bonus

  QSDs are entitled to a profit sharing arrangement of 2% of our Group's sales value points, to be shared with other QSDs. QSDs are also entitled to an additional leadership bonus, assuming certain minimum requirements in group sales value are met.

  To support our new Members, we pay a development bonus of between 1% to 5% of sales value to QSAs, based on levels of seniority, assuming they achieve a minimum number of sales from their own and downline transactions in a month.

- Incentives

  We also provide other incentives to our Members such as a one-time mobile phone incentive, cash travel incentive and annual travel seminar incentive.

7.6.4 Global marketing strategy

Our Members are able to register for membership worldwide (except in U.S. sanctioned countries) and are not restricted to their country of residence. All Members may purchase our products in person at any sales branch worldwide and sell the products in the same country. However, Members are not permitted to sell products purchased in one country in another country due to price differentiation and possible infringement of local rules for products without registration. Where Members sell our products in any country, they are responsible in ensuring that the sale is in compliance with the local laws and regulations. Members earn a bonus from the sales of their downstream network, who may operate in any country. As such, our bonus payments to Members are based on their worldwide sales as opposed to country-by-country basis. By providing a single, global "One World One Market" platform for our Members and applying the same business model and product branding worldwide, we help our Members to conduct their direct selling efforts more easily.

As Members can register via E-world, Members do not necessarily have to register in jurisdictions where we have a sales branch, stockist or distributor. We have not had any issues with the registration of Members in countries where we do not have a presence in the FYE 28 February 2019, FYE 29 February 2020, FYE 28 February 2021 and FPE 31 December 2021.

We launched our ePoints system in 2015 so that we would be able to credit the bonus earned by Members for them to purchase products or to withdraw cash. In most countries where we operate, Member incentives and bonuses are paid out in ePoints. Members are able to access our ePoints platform to convert ePoints to cash and can utilise ePoints to pay for future purchases. ePoints can only be utilised by a Member in the country where the ePoints are earned. However, upon request by a Member, we can assist the Member to convert his/her ePoints earned in one country to ePoints in another country for use of the Member's ePoints in that other country, subject to compliance with local rules and regulations.

Other benefits of our direct selling model include:

- Corporate benefits:

  (i) This is a cost-effective way to reach consumers globally without requiring significant capital expenditure;

  (ii) This model de-risks entry into new markets by providing visibility from Member sales and by requiring low capital expenditure; and

(iii) Frequent and close engagement with end-consumers provides valuable customer feedback for product development.

- Member benefits:

(i) Members have an opportunity for entrepreneurship that is tailored to their level of personal engagement.

- Customer benefits:

(i) Access to quality products;

(ii) Opportunity to develop personal relationships with our Members through customer service and feedback; and

(iii) The ability to become a Member and to purchase products at reduced prices.

Other distinguishing features of our direct selling business include educating our Members about Ganotherapy and Sunya.

7.6.5 Principal markets

Our top 10 markets in terms of revenue are Peru, Mexico, India, Bolivia, Malaysia, the Philippines, United States, Thailand, Colombia and Middle East. For the FYE 28 February 2021, these 10 markets accounted for 87.9% of our gross revenue. Of these top 10 markets, only Middle East uses an external distribution agency structure.

The percentage of revenue for our principal markets in the FYE 28 February 2019, FYE 29 February 2020, FYE 28 February 2021 and the FPE 31 December 2021 are set out below:

	FYE 28 February 2019		FYE 29 February 2020		FYE 28 February 2021		FPE 31 December 2021	
	RM million	**% of gross revenue**	**RM million**	**% of gross revenue**	**RM million**	**% of gross revenue**	**RM million**	**% of gross revenue**
Malaysia	102.5	10.5	105.3	8.9	91.3	7.8	72.0	6.7
Overseas								
Peru	198.8	20.4	268.1	22.6	252.6	21.6	243.2	22.7
Mexico	121.6	12.5	158.1	13.3	166.6	14.2	148.5	13.9
Bolivia	111.1	11.4	143.2	12.1	140.7	12.0	153.5	14.4
India	132.2	13.6	152.0	12.8	134.4	11.5	117.6	11.0
Philippines	75.5	7.7	91.8	7.7	100.3	8.6	81.6	7.6
Middle East(1)	55.0	5.6	68.3	5.8	68.3	5.8	26.6	2.5
United States	28.8	3.0	31.4	2.6	35.0	3.0	28.4	2.7
Thailand	29.8	3.1	27.0	2.3	21.9	1.9	15.8	1.5
Colombia	14.6	1.5	18.7	1.6	17.5	1.5	14.1	1.3
Other markets(2)	92.1	9.4	106.4	9.0	125.8	10.7	151.0	14.1
Gross revenue(3)	**962.0**	**98.7**	**1,170.3**	**98.7**	**1,154.4**	**98.6**	**1,052.3**	**98.4**

Notes:

(1) Revenue from Middle East is based on the imported value of the products distributed by external distribution agencies in the Middle East region.

(2) Other markets include Australia, Bangladesh, Bulgaria, Canada, China, Czech Republic, Ecuador, Ethiopia, Germany, Greece, Hong Kong, Hungary, Indonesia, Italy, Kenya, Korea (except not in FYE 28 February 2021), Mauritania, Mauritius, Mongolia, Morocco, Myanmar, Nepal, Nigeria, Pakistan, Panama, Singapore, Slovakia, South Africa, Spain, Sri Lanka, Sudan, Turkey and Uzbekistan. We ceased direct dealings with the Sudan market post FYE 28 February 2019. Revenue recognised from markets in which we do not have a presence is based on sales by our subsidiary, sales branch or external distribution agency to Members with registered addresses in such markets.

(3) Total amounts do not represent 100% of gross revenue as this table only shows gross revenue from our primary business, namely the sale of health-oriented and wellness consumer products, and not revenue from our other business activities such as laboratory testing services for third parties, lifestyle products and operating a café.

7.7 Our Products

7.7.1 Natural ingredients

We cultivate a range of natural ingredients including Ganoderma, Spirulina, Cordyceps, Lion's Mane mushroom, Tiger Milk mushroom, pineapples, aloe vera and Noni.

- Ganoderma, also known as Lingzhi or Reishi, is a type of mushroom that contains polysaccharides, adenosine, triterpenoids, protein, fibre, minerals and vitamins. We believe it has a long history of being used in the traditional medicines and herbal traditions of China, Japan and other Asian countries, and is generally used to balance disrupted body functions and assist in the maintenance of general well-being. Our extensive range of products containing Ganoderma include, among others, Lingzhi coffee, Cocozhi (cocoa with Ganoderma), RG and GL capsules, Ganozhi Toothpaste and Ganozhi Shampoo.

- Spirulina is a type of blue-green algae known as cyanobacterium. It contains a variety of nutrients including protein, antioxidants (such as beta-carotene), chlorophyll, phycocyanin, vitamins, minerals and essential fatty acids. In general, it is used as a dietary supplement that we believe keeps people healthy and energetic. Our products containing Spirulina include Spirulina cereal and Spirulina tablets, capsules and powder.

- Cordyceps is an edible fungus which contains nutrients and active ingredients such as cordycepin acids, amino acid, glutamic acid and polysaccharides. We believe it is generally used to promote better stamina and maintain a healthy respiratory system. Such products include Cordyceps coffee, Cordyceps cereal and Cordyceps tablets, capsules and powder.

We also selectively develop products for specific markets in response to consumer demand, competitive landscape and regulatory constraints.

In addition, we manufacture certain finished products from ingredients that we do not cultivate in-house. For example, our Andro-G capsules are made from Green Chiretta, a herb which contains andrographolide, diterpenoid and adenosine and is used in traditional Chinese medicine for its "cooling" properties.

7.7.2 Our main products

Our range of products can be categorised into four main categories: (1) FFB, (2) HDS, (3) PCC and (4) other products. We offer 291 SKUs of health-oriented and wellness consumer products that we manufacture in-house across these product categories as at the LPD. Our FFB and HDS products manufactured in Malaysia are Halal certified.

Our 10 most popular products and their gross revenue contribution for the FYE 28 February 2019, FYE 29 February 2020, FYE 28 February 2021 and the FPE 31 December 2021 are set out below:

	FYE 28 February 2019	FYE 29 February 2020	FYE 28 February 2021	FPE 31 December 2021
% of gross revenue	57.6	57.3	55.7	57.9
Number of products per product category	FFB: 5 HDS: 5	FFB: 6 HDS: 4	FFB: 6 HDS: 4	FFB: 7 HDS: 3

Our FFB products, Lingzhi Black Coffee and Lingzhi Coffee 3-in-1, are our main revenue contributors, each accounting for more than 5% of our gross revenue for the financial years/period indicated.

The table below sets out the total number of our SKUs manufactured in house as at the end of the last three calendar years and the LPD:

	As at 31 December			As at the LPD
	2019	2020	2021	2022
SKUs	256	273	289	291

FFB

Our portfolio includes approximately 160 FFB products as at the LPD. Some of our key products include Lingzhi Coffee 3 in 1, Lingzhi Black Coffee, Cocozhi, Cordyceps Coffee 3 in 1, Spirulina Cereal, Cordypine, Morinzhi and Morinzyme.

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®

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

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.

7.7.3 HDS

As at the LPD, we produce and sell approximately 118 types of tablets and supplements made with various natural ingredients such as Ganoderma, Spirulina, Cordyceps and Green Chiretta. See Section 7.7.1 for further details on our natural ingredients.

Some of our key products include: DXN Reishi Gano (RG), DXN Ganocelium (GL), DXN Reishilium Powder, DXN Spirulina, DXN Cordyceps, DXN Lion's Mane mushroom and DXN Andro-G.

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.

7.7.4 PCC products

As at the LPD, our portfolio includes approximately 80 PCC products. Key products include: Ganozhi Toothpaste, Ganozhi Shampoo, Ganozhi Body Foam, Ganozhi Soap and Gano Massage Oil.

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.

7.8 Other products

Our portfolio also includes a range of 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.

7.9 R&D

We operate two R&D facilities in Malaysia and China. These R&D facilities conduct research in manufacturing techniques and product quality. For example, our R&D teams have developed processes utilising techniques such as nano fermentation (the process of enzyme production whereby to improve bioavailability by enhancing solubility of natural ingredients), cold-dehydration (the process of drying Ganoderma at low temperature, to avoid destroying the natural active ingredient), centrifuge filtration (the process of harvesting Spirulina to improve the yield) and micro powderisation (the process of herbs powderisation at micro size for better solubility and absorption). We believe these techniques have improved our output and retained the quality of the natural ingredients that we produce.

We believe these processes reflect the biotechnological strength of our R&D efforts. Our research capabilities have been key in our ability to extract benefits from natural ingredients and develop innovative products.

Our R&D teams, which consist of more than 50 personnel across two research facilities in Malaysia and China as at the LPD, also work on product design, development and testing (for e.g. for regulatory approvals and other certifications), and ingredient labelling. They also provide laboratory testing services to third parties.

These facilities have obtained various industry certifications including GMP and ISO/IEC 17025 accreditation. See Section 7.32 of this Prospectus for further details on our key accreditations.

Our R&D expenses consists of general R&D expenses, research projects on mushroom and natural farming cultivation and expenses for specific projects. Total R&D expenses (excluding staff costs) for the FYE 28 February 2019, FYE 29 February 2020, FYE 28 February 2021 and FPE 31 December 2021 were RM0.4 million, RM0.5 million, RM0.7 million and RM0.4 million, respectively. While we charge our R&D expenses to specific projects where possible, our general R&D expenses that were not charged to specific projects for the FYE 28 February 2019, FYE 29 February 2020, FYE 28 February 2021 and FPE 31 December 2021 were RM0.3 million, RM0.2 million, RM0.2 million and RM0.3 million, respectively. For the FYE 28 February 2019, FYE 29 February 2020 and FYE 28 February 2021, we incurred a total of RM0.3 million on our research projects on mushroom and natural farming cultivation.

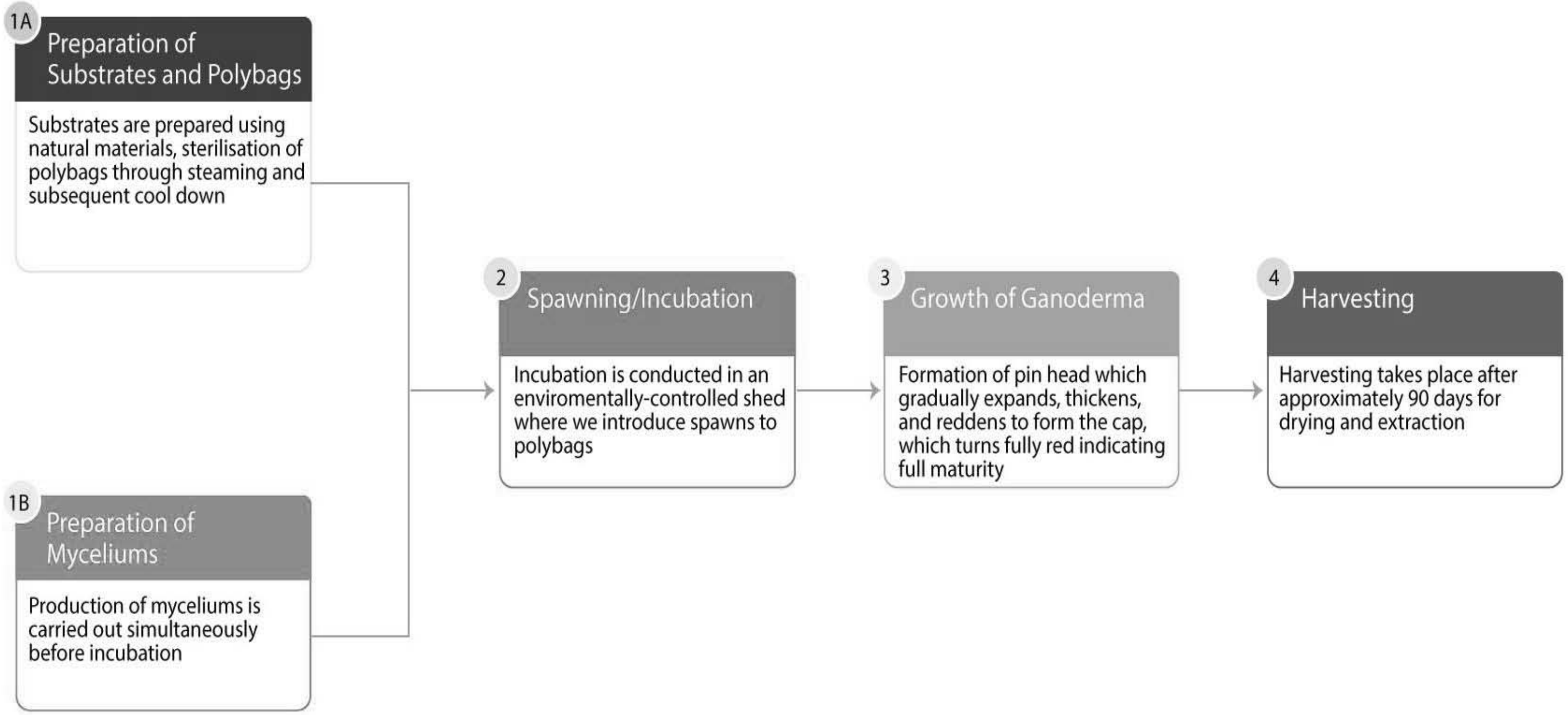
For further details on our R&D facilities, see Section 7.13.2 of this Prospectus.

7.10 Cultivation Activities

Certain of our key cultivation processes are highlighted below:

- ***Ganoderma cultivation.*** Ganoderma is cultivated by first preparing an organic substrate using rubber wood, rice chaff and water. The organic substrate is then filled into polyethylene bags and sterilised by steaming, then cooled. At the same time, Ganoderma mycelia are prepared. Selected Ganoderma spawn are then inoculated into the substrate. The polyethylene bags containing the inoculated spawn are then placed in our temperature-controlled sheds. After approximately three months, mature Ganoderma mushrooms are harvested, sliced and crushed to the desired shape and size. The crushed Ganoderma are then dehydrated and grounded into powder form before storage. Apart from RG, we also cultivate GL.

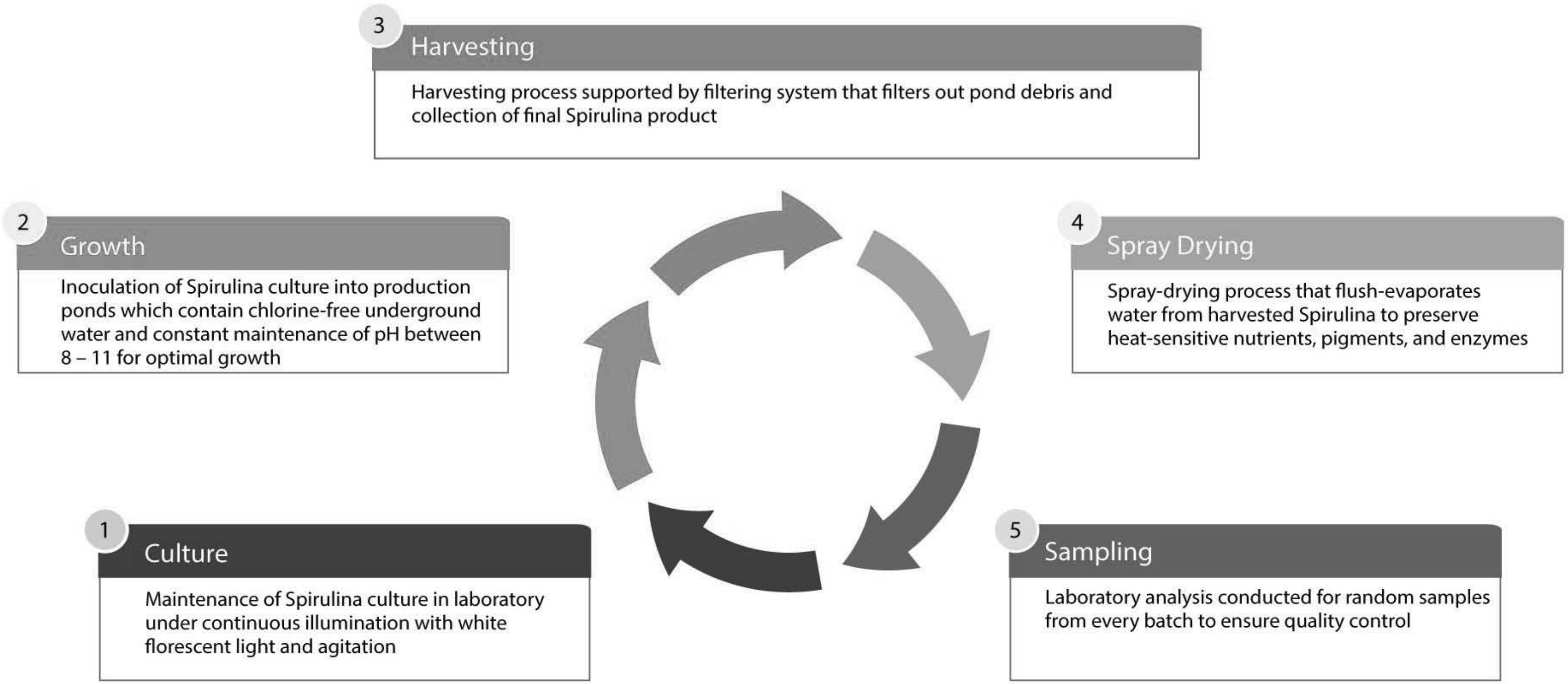
The Ganoderma cultivation process is illustrated below:



Our cultivation output of RG for the FYE 28 February 2021 was 57 tonnes. Our cultivation output of GL for the FYE 28 February 2021 was 73 tonnes.

- ***Spirulina cultivation.*** Spirulina cultivation begins in our laboratories, where Spirulina culture is maintained under the continuous illumination of white florescent light and agitated. The Spirulina culture is then inoculated into production ponds which contain chlorine-free underground water and are maintained at a specific pH for optimal growth of Spirulina. Spirulina is then harvested through a filtering system that removes pond debris and spray-dried to flush-evaporate water from the harvested Spirulina. Our laboratories then conduct random sampling of every batch for quality control purposes.

The Spirulina cultivation process is as illustrated below:



Our cultivation output of Spirulina in the FYE 28 February 2021 was 120 tonnes.

We also cultivate other natural ingredients, including Cordyceps, Roselle, Lion's Mane mushroom, Tiger Milk mushroom, pineapples, aloe vera and Noni at our facilities. See Section 7.7.1 of this Prospectus for further details on our natural ingredients.

These facilities have obtained various industry certifications, including ISO 14001 certificate for DXN Pharma and myOrganic certificate for Ganoderma, Spirulina and Cordyceps from the Malaysian Ministry of Agriculture and Agro-Based Industry (now Ministry of Agriculture and Food Industries). See Section 7.32 for further details on our key accreditations.

7.11 Manufacturing Processes

Products at our manufacturing facilities generally go through the following process: receiving materials, processing, packaging, labelling and packing for shipment where further details of such processes are set out below:

(i) Receiving materials

Our manufacturing facilities receive raw materials such as coffee powder and natural ingredients, as well as packaging materials such as empty capsules, bottles and aluminium foil. Natural ingredients such as Ganoderma powder or Spirulina powder are sourced from our cultivation facilities as well as third party suppliers. See Section 7.10 of this Prospectus for further details on our cultivation activities.

(ii) Processing

Processing will vary depending on the category of finished goods being produced. For our HDS products, this often involves formatting powdered natural ingredients as capsules, tablets or powdered products. For FFB or PCC products, this often involves blending natural ingredients with the related base raw materials. For example, we may blend Ganoderma powder with premixed coffee or cosmetic bases. For fermented beverages, there will be a fermentation process involved.

(iii) Packaging

Capsules, tablets, liquids and some powdered products are bottled while powdered products such as premixed coffee or tea are packed into sachets, stick packs or filter bags.

(iv) Labelling

Product packaging is wrapped with the respective labels, in alignment with local regulatory requirements as well as the label requirement in the importing countries.

(v) Packing for shipment

Products are grouped according to product type and shipment destination, then appropriately consolidated into shipments to reduce costs.

7.12 Raw Materials and Procurement

The primary raw materials that we use are coffee powder, non-dairy creamer, sugar, cocoa powder and wheat cereal powder, which are ingredients that we use to produce our finished products. Our primary packaging materials include aluminium foil, empty capsules, labels and plastic containers.

The table below sets out the breakdown of the primary raw materials and packaging materials that we purchased from third parties in the FYE 28 February 2019, FYE 29 February 2020, FYE 28 February 2021 and the FPE 31 December 2021:

		Purchases							
		FYE 28 February 2019		FYE 29 February 2020		FYE 28 February 2021		FPE 31 December 2021	
Description	**Source by Country**	**(in RM million)**	**% of total purchases***	**(in RM million)**	**% of total purchases***	**(in RM million)**	**% of total purchases***	**(in RM million)**	**% of total purchases***
Coffee powder	Malaysia, Singapore and India	27.1	20.0%	17.3	14.2%	21.7	15.0%	21.4	15.5%
Sugar	Malaysia, India and Mexico	6.4	4.7%	7.2	5.9%	8.9	6.1%	6.9	5.0%
Non-dairy creamer	Malaysia, India and Mexico	11.1	8.2%	10.2	8.3%	11.4	7.9%	14.8	10.7%
Spirulina powder	Malaysia	4.8	3.6%	2.5	2.0%	2.0	1.4%	1.0	0.7%
Wheat cereal powder	Malaysia	1.7	1.2%	2.6	2.1%	1.8	1.2%	2.6	1.9%
Alkalised cocoa powder	Malaysia	1.1	0.8%	1.2	1.0%	1.8	1.2%	1.6	1.2%
Virgin coconut oil	India	0.1	0.0%	-	0.0%	1.2	0.8%	0.8	0.6%
Empty capsule gel	India and Singapore	4.3	3.2%	3.1	2.5%	5.7	4.0%	4.5	3.2%
Aluminium foil and boxes	Malaysia, Mexico and India	17.2	12.7%	15.6	12.8%	16.9	11.7%	23.6	17.1%
Bottle and label	Malaysia, India	2.7	2.0%	2.9	2.3%	3.5	2.4%	2.6	1.9%
	Total	**76.5**	**56.4%**	**62.6**	**51.1%**	**74.9**	**51.7%**	**79.8**	**57.8%**

Note:

* *Total purchases consist of raw materials and finished goods.*

In addition to the raw materials that we purchase, we cultivate and process most of our raw materials utilising our own cultivation facilities, such as Ganoderma, Cordyceps, Lion's Mane mushroom, shiitake mushroom, agaricus blazei murill mushroom, poria cocos mushroom, Tiger Milk mushroom, splitgill mushroom, Spirulina, Noni, pineapple, green chiretta, aloe vera, mulberry, hong tian wu, turmeric, wild betel, talinum, cucumber, okra, mango ginger and java ginger.

We have not experienced supply issues, material price fluctuations or volatility in the raw materials used for our production in any of the past three years up to the LPD.

Our planning department determines the raw materials and packaging materials required for the production of a product. Our purchasing department selects the appropriate supplier from an existing list of local and overseas suppliers. If none of the suppliers on the list are appropriate, we will conduct a search for additional suppliers. We select our suppliers based on criteria such as the reliability of their supplies, price competitiveness and product quality.

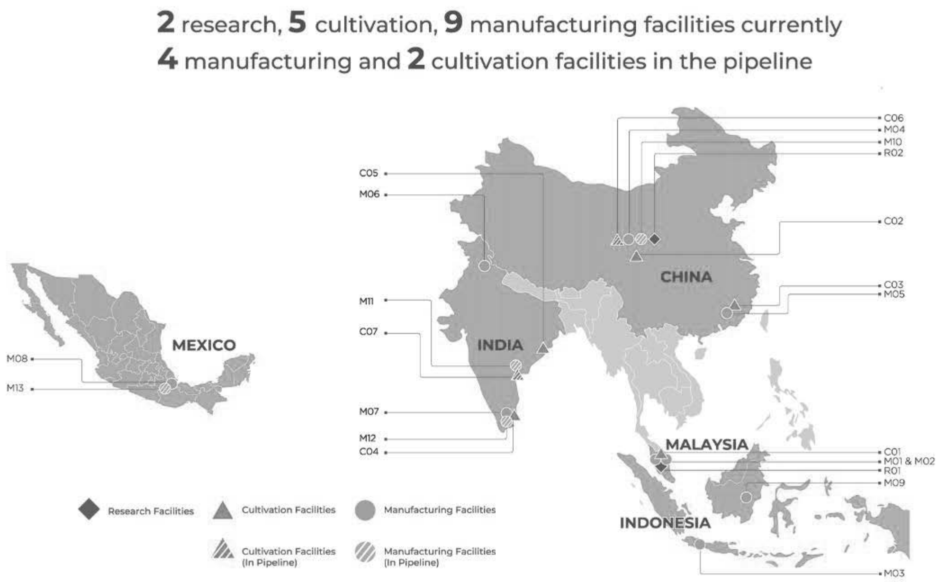
We are constantly sourcing for more suppliers who are able to provide us with competitive pricing, timely delivery and high quality products. For the past three years, we have not faced any difficulty in the sourcing of our supplies. We believe that we have good relationships with our suppliers. We have a diversified supply base with no single supplier accounting for more than 7.0% of our total purchases in the FYE 28 February 2021. We are not dependent on any of our major suppliers. See Section 7.16.2 for further details on our suppliers.

Our quality control team performs the necessary tests or checks on the procured raw materials and packaging materials upon arrival to ensure that they are within our specifications and are suitable to be used for production. Examples of tests performed include microbiological tests (such as total bacteria, yeast and mould counts), chemical tests (such as heavy metal, mycotoxin and pesticide residue tests) and physical tests (such as colour and sensory evaluation tests). In the event that the raw materials and packaging materials procured are not within the specifications, a written quality complaint is filed with the suppliers and the affected materials are disposed or returned. We then store the raw materials and packaging materials that have passed the quality inspection in our warehouses and ship them to our manufacturing facilities when required. See Section 7.14 for further details on our quality control.

7.13 Production Facilities

7.13.1 Overview

We operate two R&D facilities, five cultivation facilities and nine manufacturing facilities across Malaysia, China, India, Indonesia and Mexico, and we have another two cultivation facilities and four manufacturing facilities in the pipeline, which we expect to complete by the first quarter of 2023. To ensure that we can respond to Members' demands, we maintain spare manufacturing capacity at these facilities to ensure that we can meet demand surges and avoid supply bottlenecks. Our production lines are also able to switch between different products within hours, allowing us to respond flexibly to demand.



	Operational	**Pipeline**	**Function**
R&D	Two in total: • R01 - Kedah, Malaysia • R02 - Ningxia, China	N/A	Research into cultivation and manufacturing techniques and product quality
Cultivation	Five in total: • C01 - Kedah, Malaysia • C02 - Ningxia, China • C03 - Anxi, China(1) • C04 - Pondicherry, India • C05 - Odisha, India	Two in the pipeline: • C06 - Ningxia, China (estimated completion: fourth quarter of 2022) • C07 - Telangana, India (estimated completion: fourth quarter of 2022)	Cultivation of Ganoderma and Spirulina with cultivation of various other herbs and ingredients (for example, Cordyceps, aloe vera, pineapple, Noni and Roselle)
Manufacturing	Nine in total: • M01 & M02 - Kedah, Malaysia (two facilities) • M03 - West Java, Indonesia • M04 - Ningxia, China	Four in the pipeline: • M10 - Ningxia, China (estimated completion: fourth quarter of 2022)	Manufacturing lines for capsules, tablets, powdered beverages, liquid beverages, and cosmetics products

Operational	Pipeline	Function
• M05 - Anxi, China[(1)] • M06 - Himachal Pradesh, India • M07 - Pondicherry, India • M08 - Tlaxcala, Mexico • M09 - Kalimantan Selatan, Indonesia	• M11 - Telangana, India (estimated completion: first quarter of 2023) • M12 - Pondicherry, India (estimated completion: fourth quarter of 2022) • M13 - Tlaxcala, Mexico (estimated completion: third quarter of 2022)	

Note:

*(1) DXN Corporation Ningxia has on 17 May 2022 entered into a share sale agreement ("**Florin Fujian SSA**") to dispose its entire 80.0% interest in the total registered share capital in Florin Fujian and such disposal is expected to be completed within six months from the date of the Florin Fujian SSA. The disposal has not been completed as at the LPD. Upon completion of the disposal of Florin Fujian, Anxi Gande Foluohua will no longer be our subsidiary, and accordingly, we will no longer hold the facilities in Anxi, China.*

7.13.2 Research facilities

We operate two R&D facilities, one in Malaysia and one in China. We have research capabilities that anchor our production chain, from product development to cultivation to manufacturing.

We have an in-house research team of about 50 research staff across two facilities as at the LPD.

The table below sets out certain key information as at the LPD with respect to our research facilities:

Location	Company	Area (sq. metres)	Owned / rented	Research activities
Kedah, Malaysia	Bio Synergy	530	Rented	Main laboratory and research centre. Laboratory testing for third parties.
Ningxia, China	DXN Corporation Ningxia	250	Owned	Research related to FFB, edible fungi, Spirulina and fermentation.

See Section 7.24 of this Prospectus for further details on our material properties and equipment.

7.13.3 Cultivation facilities

We operate five cultivation facilities in Malaysia, China and India, and are in the process of building two additional cultivation facilities, one in China and one in India. The additional cultivation facility in Ningxia, China is estimated to be completed by fourth quarter of 2022 for the cultivation of mycelium of Cordyceps and Lion's Mane mushroom, whereas Spirulina cultivation has already commenced. The new cultivation facility in Telangana, India is estimated to be completed by the fourth quarter of 2022, with Ganoderma production estimated to be completed in the third quarter of 2022. We have strategically selected these locations to leverage local advantages such as land, labour and climate. China specifically is an attractive supply base given the availability of land, qualified labour, cheap raw materials and trade connections.

We have a team of 228 workers consisting of 30 technical, 185 operations and 13 administrative staff as at the LPD.

The table below sets out certain key information as at the LPD with respect to our cultivation facilities:

Location	Company	Owned / rented	Cultivated ingredients	Maximum annual capacity[1] (FYE 28 February 2021)	Actual output per year / harvest[1] (FYE 28 February 2021)	Utilisation rate[2]
				('000 kg)	('000 kg)	(%)
Kedah, Malaysia GM978, Lot 1319 & GM1292, Lot 60041 Mukim Malau, Daerah Kubang Pasu, Kedah, Malaysia	DXN Pharma	Owned	Spirulina	65	32.0	49.2
GM1109 Lot 2116, GM1089 Lot 2115, GM1085 Lot 2112, GM16 Lot 832 & GM1292 60041, Mukim Malau,		Owned	Ganoderma (RG)	52	21.5	41.3
& GM2158 Lot 2729, Mukim Binjal Daerah Kubang Pasu, Kedah, Malaysia			Ganoderma (GL)	80	78.1	97.6

Location	Company	Owned / rented	Cultivated ingredients	Maximum annual capacity[1] (FYE 28 February 2021)	Actual output per year / harvest[1] (FYE 28 February 2021)	Utilisation rate[2]
				('000 kg)	('000 kg)	(%)
Ningxia, China North of Longma Road, east of Binhu Avenue and south of Shantan Hill Street, Zaoxiang Village, Xinghai Town, Dawukou District, Shizuishan City, Ningxia 753000, China	DXN Agrotech Ningxia	Rented (Land), Owned (Building)	Spirulina	150.0	96.9	64.6
Anxi, China[3] No. 99, Fuxiyang Huaidong Village, Gande Town, Anxi County, Quanzhou City, Fujian Province 362413, China	Anxi Gande Foluohua	Rented	Tea trees	14.4	12.4	85.8
Pondicherry, India R.S no: 141/4, 142/5, Whirlpool Road, Thiruvandar Koil, Mannadipet Commune, Pondicherry 605102, India	DXN Manufacturing India	Owned	Spirulina, Noni	5.0	3.1	62.4
			Noni	72.0	54.5	75.6

Location	Company	Owned / rented	Cultivated ingredients	Maximum annual capacity(1) (FYE 28 February 2021)	Actual output per year / harvest(1) (FYE 28 February 2021)	Utilisation rate(2)
				('000 kg)	('000 kg)	(%)
Odisha, India Khata No. 115/290, Sukai Kateni, Plot No 648, 615, 617, 630 & 619 Sukai Kateni, Dhenkanal Sadar, Dhenkanal Odisha	Daxen Agritech	Rented (Land), Owned (Building)	Ganoderma (RG)	16.5	13.3	80.5
			Ganoderma (GL)	42.0	29.6	70.4

Notes:

(1) Actual output represents the production levels at current normal usage, though this fluctuates with demand. Maximum capacity represents the maximum installed capacity.

(2) Utilisation rate is calculated by dividing actual output by the maximum capacity.

(3) DXN Corporation Ningxia has on 17 May 2022 entered into the Florin Fujian SSA to dispose of its entire 80.0% interest in the total registered share capital in Florin Fujian, and such disposal is expected to be completed within six months from the date of the Florin Fujian SSA. Upon completion of the disposal of Florin Fujian, Anxi Gande Foluohua will no longer be our subsidiary, and accordingly, we will no longer hold the facilities in Anxi, China.

See Section 7.24 of this Prospectus for further details on our material properties and equipment.

7.13.4 Manufacturing facilities

We operate nine manufacturing facilities across Malaysia, China, India, Indonesia and Mexico, and we have another four manufacturing facilities in the pipeline. In the FYE 28 February 2021, we manufactured 90.6% of our direct selling products in-house (based on gross revenue contribution). See Section 7.11 of this Prospectus for further details on our manufacturing processes.

We have a team of 1,416 workers, including 120 technical, 1,149 operations and 147 administrative staff as at the LPD.

The table below sets out certain key information as at the LPD with respect to our manufacturing facilities:

Location	Name of company	Owned/ rented	Main products	Maximum capacity per month[(1)] (FYE 28 February 2021)	Actual output per month[(1)] (FYE 28 February 2021)	Utilisation rate[(2)]
Tlaxcala, Mexico Lot 3 Block 18, in Cuidad Industrial Xicohténcatl, Comunidad de José María Morelos y Pavón, Municipality of Tetla, State of Tlaxcala	DXN Mexico	Owned	Fortified beverages	Lingzhi Black Coffee: 1,485,000 sachets Lingzhi Coffee 3 in 1: 2,610,000 sachets Vita Café: 1,350.000 sachets Cocozhi: 630,000 sachets	Lingzhi Black Coffee: 1,222,087 sachets	82.3
				Lingzhi Coffee 3 in 1: 2,610,000 sachets	Lingzhi Coffee 3 in 1: 1,732,309 sachets	66.4
				Vita Café: 1,350.000 sachets	Vita Café: 1,041,871 sachets	77.2
				Cocozhi: 630,000 sachets	Cocozhi: 541,687 sachets	86.0
Pondicherry, India R.S no: 141/4, 142/5, Whirlpool Road, Thiruvandar Koil, Mannadipet Commune, Pondicherry 605102, India	DXN Manufacturing India	Owned	Spirulina capsules, Spirulina tablets, Noni juice, Roselle juice, virgin coconut oil	Spirulina Tablets: 21,120 bottles Spirulina Capsules: 73,640 bottles Spirulina Powder: 5,120 bottles Noni Juice: 24,000 bottles Roselle Juice: 6,000 bottles VCO: 16,900 bottles	Spirulina Tablets: 13,100 bottles	62.0
				Spirulina Capsules: 73,640 bottles	Spirulina Capsules: 53,000 bottles	72.0
				Spirulina Powder: 5,120 bottles	Spirulina Powder: 3,840 bottles	75.0

Location	Name of company	Owned/ rented	Main products	Maximum capacity per month[1] (FYE 28 February 2021)	Actual output per month[1] (FYE 28 February 2021)	Utilisation rate[2]
				Noni Juice: 24,000 bottles	Noni Juice: 13,300 bottles	55.4
				Roselle Juice: 6,000 bottles	Roselle Juice: 3,300 bottles	55.0
				VCO: 16,900 bottles	VCO: 13,000 bottles	76.9
Himachal Pradesh, India Plot No 120, Industrial Area, Baddi District, Solan, Himachal Pradesh	Daxen Agritech	Rented (Land), Owned (Building)	RG capsules, GL capsules, fortified beverages	20 MT	16 MT	80.0
Kedah, Malaysia GeranMukim 1065 Lot 1728, Mukim Malau Daerah Kubang Pasu, Negeri Kedah	DXN Pharma	Owned	HDS	Capsule: 8,000,000 pieces	Capsule: 7,579,675 pieces	94.7
				Tablet: 15,000,000 pieces	Tablet: 14,710,074 pieces	98.1
				Powder (bottle): 70,000 bottles	Powder (bottle): 65,811 bottles	94.0
				Powder (sachet): 250,000 sachets	Powder (sachet): 218,322 sachets	87.3
				Liquid (external & internal uses): 60,000 bottles	Liquid (external & internal uses): 55,011 bottles	91.7
				Cream / Balm: 60,000 tubes	Cream / Balm: 55,596 tubes	92.7

Location	Name of company	Owned/ rented	Main products	Maximum capacity per month(1) (FYE 28 February 2021)	Actual output per month(1) (FYE 28 February 2021)	Utilisation rate(2)
Kedah, Malaysia Geran Mukim 1065 Lot 1728, Mukim Malau, Daerah Kubang Pasu, Negeri Kedah	DXN Industries	Owned	FFB, PCC products and household products	Premix Beverages: 18,000,000 sachets	Premix Beverages: 16,714,680 sachets	92.9
				Coffee Bulk: 58,000 kg	Coffee Bulk: 9,533 kg	16.4
				Juices/ Enzyme/Jam: 120,000 bottles	Juices/ Enzyme/Jam: 94,706 bottles	78.9
				Cosmetic (tube): 300,000 tubes	Cosmetic (tube): 223,951 tubes	74.7
				Cosmetic (bottle): 150,000 bottles	Cosmetic (bottle): 94,025 bottles	62.7
				Soap: 250,000 bars	Soap: 147,423 bars	59.0
				Dyna Cleen: 20,000 bars	Dyna Cleen: 1,080 bags	5.4
				Other household: 25,000 bottles	Other household: 3,432 bottles	13.7
West Java, Indonesia Jl Pancasila Iv Kp Parung Tanjung Rt 002 Rw 013, Desa Cicadas, Kec. Gunung Putri, Kab Bogor, Gunung Putri, Kab Bogor	Daxen Indonesia	Owned	HDS, beverages	Capsules: 400 kg Tablets: 1,300 kg Powder: 15,000 kg	Capsules: 224 kg	56.0
				Tablets: 1,300 kg	Tablets: 27 kg	2.1
				Powder: 15,000 kg	Powder: 7 kg	0.1

Location	Name of company	Owned/ rented	Main products	Maximum capacity per month[(1)] (FYE 28 February 2021)	Actual output per month[(1)] (FYE 28 February 2021)	Utilisation rate[(2)]
Ningxia, China No.11 Zi Qiang Road, Shizuishan High Tech Industry Development Zone, Dawukou District, Shizuishan City, Ningxia 753000, China	DXN Corporation Ningxia	Owned	FFB, Spirulina tablets	150,000 kg	2,400 kg	1.6
Anxi, China[(3)] No. 99, Fuxiyang Huaidong Village, Gande Town, Anxi County, Quanzhou City, Fujian Province 362413, China	Anxi Gande Foluohua	Owned	Tea products	Oolong tea: 20,000 kg Flavoured tea: 49,000 boxes Dry Bidens Pilosa: 18,000 kg	Oolong tea: 9,300 kg	46.5
				Flavoured tea: 49,000 boxes	Flavoured tea: 6,000 boxes	12.2
				Dry Bidens Pilosa: 18,000 kg	Dry Bidens Pilosa: 3,000 kg	16.7
South Kalimantan, Indonesia Jl. Kong Ex (UPT Gudang Transito) Rt. 009 Rw. 004, Landasan Ulin Selatan Liang Anggang, Kota Banjarbaru Kalimantan Selatan 70722, Indonesia	Daxen KJP	Rented (Land and Factory)	Virgin coconut oil	12,000 kg	1,617 kg	13.5

Notes:

(1) Actual output represents the production levels at current normal usage, though this fluctuates with demand. Maximum capacity represents the maximum installed capacity.

(2) Utilisation rate is calculated by dividing actual output by the maximum capacity.

(3) DXN Corporation Ningxia has on 17 May 2022 entered into the Florin Fujian SSA to dispose of its entire 80.0% interest in the total registered share capital in Florin Fujian, and such disposal is expected to be completed within six months from the date of the Florin Fujian SSA. Upon completion of the disposal of Florin Fujian, Anxi Gande Foluohua will no longer be our subsidiary, and accordingly, we will no longer hold the facilities in Anxi, China.

See Section 7.24 of this Prospectus for more information on our material properties and equipment.

7.13.5 Expansion Plans

We plan to increase our production capacity to meet growing demand for our products. We are building a cultivation facility in Telangana, India, expanding a cultivation facility in Ningxia, China, and building four manufacturing facilities in Ningxia, China; Telangana, India; Pondicherry, India and Tlaxcala, Mexico. We believe that the expansion of our global supply chain will help us address several supply impediments such as currency fluctuation, complex regulatory requirements for imported products, delays and restrictions in product registration, stock shortages and logistics and inventory holding costs.

Location	Facilities	Expected Products and Output	Expected maximum capacity per month (FYE 28 February 2021)	Status	Estimated Cost
Telangana, India Survey No: 392 and 206, Siddipet Industrial Park, Rajagopalpet and Mandapally Village, Nangunoor Mandal, Siddipet Dist. Telangana - 502 267, India	Cultivation of Ganoderma and Spirulina Owned	RG: 2,600 kg GL: 5,000 kg Spirulina: 50 kg Noni: 3,120 kg	RG: 2,600 kg GL: 5,000 kg Spirulina: 105 kg Noni: 3,120 kg	85% completed Estimated completion: Fourth quarter of 2022	RM 6.8 million
Ningxia, China North of Longma Road, east of Binhu Avenue and south of Yushantan Street, Zaoxiang Village, Xinghai Town, Dawukou District, Ningxia 753000	Cultivation of Spirulina and mycelium of Cordyceps and Lion's Mane mushroom Spirulina project: Leased mycelium project: Owned	Spirulina powder: 6,000 kg mycelium powder: 15,000 kg	Spirulina powder: 12,500 kg mycelium powder: 25,000 kg	85% completed: Estimated completion: Fourth quarter of 2022	RM38.7 million
Ningxia, China No.11 Zi Qiang Road, Shizuishan High Tech Industry Development Zone, Dawukou District, Shizuishan City, Ningxia 753000, China	Manufacturing Owned	Coffee, oocha, lemon matcha: 35,000 kg Spirulina tablets: 9,375 kg Apple enzyme: 15,000 kg Noodles: 8,500 kg Carbonated drinks: 20,000 kg	Coffee, oocha, lemon matcha: 70,000 kg Spirulina tablets: 18,750 kg Apple enzyme: 30,000 kg Noodles: 17,000 kg Carbonated drinks: 63,000 kg	85% completed: Estimated completion: Fourth quarter of 2022	RM61.2 million

7. BUSINESS OVERVIEW *(Cont'd)*

Location	Facilities	Expected Products and Output	Expected maximum capacity per month (FYE 28 February 2021)	Status	Estimated Cost
Telangana, India Survey No: 392 and 206, Siddipet Industrial Park, Rajagopalpet and Mandapally Village, Nangunoor Mandal, Siddipet Dist. Telangana - 502 267, India	Manufacturing Owned	Coffee products: 103,875 pouches Wet food products: 75,000 bottles Capsules: 150,000 bottles Soap products: 81,250 bars Paste products: 213,750 tubes	Coffee products: 311,625 pouches Wet food products: 225,000 bottles Capsules: 829,440 bottles Soap products: 243,750 bars Paste products: 641,250 tubes	85% completed Estimated completion: First quarter of 2023	RM202.3 million
Pondicherry, India R.S.No.6/2,Plot No.B-20,5th Cross, PIPDIC Industrial Estate, Thirubhuvanai, Pondicherry – 605 107, India	Manufacturing Rented (Land), Owned (Building)	Spirulina cereal: 7,500 kg Cordyceps cereal: 7,500 kg	Spirulina cereal: 90,000 kg Cordyceps cereal: 90,000 kg	70% completed (fully constructed building awaiting machinery) Estimated completion: Fourth quarter of 2022	RM0.7 million
Tlaxcala, Mexico Factory No. 2 La Soledad 200, Ciudad Industrial Xicohtencatl 1, Tetla de la Solidaridad, Tlaxcala, CP 90434, Mexico	Manufacturing Offices, Coffee Production, Supplements Production, Juices Production, Warehouse, Manoeuvring yard, Guard House Owned	Coffee: 7,500,000 sachets Food supplement s: 35,000 bottles Juices: 7,500 bottles	Coffee: 15,000,000 sachets Food supplements: 70,000 bottles Juices: 15,000 bottles	90% completed Estimated completion: Third quarter of 2022	RM21.0 million

Cultivation and manufacturing facilities in Telangana, India

We have acquired 46.9 acres of land in Siddipet, Telangana with the intention to build a cultivation facility and a 6.7-acre manufacturing facility. We plan to cultivate Spirulina and Ganoderma and to produce F&B and cosmetics at this location. This facility is intended to produce a full range of products for India and nearby countries, reducing ordering and delivery time from Malaysia and helping us to save costs. We expect to finish construction of our Ganoderma and Spirulina factory and our coffee, juice and toiletries factories in the first quarter of 2023. Upon completion of the construction of the cultivation and manufacturing facilities, we expect our production capacity of Ganoderma in India to increase by approximately 75% from our current capacity to up to 244 tonnes, our production capacity of soap to increase by up to 73 tonnes, toothpaste to increase by up to 385 tonnes, juice to increase by up to 185 tonnes and coffee to increase by up to 552 tonnes.

We expect the total cost for this facility to be RM209.1 million, of which we have already incurred RM157.9 million as at the LPD. This project is financed using our internally generated funds.

Manufacturing facility in Pondicherry, India

We have a manufacturing facility in the pipeline in Pondicherry, India. This facility will primarily be used to manufacture Spirulina cereal and Cordyceps cereal products. We expect to commence manufacturing in the fourth quarter of 2022 with a maximum production capacity of 17 tonnes per month.

We expect total cost to set up the production line for this facility to be RM0.7 million, of which we have already incurred RM0.2 million as of the LPD. This project is financed using our internally generated funds and bank borrowings.

Cultivation facility in Ningxia, China

We have a cultivation facility in Ningxia, China that comprises 250 shed ponds for Spirulina cultivation and production, an R&D shed for agricultural activities and a plantation area. The facility is primarily being used to cultivate Spirulina, Lion's Mane mycelium, Cordyceps mycelium and other mycelia of edible fungi. The cultivation capacity of Spirulina at this facility is approximately 150 tonnes per year.

We expect the total cost for the expansion of this facility to be RM38.7 million, of which we have already incurred RM34.5 million as of the LPD. This project is financed using our internally generated funds.

Manufacturing facility in Ningxia, China

We are in advanced stages of constructing an additional manufacturing facility in Ningxia, China. This facility is being built on existing land adjacent to our current research and manufacturing facilities in Ningxia and will be used to produce carbonated beverage products while simultaneously serving as a distribution centre for our products to our subsidiaries in our Group. We expect to obtain cost advantages from utilising our new facilities in China as a result of inland freight subsidies for export companies, preferential property tax policies for newly established small enterprises and export tax rebate based on products and quantity exported, among other incentives. We expect that the new manufacturing facility will commence production by the fourth quarter of 2022 and will be able to produce up to 36% of the current existing full production capacity of the Ningxia manufacturing facility.

We expect total cost for this facility to be RM61.2 million, for which we have already incurred RM49.4 million as of the LPD. This project is financed using our internally generated funds.

Manufacturing facility in Tlaxcala, Mexico

We have a manufacturing facility in the pipeline in Tlaxcala, Mexico, which will be our second factory in Mexico. We plan to build this facility on existing land several kilometres from our current manufacturing facility in Tlaxcala and it will have production lines for FFB, including premixed coffee, premixed cocoa and juices, as well as production lines for food supplement products, including capsules and tablets. This facility is intended to serve the Mexico and Latin America markets, so as to reduce ordering and delivery time from Malaysia and help to save costs. We expect to complete construction of this manufacturing facility in the third quarter of 2022, which should both enable the production of new products as well as double the production capacity of our manufacturing facilities in Mexico.

We expect total cost for this facility to be RM21.0 million, for which we have already incurred RM20.4 million as at the LPD. This project is financed using our internally generated funds.

7.14 Quality Control

The quality of our products is a key part of our value proposition to consumers. Product quality and safety are key factors to building trust in our brand and ensuring customer satisfaction. In order to ensure that we provide consistent product quality, we have put several tiers of quality control measures in place.

For example, our manufacturing facilities are designed around GMP principles, which set the foundation for all other quality management systems and certifications used in the manufacturing of our FFB, HDS and PCC products. By using GMP systems in our facilities' design and maintenance, equipment calibration and preventive maintenance, personnel qualification and training, hygiene and sanitation, process validation, record keeping and other processes, we are able to produce safe and quality products in controlled operational and environmental conditions. Further, a significant number of our products are Halal certified to appeal to Muslim consumers.

We have implemented strict quality control procedures at each of our in-house research, cultivation and manufacturing facilities in accordance with local regulatory requirements and as applicable, the regulatory requirements of respective export markets. We also hold ourselves to industry standards of business ethics, for example, compliance with the DSAM Code. See Section 7.26 of this Prospectus for further details on governing laws and regulations relating to our industry.

We have also established a quality control programme that meets and complies with the requirements of a range of international food safety, quality and environmental management systems. For example:

- In 1997, we received GMP certification for our Ganoderma factory. GMP is a system for ensuring that products are consistently produced and controlled according to international quality standards.

- In 1999, DXN Pharma's facility received the ISO 9001 certification, which is the international standard that specifies requirements for a quality management system and ensures that customers get consistent, good-quality products and services.

- In 1999, DXN Pharma's facility obtained the Certificate of GMP Compliance of a Manufacturer from the Australian Government's Department of Health Therapeutic Goods Administration. This certification enables the facility to manufacture, export and sell HDS in Australia.

- In 2000, DXN Pharma's facility received the ISO 14001 certification, which is the international standard that specifies requirements for an effective environmental management system. The intended outcomes of an environmental management system include the enhancement of environmental performance, the fulfilment of compliance obligations and the achievement of environmental objectives.

- In 2006, DXN's Laboratory Department received the MS ISO/IEC 17025 certification, which specifies the general requirements for the competence, impartiality and consistent operation of testing and calibration laboratories.

- In 2007, DXN Pharma's cultivation facility received the myOrganic certificate from the Malaysian Ministry of Agriculture and Agro-Based Industry (now Ministry of Agriculture and Food Industries) for the cultivation of Ganoderma, elm oyster mushroom, Lion's Mane mushroom, poria cocos fungus, splitgill mushroom, Tiger Milk mushroom and Cordyceps, which certifies that our cultivation of these crops have met the Malaysian Standard MS 1529: 2001 for the production, processing, labelling and marketing of plant-based organically produced food.

- In 2011, DXN Industries' F&B products received the GMP and HACCP certification, which is an international standard defining the requirements for effective control of food safety. HACCP is a management system in which food safety is addressed through the analysis and control of biological, chemical, and physical hazards from raw material production, procurement and handling, to manufacturing, distribution and consumption of the finished product.

- In 2017, the DXN Pharma cultivation facility received the USDA's NOP Control Union Certification, which enforces the USDA organic regulations.

- In 2017, the DXN Pharma cultivation facility received the European Union Organic certification, which certifies that a product has fulfilled strict conditions on how they must be produced, processed, transported and stored and contains at least 95% of organic ingredients (with further strict conditions for the remaining 5%).

- In 2017, the DXN Pharma cultivation facility received the myOrganic certificate from the Malaysian Ministry of Agriculture and Agro-Based Industry (now Ministry of Agriculture and Food Industries) for the cultivation of Spirulina.

- In 2018, the DXN Pharma cultivation facility received the myOrganic certificate from the Malaysian Ministry of Agriculture and Agro-Based Industry (now Ministry of Agriculture and Food Industries) for the cultivation of Noni.

- In 2020, DXN Industries received the ISO 22716:2007 (Cosmetic) certification, which provides GMP guidelines for the production, control, storage and shipment of cosmetic products. These guidelines cover the organisational and practical aspects on the management of the human, technical and administrative factors affecting product quality.

- As of the LPD, 264 of our products were Halal certified by JAKIM and its Recognised Foreign Halal Certification Body (FHCB).

See Section 7.32 of this Prospectus for further details on our key accreditations.

We also have a quality assurance and quality control department responsible for maintaining quality standards throughout our production process. Its functions include: setting internal controls and specifications for incoming materials, work-in-progress and finished products; conducting quality inspections; ensuring the correct implementation of quality management systems; establishing procedures; record keeping; maintaining the validity of equipment and instruments; providing training; auditing production facilities and records to ensure the delivery of quality products; and reviewing supplier quality control systems. Our quality control department is in charge of applying for and maintaining our Halal certifications, as well as ensuring that our facilities and products are compliant with regulatory requirements including maintaining manufacturing licences, product registration and notifications and ensuring that our product packaging meets labelling requirements.

We conduct stability tests for each of our products with a testing schedule of at least one batch per year and for every instance when there is a change in the product formulation or ingredient. The stability tests are a series of tests to obtain an assurance of the stability of a product, namely the maintenance of the specifications of the product packed in its specified packaging material and stored at the established storage condition within the determined time period. Stability is an essential factor of the quality, safety and efficacy of a product. Further, before our products are released for sale, all batches of these products are sent for variable testing, which includes physical testing, microbiological testing and chemical testing, as applicable and/or as required by local or exporting country laws and regulations.

In the event that any of our products are required to be recalled or withdrawn, we have recall procedures already in place. See Sections 5.1.5 and 5.1.6 of this Prospectus for more information. We also conduct mock product recalls at least once per year to ensure the effectiveness of our recall procedures.

Further, we have quality assurance and control procedures in place to ensure supplier compliance with our product safety and quality standards. Suppliers must undergo a quality screening process before we commence working with them. Our quality department assesses such products based on technical specifications, quality specifications and inspection standards. Upon receipt of product shipments from suppliers, we perform quality inspections on random samples to detect any quality issues.

7.15 IT

Our IT systems, consisting of Member support tools and internal management tools, are key to our business operations. As at the LPD, we have an internal IT department team of 70 personnel, including IT personnel from Suryasoft (which we acquired in April 2022), to provide solutions to Members and our management.

We developed the majority of our systems in-house and together with Suryasoft and as such, we are not required to pay any licence fees and are able to be efficient in a global roll-out. Further, we believe that developing some systems in-house has enabled our IT systems to be more secure and reliable. The systems that we have developed in-house include our OBS, eWorld website, DXN app, DChat app, regional website, ERP, HRMS, ACIS, and CPS. Where required, we outsource certain services to third parties to develop specific components, applications or programmes, including our DChat app and Laboratory Management System (LMS).

An overview of our IT systems is set out below:

Member Support Tools

eWorld / DXN App ★

- Portal for Members, non-members and local branches, with both web and app interfaces
- Members can manage their DXN activities (purchases, earnings and marketing content) and track and redeem their ePoints
- Non-members can access marketing content
- Local branches can publish and disseminate marketing content

Regional / Member Personal Websites ★

- Over 110,000 personal websites for members set-up hosted on DXN regional websites
- Members can engage, recruit and sell to end-customers online
- Marketing content is automatically synced to latest from eWorld

DChat App

- Messaging app to facilitate communication between us, Members and end-customers
- End-customers can directly communicate with our customers and Members service regarding products
- Members can engage other Members, for example, Member-leaders may use this platform for team bonding and to engage with subordinates
- To eventually converge with eWorld app in providing member portal functionalities

Internal Management Tools

Online Billing System (OBS) ★

- Operations management system used for local branch management
- Local branches can track recruitment, sales, and place purchase orders from manufacturing facilities

Enterprise Resource Planning System (ERP) ★

- Supply chain management system used by production managers
- Production managers can track purchase orders, track production output/statuses, create consolidated packing lists for shipping, and generate invoices

Laboratory Management System (LMS)

- To provide quotation to customers and receive orders from local and overseas customers to perform laboratory testing
- Conduct laboratory testing services on samples provided, under controlled conditions

Human Resource Management System (HRMS)

- Portal for employees and managers, with both web and app interfaces
- Employees can manage employee profile, check work calendar (including work shifts), apply for overtime/leave
- Managers can approve/reject overtime/leave applications, and submit employee appraisals

Accounting Information System (ACIS) ★

- Finance management system used by us and local branch finance managers
- Finance managers can track sales data, generate financial reports (including local tax report), monitor key financial metrics, and maintain an accounting ledger

Centralized Processing System (CPS) ★

- Central system consolidating sales and member data across the Group
- Calculates member qualification status, member tiers, and member bonus earning based on algorithms set out in the respective local marketing plans

★ Key Platform

We have established disaster recovery procedures for our IT systems, including a recovery plan for our server sites and restoration or rebuilding of our entire process systems.

7.15.1 Member support tools

We have developed a series of in-house Member support tools, which provide an ecosystem of technological solutions tailored to our specific business needs. As these systems were developed in-house, there are minimal licencing fees. Such tools include:

- **Our online portal.** We have an online portal with both web (eWorld) and mobile application (DXN app) interfaces. This portal is accessible by Members, non-Members, our local sales branches and external distribution agencies. It allows Members to track and manage purchases, earnings, marketing content and to track and redeem their e-Points; non-Members to access marketing content and to register for membership; and local sales branches and external distribution agencies to publish and disseminate marketing content. Between 1 January 2021 to 31 December 2021, the eWorld website had over 690,000 unique visitors per month, with an average page per visit engagement rate of approximately 34 pages.

- **Online ordering system.** Our online ordering system allows our Members and non-Members worldwide to easily order our products online which we believe partially contributes to an increase in our sales locally and overseas.

- **Personal websites.** Starting from December 2017, Members from 80 countries are able to set up personal websites on our eight regional websites. Marketing content on these personal websites is automatically updated and synced with content from our eWorld web portal, which we maintain. As at the LPD, 111,290 Members have set up these personal websites.

- **DChat app.** This mobile application allows for communication between us, our Members and end-customers and allows Members to redeem their ePoints. We have plans to add a recruitment module, similar to the eWorld web portal, to the DChat app.

7.15.2 Internal management tools

We have developed a series of in-house internal management tools used to support our business operations and Member support tools. As these systems were developed in-house, there are minimal licencing fees. In addition, the systems are tailored to our specific needs and we are able to flexibly and continually update these tools based on new market and technical trends.

We use IT tools in our manufacturing process. By establishing a system that keeps track of our inventory level of raw materials, we are able to exercise better control over our inventory. This helps us maintain a sufficient buffer for our "Just in Time" practice to ensure that the quality of our materials is maintained at a maximal level and to prevent wastage of materials and products.

Other tools include:

- **Online Billing System**, the operations management system used by our sales branches to track recruitment, sales and inventory levels, and to place purchase orders from our manufacturing facilities.

- **Enterprise Resource Planning System**, the supply chain management system used by our production managers to track purchase orders and production output/statuses, create consolidated packing lists for shipping and generate invoices.

- **Centralised Processing System**, our internal system used to consolidate sales and Member data from across our entire business. It is used to calculate Member qualification statuses, Member tiers and Member bonus earnings based on algorithms set out in the respective local marketing plans.

- **Laboratory Management System**, our system used to provide quotes to customers and to receive orders for laboratory testing, as well as to conduct laboratory testing services on samples provided under controlled scientific conditions. This system is used by Bio Synergy's laboratory to provide both internal and external services.

- **Human Resource Management System**, our internal human resources portal for employees and managers, which allows our employees to manage their employee profile, check their work calendar (including work shifts), and apply for overtime and leave and allows managers to submit employee appraisals.

- **Accounting Information System**, our internal finance management system which tracks sales data, generates financial reports (including local tax reports), monitors key financial metrics, and maintains an accounting ledger.

7.16 Our Customers and Suppliers

7.16.1 Customers

Our customers are Members (including stockists), non-Members and external distribution agencies. As at the LPD, we have over 12.7 million registered Members, of which 2.8 million are active Members, 1,989 are stockists and 14 external distribution agencies.

The following table sets out the revenue contribution from sales to our Members, non-Members and external distribution agencies for the financial years/period indicated:

	FYE 28/29 February						FPE 31 December	
	Audited							
	2019		2020		2021		2021	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Gross sales to Members and non-Members	891,233	91.44	1,078,918	91.00	1,067,750	91.17	1,000,777	93.55
Gross sales to:								
– external distributor agencies	64,869	6.66	81,250	6.85	78,530	6.71	47,204	4.41
– external parties[(1)]	4,911	0.50	5,210	0.44	5,242	0.45	3,538	0.33
Other sales[(2)]	1,006	0.10	4,873	0.41	2,948	0.25	872	0.08
Other business activities	12,697	1.30	15,404	1.30	16,679	1.42	17,427	1.63
Gross revenue	974,716	100.0	1,185,655	100.0	1,171,149	100.0	1,069,818	100.0
Less: Consideration due/paid to customers[(3)]	(67,494)		(81,047)		(120,944)[(4)]		(54,107)	
Revenue	**907,222**		**1,104,608**		**1,050,205**		**1,015,711**	

Notes:

(1) *Gross sales to external parties comprise of sales of raw materials.*

(2) *Other sales comprise of income from trading sales which are products not sold under the direct selling model and includes sales of FFB products and tea products in China and non-recurring sales of electrical appliances and skin care products, and one-off sales of machines made to Florin Fujian and Anxi Gande Foluohua in the FYE 29 February 2020, which later became our subsidiaries.*

(3) *Consideration due/paid to customers comprises personal effort-related performance bonus and service centre commission, netted against gross revenue in accordance with presentation consistent with MFRS 15.*

(4) *Includes the 10.0% Discount Promotion. Each qualified Member's total discount was limited to the amount of their purchases made in April 2020 and May 2020. For accounting purposes, the discount was fully accrued in the FYE 28 February 2021.*

There are no individual customers who contributed more than 5.0% of our Group's revenue in each of the FYE 28 February 2019, FYE 29 February 2020 and FYE 28 February 2021, and the FPE 31 December 2021. We are not dependent on any particular customer.

For Members in our direct selling business, we practise a standardised cash, online payment and credit card transaction management policy. In all jurisdictions, Members are also able to make purchases using ePoints awarded so that we can credit the bonuses earned by Members for them to purchase products or withdraw cash. When a Member makes a purchase via ePoints, we deduct the equivalent amount from the Member's bonus payable account and credit the amount to our books. For external distribution agencies, we allow payment by letters of credit ranging from 30 to 90 days. These credit terms are determined on a case-by-case basis and we take into consideration factors such as our business relationship with the external distribution agency, customer creditworthiness, historical payment trends as well as transaction volume and value.

7.16.2 Major Suppliers

Our suppliers are third parties from whom we purchase our raw materials to cultivate mushrooms (such as rubberwood sawdust and rice chaff), raw materials used in the production of our FFB and HDS products (such as coffee powder, creamer and sugar), and packaging materials (such as capsules and plastic containers). We rely on short-term agreements with some of our major suppliers, with purchases from our suppliers conducted on a purchase order basis. We also purchase finished goods comprising, among others, F&B (such as tea sachets and zhi mint candy), home appliances (such as water filtration systems and kettles) and personal care products (such as soap and hair oil).

We are not dependent on our major suppliers as we have a number of suppliers who can provide us with our raw materials, finished goods and packaging material needs to similar specifications and quality. Our suppliers normally extend a credit period to us ranging from 30 to 60 days.

Our top five major suppliers and their contribution to our purchases in terms of amount and percentage for the years/period indicated are as follows:

FYE 28 February 2019

Supplier	**Country**	**Length of relationship as at the LPD**	**Products purchased**	**Purchases (RM million)**	**% of total purchases**
Supplier A^*(1)	Malaysia	5 years	Spirulina powder, non-dairy creamer, dicalcium phosphate, pearly powder, gingko leaf, celery powder, psyllium husk, polypropylene plastic, tubes	15.5	11.5%
Supplier B^(2)	Singapore	3 years	Vegetable capsule, spray dried instant coffee powder	11.9	8.8%
Dan Kaffe (Malaysia) Sdn Bhd	Malaysia	12 years	Instant coffee powder, coffee powder, spray dried coffee powder	10.8	8.0%
Supplier C*(3)	Malaysia	4 years	Wheat cereal, malt extract powder, instant oat, non-dairy creamer	7.7	5.7%
Olam International Limited	Singapore	7 years	Spray dried soluble coffee	5.8	4.3%
Total				**51.7**	**38.3%**

FYE 29 February 2020

Supplier	Country	Length of relationship as at LPD	Products purchased	Purchases (RM'million)	% of total purchases
Supplier B^(2)	Singapore	3 years	Vegetable capsule, spray dried instant coffee powder	9.0	7.3%
Supplier C*(3)	Malaysia	4 years	Wheat cereal powder, non-dairy creamer, wheat cereal flakes, instant oats, malt extract powder	8.6	7.0%
Supplier A^*(1)	Malaysia	5 years	Spirulina powder, coffee, aluminium toothpaste tubes, panax ginseng root powder, dicalcium phosphate dihydrate, instant black tea powder, psyllium husk, gingko leaf, pearly powder, celery powder, polypropylene plastic, tubes	7.3	6.0%
Dan Kaffe (Malaysia) Sdn Bhd	Malaysia	12 years	Instant coffee powder, coffee powder, spray dried coffee powder	6.2	5.1%
MSM Prai Berhad	Malaysia	13 years	Fine sugar, caster sugar	5.2	4.3%
Total				**36.3**	**29.7%**

FYE 28 February 2021

Supplier	Country	Length of relationship as at LPD	Products purchased	Purchases (RM million)	% of total purchases
Supplier C*(3)	Malaysia	4 years	Wheat cereal powder, non-dairy creamer, wheat cereal flakes, instant oats, malt extract powder	9.5	6.6%
Daehsan Biotech Pvt Ltd	India	4 years	RG and GL30 capsules, RG and GL90 capsules, RG and GL360 capsules, RG and GL powder	8.4	5.8%
MSM Prai Berhad	Malaysia	13 years	Caster sugar, fine sugar	6.7	4.7%
Supplier B^(2)	Singapore	3 years	Vege-empty capsules, spray dried instant coffee powder, instant coffee powder	6.2	4.3%
Dan Kaffe (Malaysia) Sdn Bhd	Malaysia	12 years	Instant coffee powder, coffee powder, spray dried coffee powder	5.3	3.7%
Total				**36.1**	**25.1%**

FPE 31 December 2021

Supplier	Country	Length of relationship as at LPD	Products purchased	Purchases (RM million)	% of total purchases
Olam International Limited	Singapore	7 years	Spray dried soluble coffee	7.2	5.2%
Kerry Ingredients (M) Sdn Bhd	Malaysia	13 years	Non-dairy creamer	6.9	5.0%
Dan Kaffe (Malaysia) Sdn Bhd	Malaysia	12 years	Non-dairy creamer and foaming powder	6.7	4.9%
SLM Packaging Sdn Bhd	Malaysia	11 years	Packaging material	6.6	4.8%
Daehsan Biotech Pvt Ltd	India	4 years	RG and GL30 capsules, RG and GL90 capsules, RG and GL360 capsules, RG and GL powder	5.9	4.3%
Total				**33.3**	**24.2%**

***Notes**:*

^ *Supplier A and Supplier B have a common shareholder.*

* *Supplier A and Supplier C have a common shareholder and director.*

(1) Supplier A is principally involved in the import and wholesale of other foodstuffs and other food ingredients.

(2) Supplier B is principally involved in the wholesale trade of a variety of goods without a dominant product and retail sales via the internet.

(3) Supplier C is principally involved in the general trading in all types of goods and products.

The names of Supplier A, Supplier B and Supplier C have not been disclosed as we have ended our relationship with Supplier A during the FYE 28 February 2021 and ended our relationships with Supplier B and Supplier C between February 2021 and May 2021. We have not faced any disruption from the transition to other suppliers and we did not experience any material impact to our raw material costs and profit margins for the FPE 31 December 2021 following the termination of these relationships with such suppliers.

7.17 Employees

As at the LPD, we have approximately 2,981 employees in our Malaysian and overseas branches, of which a total of 1,964 employees are in Malaysia. The 2,981 employees as at the LPD includes not more than 252 contractual employees.

The following table sets out the number of our employees by function for the periods indicated:

Function	As at 28 February 2021	As at the LPD
Managerial	72	90
Manufacturing and Warehouse	1,522	1,819
Human Resources and General Affairs	113	115
Finance and Accounting	149	182
Internal Audit	16	18
Sales and Marketing	335	420
Information Technology	58	71
Procurement and Publication	43	50
Laboratories and Product Development	259	122
F&B[(1)]	20	17
Others[(2)]	191	77
Total	**2,778**	**2,981**

***Notes**:*

(1) F&B comprises of employees under our F&B subsidiaries, DXN Cafe, Box Park Management and DXN Food Tech, with the principal function of promoting our F&B product to the public.

(2) Others comprise general workers such as security and support staff.

The following table sets out the number of our employees by jurisdiction in which we operate for the periods indicated:

Jurisdiction	As at 28 February 2021	As at the LPD
Malaysia	1,855	1,964
India	251	300
Mexico	104	103
Indonesia	117	122
Bolivia	13	15
Thailand	28	28
Philippines	100	96
Europe	55	55
Peru	15	16
USA	12	13
China	126	144
Others	102	125
Total	**2,778**	**2,981**

Some of our employees belong to unions. Our branches have cooperated with the following unions: DXN Labour Union in DXN Manufacturing India in India, National Union "President Adolfo Lopez Mateos" of Workers and Employees of the Commerce in DXN Mexico in Mexico, Joint Trade Union Committee in DXN Corporation Ningxia in China and Labour Union in Anxi Gande Foluohua in China. The rights and obligations under our relationship with the various unions are set out in collective labour agreements entered into by us and the respective unions. We have not experienced any material industrial disputes in the past three years.

In Malaysia, we actively recruit students from universities, colleges and technical schools through our internship programme, which provides students with industrial and practical training experience.

We conduct education and training programmes for employees throughout all levels of our organisation regularly throughout the year. We conduct On Job Training ("**OJT**") through continuous information and reminders to ensure that employees are complying with our standard operating procedures at all times. OJT topics include personal hygiene, standard operating procedures, Work In Progress systems, halal training and safety briefings. In Malaysia, we also sometimes host events for employees with guest speakers from government agencies or non-governmental organisations to present on various issues. Guest speakers invited so far include representatives from Employees Provident Fund ("**EPF**") Board, Social Security Organisation ("**SOCSO**"), Department of Occupational Safety and Health of Malaysia ("**DOSH**"), BOMBA, Royal Malaysia Police, Department of Labour and AADK.

Our employees' health and safety in the workplace is one of our main priorities. In addition to conducting on-going training and industrial accident prevention programmes to ensure that employees at all levels are aware of safety requirements, we have also formed emergency response teams to provide aid and assist with evacuations during emergencies.

Total remuneration for our employees includes monthly salary, SOCSO and EPF contributions (for Malaysia), bonuses, incentives, allowance and retirement benefits which is mandatory for employers in almost all countries where we operate. We also offer other benefits including health insurance. We maintain insurance policies for our employees such as group personal accident and group hospital and surgical insurance and make regulatory contributions to statutory insurance schemes under prevailing worldwide industry practices.

We also focused on building and maintaining our corporate culture. Before the COVID-19 pandemic, our employee engagement initiatives in Malaysia included an annual dinner to recognise employees for their performance and loyalty and an internal monthly newsletter. For employees in other jurisdictions, we variously provide free products, awards for long service and festive gatherings.

We strongly believe and are committed to respecting human rights, including those of our employees and workers. The following are labour practices that we follow:

- We are committed to providing safe, confidential and accessible channels to our workers to speak out and have appointed workers' representatives, provided suggestion boxes and established grievance mechanisms and a whistleblowing policy.
- We do not impose hidden costs on our workers and have a zero-recruitment-fee policy.
- Our workers have freedom of movement outside of their working hours.
- Our working areas and accommodations are not isolated from nearby towns and opportunities for recreation.
- We have strict policies in place against sexual harassment, drugs and alcohol.
- Our workers have full access to all originals of their identity documents that are available to them at all times.
- We do not unlawfully withhold or deduct salaries.
- We provide our migrant workers who live on our premises with sufficient workspaces and accommodations that comply with all relevant laws.
- Our overtime is strictly voluntary and we limit the maximum working hours to within the maximum set by relevant national laws.

- Our Code of Conduct also prohibits all types of forced, bonded or indentured labour at our facilities and we require our suppliers to prohibit these activities as well.

7.18 Competition

We consider our primary competition to be other companies offering health-oriented and wellness consumer products and other direct selling companies in the markets where we operate.

We primarily compete based on quality, price, brand reputation and Member relationships. For example, we have been able to generate both a high volume of sales and high profit margin in our major markets by providing our Members with in-house manufactured differentiated products, with capital expenditure similar to that of comparable publicly listed direct selling companies with manufacturing capabilities.

We consider our "One World One Market" strategy to be a competitive advantage. See Section 7.6.4 of this Prospectus for further details on our global marketing strategy.

7.19 Seasonality

In Malaysia and other markets with a significant Muslim population, we observe a non-material fluctuation in sales during Ramadan. In other markets, we may observe decreases in sales around Christmas or summer vacation. We also experience seasonal trends in respect of our cultivation activities. Our Spirulina yield in India is typically lower during the rainy season which occurs from September to December and Ganoderma cultivation typically slows during the winter season which occurs from December to March the following year. These country-specific seasonal trends tend to even out when observed on a global basis and do not have a material impact on our sales.

We also observe a global peak in demand on an annual basis in advance of our annual price increase.

7.20 Price Volatility

Prices of products in our industry are characterised by a gradual increase over time, primarily due to an increase in production costs and demand for products with higher value-add. The prices of some of the raw materials, packaging materials and finished products that we purchase from suppliers may also be impacted by fluctuations in inflation. We may also be impacted by currency rate fluctuations for items that we import.

We have sought to minimise price volatility. For example, we have set up multiple production and manufacturing facilities in the regions of our major markets. These regional facilities have allowed us to reduce certain costs relating to imports, operations and manufacturing, and the transportation and delivery of our products. We have also been able to benefit from currency exchange rates and buffer stock and incentives provided by local authorities.

Broadly speaking and with exceptions for particular SKUs and particular markets, we have been able to increase our prices across our business in recent years. If we can increase our prices without a detrimental effect on our sales volumes, we expect our revenue to increase; conversely, if either or both of our sales volumes and our prices were to decrease, we expect an adverse effect on our revenues. For further details on how prices of our products have affected our revenues, see Section 12.2.2(ii) of this Prospectus.

7.21 Insurance

We maintain insurance policies to cover a variety of risks relevant to our business needs and operations. We maintain property insurance with respect to our property, assets (save for certain biological assets) and inventory in our offices, factories, warehouses, sales centres and branches. We also carry public liability insurance as well as directors' and officers' liability insurance, group hospital and surgical, group personal accident, fidelity guarantee, money, burglary, marine cargo, aircraft, vehicle, goods-in-transit and product liability insurance related to our operations.

The following table sets forth certain information about the insurance policies covering key aspects of our business as taken by our Group:

Type of insurance	Coverage amount (RM'million) [(1)]
Aircraft	13.7
Burglary	15.8
Directors and Officers Liability	30.0
Earthquake	15.9
Fire / Property Insurance	356.4
Fire Consequential Loss	137.6
Goods In Transit	19.4
Group Personal Accident	154.1
Marine Cargo[(2)]	479.4
Cash in safe, Cash within premises, Cash in Transits	21.4
Multirisk / All-risk	34.9
Property / Inventory	142.1

***Notes**:*

(1) Refers to total coverage amount covering key aspects of our Malaysian and overseas businesses.

(2) Marine cargo insurance covers shipments from Malaysia to overseas as well as shipments throughout Malaysia. The information provided covers two insurance policies with significant sums insured.

We conduct a periodic review of our insurance coverage and consider the amount of our insurance coverage to be adequate for a company of our size, considering the activities we conduct, and to meet the risks associated with our operations.

7.22 Major Licences and Permits

We have various licences and permits for our operations in Malaysia and other jurisdictions where we operate. Details of our major licences, permits and approvals are set out in Annexure A of this Prospectus. Save as disclosed in Annexure A of this Prospectus, our Group is not dependent on any major licences, permits and approvals for our business operations.

7.23 Interruption to our Business

Impact of COVID-19 on our business

The COVID-19 pandemic has impacted various aspects of our business, including logistics, production and supply chain, all of which have affected our profitability, particularly between April and May 2020.

We have implemented and will continue to implement various precautions, restrictions and measures aimed at safeguarding the health of our employees and the stability of our operations and financial condition at our offices, research, cultivation and manufacturing facilities and other premises in response to COVID-19. For example, we have directed certain employees to work from home and pivoted from conducting face-to-face meetings with suppliers, Members (including stockists) and external distribution agencies to increasing our reliance on social media, webinars, video calls and other online tools. We seek to comply with all health and safety procedures that authorities prescribe and as such have implemented various sanitising and disinfecting procedures at our premises in accordance with government recommendations. In addition, we have also taken additional health and safety measures such as providing hand sanitiser and face masks to our staff, conducting daily temperature checks, sanitizing our offices and facilities and regular intervals and adopting a mask-on policy for our staff at our premises.

Since the outbreak of the COVID-19 pandemic, we have had to comply with government directives aimed at controlling the pandemic in the various countries in which we operate, including lockdowns and other restrictions on the movement of people and goods, social distancing and workplace safety measures. For further details on the impact of the COVID-19 pandemic on our business, financial condition and results of operations, see Section 5.1.8 of this Prospectus.

As a result of these restrictions, we have faced labour shortages, logistical disruptions in the shipment of our products and cessations in our operations which have led to loss in productivity and cost overruns. Further, movement and social distancing restrictions have impacted the ability of our Members to make sales. Such restrictions primarily had an impact on our results of operations from April to June 2020. We have continued to encounter intermittent shipment delays up to the LPD, although the situation has gradually improved since the second half of 2020 and has not had a material impact on our operations.

Between May to July 2021, we closed certain of our coffee and juice production facilities in Malaysia for a total of 15 days due to employees at such facilities testing positive for COVID-19, as required by the MOH. For further details, see Section 5.1.8 of this Prospectus.

Other Interruptions

In September 2020, an electrical fault at one of our facilities resulted in a fire which engulfed one of our warehouses in our manufacturing facility in Kedah, Malaysia. The fire resulted in the loss of all of our inventory in that warehouse, which is approximately three months' worth of stock. We typically maintain inventory levels of raw materials, work-in-progress and finished products of six to nine months, given the long lead time of about two to three months required to ship our products to some of our core markets, such as Latin America. Such inventory loss led to the temporary disruption of supply of certain products. We have, in part, relied on short-term arrangements on a purchase order basis with third-party and related-party manufacturers to make up for the lost inventory until the reconstruction of the manufacturing facility completed in February 2022. We have also used excess capacity at another one of our warehouses to store these ingredients. We received an insurance pay out amounting to RM10.1 million for the 10-month FPE 31 December 2021 in connection with the fire incident.

Except as set out in this Section and Section 5 of this Prospectus, there have been no material interruptions to our business.

7.24 Material Properties and Equipment

Details of our material properties, whether owned or leased/tenanted, and our material equipment are set out in Annexure B of this Prospectus.

7.25 Intellectual Property and Trademarks

As at the LPD, we have registered over 400 trademarks and trade dress which are used for our operations in over 40 countries, some of which we have also licensed to our external distribution agencies for their operations and promotional materials. Save for our external distribution agencies, none of our trademarks and trade dress have been licensed to other companies outside our Group. Our major trademarks include our DXN logos, Lingzhi, Cocozhi, Morinzyme, RG, GL, Ganozhi, Spica Tea, DXN Aloe.V, Gano Massage Oil, Morinzhi, and our "One World One Market" slogan.

Save as disclosed in Annexure C of this Prospectus, as at the LPD, we do not have any other licensees, patents, trademarks, brand names, technical assistance agreements, franchises and other intellectual properties on which we are dependent.

7.26 Governing Laws and Regulations relating to our Industry

The relevant laws and regulations governing our Group in our core markets and which are material to our operations are summarised below. The following does not purport to be an exhaustive description of all relevant laws and regulations of which our business is subject to. Non-compliance with the relevant laws and regulations below may result in monetary and/or custodial penalties and/or any other orders being made.

7.26.1 Governing laws and regulations relating to Malaysia

(i) Direct Sales and Anti-Pyramid Scheme Act 1993

Direct Sales and Anti-Pyramid Scheme Act 1993 is an act to provide for the licencing of persons carrying on direct sales business, for the regulation of direct selling, for prohibiting pyramid scheme or arrangement, chain distribution scheme or arrangement or any similar scheme or arrangement.

Companies carrying on direct sales business will need to register for a direct sales licence granted by the controller appointed by the MDTCA pursuant to this act.

(ii) DSAM's Code of Conduct ("DSAM Code")

The DSAM Code is a code of conduct endorsed by the MDTCA and adopted by DSAM to which member companies of the DSAM adhere in conducting their direct selling business. The DSAM Code covers conduct to be adhered to by member companies and direct sellers in order to provide protection to consumers of direct selling products, direct sellers within member companies and conduct between member companies.

Under the DSAM Code, the DSAM shall appoint an independent person or body as the code administrator to monitor compliance by the member companies and to settle any complaints made against the member companies or the direct sellers. The Code Administrator may require appropriate actions from member companies or direct sellers including cancellation of orders, return of products, refund of payments, warnings to both member companies and direct sellers and termination of direct sellers' contracts or relationships with the member companies.

(iii) Sale of Drugs Act 1952 ("SODA 1952") and Control of Drugs and Cosmetics Regulations 1984 ("CDCR")

The SODA 1952 is an act relating to the sale of drugs and which includes any substance, product or article intended to be used or capable, or purported or claimed to be capable, of being used on human or any animal, whether internally or externally, for a medicinal purpose.

The CDCR which was issued pursuant to the SODA 1952 stipulates that save as otherwise provided therein, no person shall manufacture, sell, supply, import or possess or administer any product unless the product is a registered product, and the person is a holder of the appropriate licence required issued under the CDCR.

(iv) Food Act 1983, Food Regulations 1985 and Food Hygiene Regulations 2009

The Food Act 1983 and the Food Regulations 1985 are laws governing the food safety and quality control including standards, hygiene, import and export, advertisement and accreditation of laboratories. The objective is to protect the public from health hazards and fraud in the preparation, sale and use of foods and for other related matters. The legislation applies to all foods, locally produced or imported, which are sold in the country. It covers a broad spectrum from compositional standards to food additives, nutrient supplements, contaminants, packages and containers, food labelling, procedure for taking samples, food irradiation, provision for food not specified in the regulations and penalties.

The Food Hygiene Regulations 2009 governs and controls the hygiene and safety of food sold in Malaysia. The objectives are to ensure food premises are hygienic and satisfactory in terms of design and building, ensure food handlers maintain personal hygiene and avoid practices that can contaminate food, and, amongst others, to provide for requirements of mandatory food safety assurance programmes in food manufacturing factories. The legislation applies to all food premises including any building, tent or structure in Malaysia.

(v) Trade Descriptions Act 2011, Trade Descriptions (Definition of Halal) Order 2011 and Trade Descriptions (Certification and Marking of Halal) Order 2011

The Trades Description (Definition of Halal) Order 2011 and the Trade Descriptions (Certification and Marking of Halal) Order 2011 give specific legal proviso on matters pertaining to halal. It provides protection to traders and consumers from unhealthy trade practices.

The Trade Descriptions Act 2011 aims to facilitate good trade practices and protect the interest of consumers by eliminating false trade descriptions and false or misleading statements, conduct and practices in relation to the supply of goods and services. Halal certification and surveillance in Malaysia has been assigned to the government bodies by virtues of the act.

The Trade Descriptions Act 2011 further standardises the issuance of halal certificates. JAKIM is appointed as the sole issuer of halal certificates for any food, goods or related services.

(vi) Industrial Co-ordination Act 1975

The Industrial Co-ordination Act 1975 governs the licencing requirement of manufacturing licences in Malaysia. The objectives are to co-ordinate and ensure orderly development of manufacturing activities in Malaysia. The legislation requires any person engaging in any manufacturing activity in Malaysia with shareholders' funds of RM2.5 million and above or employing 75 or more full-time paid employees to obtain a manufacturing licence. A licence will have to be obtained for the manufacture of specified products at each separate manufacturing site. The licences are typically issued in accordance with national economic and social objectives and to promote the orderly development of manufacturing activities in Malaysia. They are issued by the MITI, subject to conditions of the licence and are non-transferable save with the prior approval of the MITI.

(vii) SDBA

The SDBA is enforced by the local authorities of Peninsular Malaysia and it provides for the requirement of having a CCC for the occupation of any building or any part thereof.

Under the Uniform Building By-Laws 1984 ("**UBBL**") which was issued pursuant to the SDBA, a CCC will be issued by the local authority upon receipt of certification in relevant forms by a qualified person i.e. an architect, registered building draughtsman or engineer.

A qualified person must be satisfied that, to his/her best knowledge: (i) the relevant building has been constructed in accordance to UBBL; (ii) any conditions imposed by the local authority have been satisfied; (iii) all essential services has been provided; and (iv) responsibilities have been accepted for the portions that are being concerned with.

Any person who occupies or permits to be occupied any building or any part thereof without a CCC commits an offence punishable with a fine not exceeding RM250,000 or with an imprisonment for a term not exceeding 10 years or with both under the SDBA.

(viii) National Land Code 1965 ("NLC")

The NLC is one of the governing laws on land matters within the States of Johor, Kedah, Kelantan, Malacca, Negeri Sembilan, Pahang, Penang, Perak, Perlis, Selangor, Terengganu and the Federal Territory of Kuala Lumpur. Pursuant to the NLC, the state authority may alienate land subject to such express conditions and restrictions in interest which shall be determined by the state authority at the time when the land is approved for alienation and every condition or restriction in interest imposed under this section shall be endorsed on or referred to in the document of the title to the land.

In the event of breach of conditions, the land administrator has the right to either: (1) impose a fine under Section 127 of the NLC after serving a notice on and requesting the landowner to attend a hearing to show cause to the satisfaction of the land administrator, the reason that a fine should not be imposed in respect of such breach, falling which, the landowner may be liable to pay a fine of not less than RM500 (and in the case of a continuing breach, a further fine of not less than RM100 for each day of the continuing breach); (2) request the landowner to remedy the breach within the time stipulated in the notice served by the land administrator under Section 128 of the NLC, failing which, the land administrator may take action to enforce forfeiture of the land under Section 129 of NLC; or (3) hold an enquiry to forfeit the land under Section 129 of the NLC.

(ix) Environmental Quality Act 1974 and Environmental Quality (Prescribed Activities) (Environmental Impact Assessment) Order 2015

The Environmental Quality Act 1974 restricts pollution of the atmosphere, noise pollution, pollution of the soil, pollution of inland waters without a licence, prohibits the discharge of oil into Malaysian waters without a licence, discharge of wastes into Malaysian waters without a licence and prohibits open burning. The agency responsible for implementing and monitoring Malaysian's environmental regulations and policies is the Department of Environment ("**DOE**") and the local environmental authority.

The Environmental Quality (Prescribed Activities) (Environmental Impact Assessment) Order 2015 requires any person who intends to carry out any prescribed activities to submit a report on the impact of the activities on the environment to the Director of Environmental Quality for examination. The environmental impact assessment ensures that potential environmental problems are foreseen and addressed at the early stage during project planning and design.

7.26.2 Governing laws and regulations relating to India

(i) Consumer Protection (Direct Selling) Rules, 2021 ("Direct Selling Rules")

Direct selling entities in India are required to comply with the provisions of the Consumer Protection Act, 2019 and the Direct Selling Rules, enacted by the Ministry of Consumer Affairs of India ("**MCA India**") The Direct Selling Rules enacted pursuant to the Consumer Protection Act, 2019 ("**Consumer Protection Act**"), were notified by the MCA India, in the official gazette on 28 December 2021 and require compliance by direct selling entities within 90 days of such notification. The Direct Selling Rules include provisions that regulate marketing, distribution and sale of goods or provision of services through a network of direct sellers, other than through a permanent retail location. The Direct Selling Rules set out obligations and duties of direct selling entities and direct sellers in relation to the goods and services offered to consumers and prescribe the manner of maintaining requisite documents and providing relevant information on the website in a clear and accessible manner for buyers to make informed purchase decisions. The Direct Selling Rules mandate the establishment of an adequate grievance redressal mechanism and appointment of grievance redressal officers for redressal of consumers' grievances by the direct selling entity. The Direct Selling Rules further require the appointment of a nodal officer by the direct selling entity to ensure compliance with the provisions of the Consumer Protection Act and the rules made thereunder. The provisions of the Consumer Protection Act apply in respect of any violation of the provisions of the Direct Selling Rules. Direct selling entities in India are currently not required to obtain any separate licence under the Direct Selling Rules.

(ii) Food Safety and Standards Act 2006 ("FSS Act") and Food Safety and Standards Rules 2011 ("FSSR")

The FSS Act consolidates the laws relating to food and to establish the Food Safety and Standards Authority of India ("**FSSAI**"), for laying down science-based standards for articles of food and to regulate their manufacture, storage, distribution, wholesale, retail, sale and import, to ensure availability of safe and wholesome food for human consumption and for matters connected therewith or incidental thereto. The FSS Act, among others, also sets out requirements for licencing and registration of food businesses, general principles of food safety, and responsibilities of the food business operator and liability of manufacturers and sellers, and adjudication by the Food Safety Appellate Tribunal.

For enforcement, under the FSS Act, the Commissioner of Food Safety, Food Safety Officer and Food Analyst have been granted with detailed powers of seizure, sampling, taking extracts and analysis. Penalties are levied for various defaults such as for selling food not of the nature or substance or quality demanded, sub-standard food, misbranded food, misleading advertisement, food containing extraneous matter, for failure to comply with the directions of Food Safety Officer, for unhygienic or unsanitary processing or manufacturing of food, for possessing adulterant. Apart from the penalties, there are punishments prescribed for selling, storing, distributing or importing unsafe food, for interfering with seized items, for providing false information, for obstructing or impersonating a Food Safety Officer, for carrying out a business without a licence and for other subsequent offences.

Further, the FSSR provides, among others, the qualifications mandatory for the posts of Commissioner of Food Safety, Food Safety Officer and Food Analyst, and the procedure for taking extracts of documents, sampling and analysis.

In order to address certain specific aspects of the FSS Act, the FSSAI has framed several regulations such as the following:

(a) Food Safety and Standards (Licensing and Registration of Food Businesses) Regulations 2011;

(b) Food Safety and Standards (Packaging and Labelling) Regulations 2011;

(c) Food Safety and Standards (Food Product Standards and Food Additives) Regulations 2011;

(d) Food Safety and Standards (Prohibition and Restriction on Sales) Regulations 2011;

(e) Food Safety and Standards (Contaminates, Toxins and Residues) Regulations 2011;

(f) Food Safety and Standards (Laboratory and Sampling Analysis) Regulations 2011; and

(g) Food Safety and Standards (Health Supplements, Nutraceuticals, Food for Special Dietary Usage, Food for Special Medical Purpose, Functional and Novel Food) Regulations 2016.

The FSS Act requires every manufacturer, importer, exporter, retailer, wholesaler and distributor of the relevant food products to be registered under the FSS Act, as may be appropriate, and abide by the provisions of the FSS Act and applicable regulations thereunder.

(iii) Drugs and Cosmetics Act 1940 ("DC Act") and Drugs and Cosmetics Rules 1945 ("DC Rules")

The DC Act aims to regulate the importing, manufacturing, distribution and sale of drugs and cosmetics in India. The Drugs Technical Advisory Board, the Central Drugs Laboratory and the Drugs Consultative Committee have been established and composed as provided under the DC Act. The DC Act deals with "standard quality" in relation to drugs to be manufactured and imported into India. Chapter IVA of the DC Act specifically provides provisions relating to Ayurvedic, Siddha and Unani ("**ASU**") drugs which encompass the herbal formulations traditionally used in the Indian system of medicine. Under the DC Act, all ASU formulations or products are covered under the common term of "drug".

Further, the DC Rules give effect to the provisions of the DC Act, to regulate the manufacture, distribution and sale of drugs and cosmetics in India. The DC Rules prescribe the procedure for submission of report to the Central Drugs Laboratory, of samples of drugs for analysis or test, the forms of Central Drugs Laboratory's reports thereon and the fees payable in respect of such reports. The DC Rules further prescribe the manner of labelling and packaging of drugs. The DC Rules lay down the process mechanics and guidelines for clinical trial, including procedure for approval for clinical trials. The DC Rules also prescribe the drugs or classes of drugs or cosmetics or classes of cosmetics for the import of which a licence is required, and prescribe the form and conditions of such licences, the authority empowered to issue the same and the fees payable therefore. The DC Rules provide for the cancellation or suspension of such licence in any case any provisions or rule applicable to the import of drugs and cosmetic is contravened or any of the conditions subject to which the licence is issued is not complied with.

The GMP guidelines are provided under "Schedule T" of the DC Rules. The GMP guidelines are the practices required in order to confirm the guidelines recommended by agencies that control authorisation and licencing for manufacture and sale of food, drug products and active pharmaceutical products. These guidelines provide minimum requirements that a pharmaceutical or a food product manufacturer must meet to assure that the products are of high quality and do not pose any risk to the consumer or public. Good manufacturing practices, along with good laboratory practices and good clinical practices, are overseen by regulatory agencies in various sectors in India.

(iv) Factories Act 1948 ("Factories Act")

The Factories Act defines a "factory" to cover any premises which employs 10 or more workers and in which manufacturing process is carried on with the aid of power and any premises where there are at least 20 (twenty) workers, even while there may not be an electrically aided manufacturing process being carried on. State Governments in India have the authority to formulate rules in respect matters such as prior submission of plans and their approval for the establishment of factories and registration and licencing of factories. The Factories Act mandates the "occupier" of a factory to ensure the health, safety and welfare of all workers in the factory premises. If there is a contravention of any of the provisions of the Factories Act or the rules framed thereunder, the occupier and manager of the factory may be punished with imprisonment or with a fine or with both.

(v) Environment (Protection) Act 1986 ("EPA") and the Environment Protection Rules 1986

The EPA is designed to provide, a framework for the Central Government of India to co-ordinate the activities of various central and state authorities established under other laws, such as the Water (Prevention and Control of Pollution) Act 1974 ("**Water Act**") and the Air (Prevention and Control of Pollution) Act 1981 ("**Air Act**"). The EPA vests the Central Government of India with various powers including the power to formulate rules prescribing standards for emission of discharge of environment pollutants from various sources, as given under the Environment (Protection) Rules 1986, inspection of any premises, plant, equipment, machinery, and examination of processes and materials likely to cause pollution. The EPA provides for the protection and improvement of the environment and for matters connected therewith, including without limitation, the rule making power to the Central Government of India so as to determine the standards of quality of air, water or soil for various areas and purposes, the maximum allowable units of concentration of various environmental pollutants, procedure for handling of hazardous substances, the prohibition and restrictions on the location of industries and the carrying on of processes and operations in different areas. Among others, these rules regulate the environmental impact of construction and development activities, emission of air pollutants and discharge of chemicals into surrounding water bodies. Primary environmental oversight authority is given to the Ministry of Environment and Forests ("**MoEF**"), the Central Pollution Control Board and the State Pollution Control Board ("**SPCB**"). The EPA prescribes for fines and/or imprisonment in the event of non-compliance of the EPA, basis the nature of the non-compliance. The MoEF receives proposals for expansion, modernisation and setting up of projects and the impact which such projects would have on the environment is assessed by the MoEF before granting clearances for the proposed projects.

7.26.3 Governing laws and regulations relating to China

(i) Regulations related to food operation

Food Safety

In accordance with the Food Safety Law of the PRC, effective on 1 June 2009 and most recently amended on 29 April 2021, a licence shall be obtained by business operators in order to engage in food production, sale or catering services. Furthermore, the State Council implements strict supervision and administration for special categories of foods such as health food, special formula foods for medical purposes and infant formula. Violations of these law and measures may result in civil liabilities and administrative penalties The Administrative Measures for Food Operation Licencing promulgated by the State Food and Drug Administration of the PRC ("**SFDA**") regulates the food operation licencing activities, strengthens supervision and management of food operation, and ensures food safety. Food operation operators shall obtain the food operation licence or the Food Operation Permit, for each business venue where they engage in food operation activities. The food operation licence is valid for five years. Food operation operators shall properly keep their food operation licences and shall not forge, alter, resell, rent, lend or transfer any food operation licences. The SFDA promulgated the Measures for Investigation and Handling of Illegal Acts Involving Online Food Safety in 2016, pursuant to which a third-party platform provider for online food trading in the PRC shall file a record with the food and drug administration at the provincial level and obtain a filing number.

Food production

According to the Administrative Measures for Food Production Licensing (Amended in 2020) promulgated by State Administration for Market Regulation ("**SAMR**"), a food production licence shall be obtained in accordance with the law prior to engaging in food production activities within the territory of the PRC. Health food products shall refer to the Administration Rules of Health Food Products issued by the China Ministry of Health on 1996 for regulations and standard of food with specific heath care functions. Furthermore, manufacturing or importation of dietary supplements using raw materials that are included in the raw materials catalogue for dietary supplements; and firstly imported dietary supplements that provide nutrients such as vitamin and minerals shall be subject to recording in accordance with the Administrative Measures for the Registration and Recording of Health Food (Amended in 2020) promulgated by the SAMR in 2020.

(ii) Regulations related to the sales of products

Import and export

The major PRC laws and regulations governing import and export of goods are Foreign Trade Law of the PRC ("**Foreign Trade Law**"), Regulations of the PRC on the Administration of Import and Export of Goods ("**Regulations on Import and Export of Goods**"), Customs Law of the PRC and Provisions of the Customs of the PRC on the Administration of Registration of Customs Declaration Entities. In light of the Foreign Trade Law promulgated by the Standing Committee of the National People's Congress 1994, as amended on 6 April 2004 and 7 November 2016 respectively, save as otherwise provided by laws and administrative regulations, foreign trade operators engaging in goods or technology import and export shall go through the record-filing registration formalities with the competent department. Failure to do so, the process the declaration and clearance of goods imported or exported customs shall be refused by authorities. Pursuant to the Customs Law of the PRC amended in 2021, all inward and outward goods shall enter or leave the territory at a place where there is a customs office and must be declared and the duties on them must be paid. To undergo customs declaration formalities, the consignees or consigners for imported or exported goods and the customs declaration enterprises should file with the customs offices in accordance with Provisions of the Customs of the PRC on the Administration of Registration of Customs Declaration Entities.

(iii) Regulations related to land and development of construction projects

Although all land in the PRC is owned by the State or is collectively owned, individuals and entities may obtain land use rights and hold such land use rights for development purposes.

Under the Interim Regulations on Grant and Assignment of the State-owned Urban Land Use Right of the PRC promulgated by the State Council on 29 May 1990 and last amended in November 2020, the PRC adopts a system of granting and assigning state-owned land use right. A land user shall pay a land premium to the State as the consideration for the grant of the land use right by the State for a specified period of time, during which the land user may assign, lease, mortgage or otherwise commercially exploit the land use right.

Pursuant to the Regulations on Law of the PRC on Urban and Rural Planning promulgated by the Standing Committee of the National People's Congress in October 2007 and amended in April 2019, a construction land planning permit should be obtained from the municipal planning authority with respect to the planning and use of land and a construction work planning permit must be obtained from the competent urban and rural planning government authority.

Upon the completion of a construction project, the construction enterprise must submit an application to the competent department at or above county level where the project is located for examination upon completion of building and for filing purpose, and to obtain the filing form for acceptance and examination upon completion of construction project.

(iv) Regulations related to environmental protection

The major environmental laws and regulations applicable include the Environmental Protection Law of the PRC promulgated by the National People's Congress Standing Committee on 24 April 2014 and became effective on 1 January 2015, the Law on the Prevention and Control of Water Pollution of the PRC promulgated by the National People's Congress Standing Committee in 1984 and amended in 2018, the Law on the Prevention and Control of Air Pollution of the PRC promulgated by the National People's Congress Standing Committee in 1995, and amended in 2020, the Law on the Prevention and Control of Solid Waste Pollution of the PRC promulgated by the National People's Congress Standing Committee in 1995, and amended in 2020, and the Law on the Prevention and Control of Ambient Noise Pollution of the PRC promulgated by the National People's Congress Standing Committee in 1996 and amended in 2018. These laws and regulations set out detailed procedures that must be implemented throughout a project's construction and operation phases.

Pursuant to the above environmental laws and regulations, any company or enterprise shall implement environmental protection methods and procedures into their business operations and prepare environmental impact study report setting forth the impact on the environment and the measures to prevent or mitigate the impact for approval by the government authority.

7.26.4 Governing laws and regulations relating to Mexico

There is no specific regulation governing direct sales under Mexican law. However, this activity is not explicitly prohibited under Mexican law.

In accordance with the Mexican legal framework, direct sales entities do not require licences for its operations. In order to operate in compliance with the Mexican legal provisions, it is necessary to submit an operation notice for every manufacturing or commercial facility or establishment and to register its F&B products under the corresponding operation notice. For details of DXN Mexico's major licences, permits and approvals, see Annexure A of this Prospectus.

In Mexico, the Health Ministry, acting through its subsidiary agency, the Federal Commission for the Protection against Sanitary Risks (the Mexican FDA equivalent), as the authority responsible for monitoring and regulating the process, import, export, advertisement, and use of, all cosmetics and food supplements products. Additionally, the Consumer Protection Agency is responsible for monitoring the commercial information and advertisement of all cosmetics and food supplements products.

Thus, the Mexican General Health Law, the Products and Services Sanitary Control Regulations, the Mexican Official Standard NOM-141-SSA1/SCFI-2012 - Labeling for pre-packaged cosmetic products. Sanitary and commercial labeling; the Mexican Official Standard NOM-251-SSA1-2009 Hygienic practices for the processing of food, beverages or food supplements, the Mexican United States Pharmacopeia, the Consumer Protection Federal Law and the Regulations of the Consumer Protection Federal Law, between other Mexican applicable provisions, are Mexican legal provisions applicable to our operations in Mexico.

Among others, the following laws are also applicable to DXN México:

- General Law of Ecological Balance and Environmental Protection ("**LGEEPA**") and its Regulations for the Prevention and Control of Atmospheric Pollution which establishes the obligations that all companies must comply with in terms of, among others, environmental impact, highly risky activities and emissions into the atmosphere. This rule creates the authorisations, permits or licences that must be obtained to prevent, mitigate and/or compensate for adverse environmental impacts and to provide sanctions;

- Ecology and Environmental Protection Law of the State of Tlaxcala which establishes the main obligations in environmental matters in the state of Tlaxcala, on special management waste and risky activities as well as the sanctions that will be imposed on whoever that causes damages to the environment;

- Civil Code for State of Tlaxcala and the Civil Code for the Mexico City which establishes the legal framework mainly related to i) individuals and entities and the legal relationships among them; ii) the property rights, including the classification and characteristics of real and personal property and rights in rem; iii) successions, including the types of successions and the procedures for each of them; and iv) obligations; and

- General Law of Business Entities that regulates mercantile corporations as well as their creation, operation, activities, obligations and the principles on which they may operate.

7.26.5 Governing laws and regulations relating to Indonesia

(i) Regulations relating to the direct selling industry

In Indonesia, direct selling activities are currently regulated by the Government Regulation No. 29 of 2021, which contains obligations of direct selling companies to (i) have exclusive distribution rights to the products; (ii) have a marketing plan; (iii) have a code of conduct; (iv) recruit direct sellers through the networking; and (v) perform direct selling through marketing network developed by direct sellers. Pursuant to the Ministry of Trade Regulation 70/2019, every company carrying out direct selling and distribution of goods traded within the territory of Indonesia is required to have a trade business license from the authorised institution and/or agencies. Further, based on the implementation of the Government Regulation 5/2021, the trade business licence is valid as long as a company conducts its business activities.

(ii) Regulations relating to industrial business activities

Provisions regarding industrial activities are regulated Indonesian Industrial Law and its implementing regulations issued by the central government and/or the MOI. The Indonesian Industrial Law requires industrial companies to utilise natural resources in an efficient, environmentally friendly, and sustainable manner. Supervision of the fulfillment and compliance of laws and regulations on the utilisation of natural resources including compliance with the submission of plans for the utilisation and the suitability of the use of natural resources that are efficient, environmentally friendly and sustainable.

Non-compliance with the Indonesian Industrial Law may lead the related industrial company being subject to administrative sanctions in the imposition of various administrative sanctions in the form of, among others, a warning letter, an administrative fine, temporary business closure, and/or suspension or revocation of the IUI.

(iii) Regulations relating to traditional medicine product industry

In Indonesia, traditional medicine product industry activities are currently regulated by Indonesian Health Law and its implementing regulations issued by the Indonesia Minister of Health. Pursuant to the Ministry of Health Regulation No. 26/2018 on Electronic Integrated Business Licence Services for the Health Sector, prior to producing the traditional medicine product in Indonesia, every traditional medicine product industry company is required to obtain the traditional medicine industry business licence. Further, according to GR 5/2021, licence for traditional medicine product industry is valid for five years but subject to renewal. Non-compliance with such laws and regulations may lead to the imposition to various administrative sanction in the form of, among others, a warning letter, notification of cancellation of business licence, temporary cessation of business activities, imposition of administrative fines, and/or revocation of business licence.

Furthermore, pursuant to the Indonesian Health Law and the Indonesian Ministry of Health Regulation No. 7 of 2012 on the Registration of Traditional Medicine, medicine circulation permit (*Izin Edar Obat*) is required for any traditional medicine that will be circulated within the territory of Indonesia. Non-compliance to the Indonesian Health Law may lead to the imprisonment of up to fifteen (15) years and a fine of maximum IDR1.5 billion.

(iv) Regulations relating to function worthiness certificate for building

Pursuant to the Government Regulation No. 16 of 2021 Implementing Regulation of Law Number 28 of 2002 on Buildings ("**GR 16/2021**"), the SLF is defined as a certificate that is given by the regional government to certify the function worthiness of a building (including houses).

The SLF has a certain validity period, which shall be extended: (i) twenty (20) years for single and terraced residential houses; or (ii) five (5) years for other buildings (other than single and terraced houses), as stipulated in Article 297 GR 16/2021.

Based on Article 327 GR 16/2021, violation on the requirement to obtain the SLF by the building owner before the utilisation of the building is subject to administrative sanctions in the forms of (i) written warnings; (ii) restriction of activities of development, utilisation and demolition; (iii) temporary or permanent suspension of activities of development stages, utilisation, and demolition; (iv) suspension of building approval, the SLF and demolition approval; (v) revocation of building approval, the SLF and demolition approval; (vi) temporary or permanent suspension of any implementation of development works; and/or (vii) temporary or permanent suspension of building utilisation.

7.26.6 Governing laws and regulations relating to Peru

There is no specific regulation governing direct sales under Peruvian law. However, this activity is not explicitly prohibited under Peruvian law, but is subject to licensing requirements such as business licences in accordance with the legal framework required by the local authorities to conduct commercial activities within the jurisdiction.

DXN Peru is required to comply with, among others, the following laws for its operations:

(i) Health Act, Act No. 26842 and its regulations

According to the Health Act, Act No. 26842 and its regulations, DXN Peru is authorised by the Medicines, Supplies and Drugs General Direction of the Health Ministry to act as a Drugstore and to import and market Generic Drugs, Brand Name Drugs, Dietary Products and Sweeteners, Cosmetic Products and Natural Products.

(ii) Pharmaceutical Products, Medical Devices and Sanitary Products Act, Act No. 29459 and its regulations

Under the Pharmaceutical Products, Medical Devices and Sanitary Products Act, Act No. 29459 and its regulations, the Health General Direction of the Health Ministry will grant a Sanitary Registry for DXN Peru's products.

The Sanitary Registry allows DXN Peru to import, store, distribute, market, promote, dispense, sale and use those products. Any change or amendment to the data or conditions to the products that have a Sanitary Registry must be informed and registered to be included to the corresponding product Sanitary Registry.

7.26.7 Governing laws and regulations relating to Bolivia

There is no specific regulation governing direct sales under Bolivian law. However, direct sales activities are not explicitly prohibited under Bolivian law.

In the absence of specific regulation governing direct sales, regulations governing private and corporate law apply, for instance, there are regulations requiring operating licenses for the execution of economic activities, such as specific regulations, among others, requiring DXN Bolivia to obtain a foreign trade operator permit from the National Customs of Bolivia as well as regulations pertaining to the sale of food and health products.

The products presently sold by DXN Bolivia are nutritional dietary supplements which are regulated depending its formula under the Law of Medicine, enacted in 1996 and its regulations under the administration of the State Agency for Medicines and Health Technologies (AGEMED, by its acronym in Spanish), and the Agricultural Health and Food Safety Law, enacted in 2016 and administrated by the National Service of Agricultural Health and Food Safety hereinafter (SENASAG, by its acronym in Spanish). According to the dietary product's formula, the registration will be mandatory for the importation company as of the product itself before the aforementioned regulators for the authorisation of the manufacture, storage, import, commercialisation, and transport of F&B for human consumption.

For details of DXN Bolivia's major licences, permits and approvals, see Annexure A of this Prospectus.

7.26.8 Governing laws and regulations relating to Mongolia

There is no specific regulation governing direct sales under Mongolian law. However, this activity is not explicitly prohibited under the laws, and there are certain direct selling companies which are operating in Mongolia. Under the Law on Licensing, fraudulent activities using multi-level marketing and/or pyramid scheme are prohibited. In other words, multi-level marketing scheme is permitted so long as it does not engage in fraudulent activity. In the absence of specific regulations governing direct sales, regulations governing private and corporate law matters such as the Civil Code, the Company Law and the Law on State Registration of Legal Entities shall apply as a general principle.

Depending on the type and specification of the product, the sale of products is regulated by various legislations such as the Law on Health, the Law on Medicines and Medical Devices, the Law on Hygiene, the Law on Food, the Law on Safety of Food Products and the Law on Licensing.

Under the above legislations, certain types of products require an import licence. In accordance with the Law on Medicines and Medical Devices and the Law on Licensing, this requirement applies to importation of biologically active products ("**BAD**"). Such licenses are issued for the duration of three (3) years subject to extension of not less than the initial duration of validity.

In addition to an import licence, under the Law on Medicines and Medical Devices and the Procedure on Registration of Medicines, raw medical products and BAD must be registered with the State Registration at the Ministry of Health prior to the sales and distribution in Mongolia. Such registration certificate is issued for five (5) years subject to extension.

7.26.9 Governing laws and regulations relating to Thailand

(i) Direct Sales and Direct Marketing Act B.E. 2545 (2002) ("Direct Sales and Direct Marketing Act 2002")

The Direct Sales and Direct Marketing Act 2002 regulates the business of direct sales, which is the business of "selling or marketing goods and services directly to the consumer through direct sales representatives, or uni-level or multi-level independent distributors". No person shall operate a direct sales business unless such business is registered with the Office of the Consumer Protection Board.

(ii) Foods Act B.E. 2522 (1979) ("Foods Act 1979")

The Foods Act 1979 aims to protect consumers from and prevent health hazards occurring due to food consumption. It governs food-related activities (e.g., the manufacture, sale, importation and labelling of food) in Thailand. It stipulates that the manufacture or importation of food for sale is prohibited unless a license from the Thai FDA has been obtained. In addition, certain types of foods (being controlled foods such as instant coffee and instant tea) are also required to be registered with the relevant authority. The products imported and sold by DXN Thailand include foods that are regulated by the Foods Act 1979, for example, coffee and tea.

(iii) Cosmetics Act B.E. 2558 (2015) ("Cosmetics Act 2015")

The Cosmetics Act 2015 regulates the standards for cosmetics imported into, produced in and sold in Thailand. It requires any person that wishes to manufacture, import for sale or subcontract the manufacture and sale of cosmetics to register the details of such cosmetics with the Thai FDA prior to the manufacture, importation, or sale of such cosmetics. Cosmetics under the Cosmetics Act 2015 include any products intended to be applied to the human body for cleansing, beautifying, promoting attractiveness, or altering appearance (e.g., shampoo and soap). The products imported and sold by DXN Thailand include shampoo, soap and toothpaste, which fall under the definition of cosmetics under the Cosmetics Act 2015.

(iv) Drugs Act B.E. 2510 (1967)

The Drugs Act B.E. 2510 (1967) regulates the production, sale, and importation of drugs in and into Thailand. Drugs are broadly defined to include substances intended (i) for use in the diagnosis, treatment, relief, cure or prevention of human or animal disease or illness; and (ii) to affect the health, structure or function of the human or animal body. The production, sale or importation of drugs is prohibited unless a license from the Thai FDA has been obtained. In addition, the formulae of such drugs must also be registered with the Thai FDA before the production, sale or importation thereof.

7.26.10 Governing laws and regulations relating to Colombia

(i) Regulations governing multi-level marketing in Colombia

Companies carrying on multi-level marketing business in Colombia are required be incorporated as commercial companies in the country and to comply with the requirements of Law 1700 of 2013 ("**Law 1700**") and Regulatory Decree 24 of 2016 ("**Decree 24**") which regulate the development and exercise of multi-level marketing activities, including, among others, network marketing in any of its forms.

Pursuant to article 2 of Law 1700, multilevel activity is understood in Colombia as any organized marketing, promotion or sales activity carried out by commercial companies, including branches of foreign companies and those multilevel business activities carried out through a commercial representative, in which the following elements converge: (a) search for or the incorporation of natural persons in order for the latter to in turn incorporate other natural persons, with the ultimate purpose of selling certain goods or services; (b) payment or obtaining of compensation or other benefits of any nature for the sale of goods and services through the incorporated persons and/or earnings through discounts from the sale price; and (c) coordination, within the same commercial network, of the persons incorporated for the respective multilevel activity.

Multi-level marketing entities in Colombia are not required to obtain any separate specific licence under Law 1700 and Decree 24. However, the sale of dietary supplements, foods and beverages and cosmetics in Colombia, either by way of multi-level marketing or otherwise require either a sanitary registration or obligatory health notification granted by the National Institute for Drugs and Food Surveillance ("**INVIMA**").

(ii) Regulations related to product registration or certification

Cosmetics products, household hygiene products and nutritional supplements are regulated by the INVIMA which is in-charge of the protection and promotion of health, by managing the risks associated with the consumption and use of food, medicines, medical devices and other products subject to health surveillance. The INVIMA develops a continuous surveillance of the products that are under its charge through a systematic development of activities to verify quality and safety standards.

The INVIMA may impose sanitary safety measures aimed at impeding or preventing the occurrence of an event or situation that may pose a danger to human health ranging from among others, temporary closure of the establishment, seizure of products and destruction of products. In addition, the INVIMA may initiate administrative sanctioning process that may vary between a warning, seizure of the products and fines. To authorise a natural or legal person to produce, market, import, export, package, process and/or sell dietary supplements, it is necessary to obtain a sanitary registration from the INVIMA that can be granted for a maximum of ten (10) years, renewable for equal periods.

Nutritional supplements

Nutritional supplements are regulated by Decree 3249 of 2006 and Resolution No. 3096 of 2007. The regulatory framework establishes: (i) the requirements for the manufacture and marketing of these products; (ii) the types of sanitary registration (manufacture and sell, import and sell and import, package and sell); (iii) the responsibility of the holder of the registration for the adverse effects caused by the product; (iv) the requirements for containers and labelling; and (v) the requirements for the packaging and labelling of the products.

Cosmetics

On cosmetic products, the INVIMA must issue an authorization known as the Mandatory Health Notification ("**NSO**") to the manufacturer, importer or seller to commercialise a product in the Colombian market after complying with all the requirements established in the sanitary regulations in force.

Decision No. 516 of the Andean Community established the need of the NSO for the commercialisation of cosmetic products. This Decision was regulated through Resolution No. 797 which implemented the requirements and procedures for the NSO, its renewal and the recognition of the identification code. In 2018, the Andean Community issued Decision No. 833 updating the NSO regulatory framework which, among others, established (i) a list of the international approved ingredients that can be incorporated in cosmetics; (ii) the application for the issuance of the NSO code which must be submitted by means of an affidavit; (iii) that any modification of the product must be reported, prior to the marketing of the cosmetic product in question; and (iv) that the NSO will be granted for a maximum of seven (7) years.

Household hygiene products

On household hygiene products, the INVIMA must issue an authorisation corresponding to the NSO. Decision No. 721 of the Andean Community established the need of the NSO for the commercialization of household hygiene products. This Decision determines all legal and technical requirements that products must comply with, to be commercialized.

7.26.11 Governing laws and regulations relating to Morocco

There is no specific regulation governing direct sales under Moroccan law. However, this activity is not explicitly prohibited under Moroccan law subject to any licensing requirements as may be required by the local authorities in carrying out commercial activities within the jurisdiction.

In the absence of specific regulation governing direct sales, under Moroccan law, regulations governing private and corporate law apply. There are specific regulations relating to the sanitary safety of food products as set out below:

Law n° 28-07 relating to the sanitary safety of food products, promulgated by the Dahir n°1-10-08 of February 11, 2010

This law establishes the general principles of food and feed safety. It determines the conditions under which primary products, food and feed must be handled, treated, processed, packaged, packed, transported, stored, distributed, displayed for sale or exported in order to be qualified as a safe product, whether in a fresh or processed state, regardless of the processes and systems of preservation, processing and manufacture used. Further, this law provides for general requirements to allow only safe products to be placed on the market, including products, by laying down general rules on hygiene, healthiness, the use of cleaning and disinfection products, the permissible levels of contamination in primary products, food and feedstuffs to which they must conform, including the standards to be met by the including the standards that have been made compulsory. It also indicates the mandatory rules for consumer information, through the labelling of primary products, food and feed, and the determination of accompanying documents.

7.26.12 Governing laws and regulations relating to Philippines

There are no specific laws in the Philippines that govern multi-level marketing. The Consumer Act of the Philippines however, prohibits "chain distribution plans" or "pyramid sales". The regulators primarily responsible for implementing the Consumer Act prohibition against "chain distribution plans" or "pyramid sales schemes", the Department of Trade and Industry and the Securities Exchange Commission have clarified that the said prohibition should not be seen as prohibiting legitimate multi-level marketing, which is a legitimate marketing strategy designed to generate increased business volume. In legitimate multi-level marketing, the primary purpose is to sell a product and profits are derived mainly therefrom. Whereas in illegal "chain distribution plans" or "pyramid sales schemes", the primary purpose is to receive earnings primarily from recruiting into the network, rather than from sales.

The Philippines' Department of Trade and Industry ("**DTI**") Department Administrative Order 21-09, Guidelines on the Grant of the DTI Seal of Legitimacy for Legitimate Direct Selling and Multi-Level Marketing (Philippines) ("**Guidelines**"), as amended by DTI Department Administrative Order 22-04, are a set of guidelines issued by the DTI on the issuance of a "DTI Seal of Legitimacy" to entities engaged in legitimate direct selling and multi-level marketing to confirm that these entities are not engaged in pyramid sales schemes. The Guidelines, which took effect on 2 February 2022 and which were further amended on 2 June 2022, are not a mandatory licensing requirement and instead apply to entities that voluntarily apply for the DTI Seal of Legitimacy. DIPL Philippines Branch had on 16 September 2022 voluntarily applied for the DTI Seal of Legitimacy.

In the absence of specific regulation governing direct sales, under Philippines law, regulations governing private and corporate law apply, which include, among others, the regulations issued by the Philippines FDA regulating the importation and distribution of products:

Philippines FDA Act and Relevant Philippines FDA Issuances

The Philippines FDA is the designated regulatory agency empowered to implement Republic Act No. 9711. The Philippines FDA regulates certain products and activities, which consequently require entities to register and obtain the approval of the Philippines FDA prior to rolling out the regulated products and carrying out certain activities. Thus, the Philippines FDA issuances require all food establishments to secure a License to Operate ("**LTO**") before engaging in food manufacturing, importation, exportation, sale, offer for sale, distribution, transfer and where applicable, the use, testing, promotion, advertisement and/or sponsorship of food products.

Pursuant to Department of Health ("**DOH**") Administrative Order No. 2014-029 in relation with DOH Administrative Order No. 2020-017 and DOH Administrative Order 2016-003, all establishments are required to secure an LTO before engaging in manufacturing, importation, exportation, sale, offer for sale, distribution, transfer and where applicable, the use, testing, promotion, advertisement and/or sponsorship of food, cosmetic and household products. For this purpose, the Philippines FDA defines an LTO as an authorisation issued by the Philippines FDA to an establishment to grant permission to undertake a trade or carry out a business activity, such as manufacturing, importation, exportation, sale, offering for sale, distribution or transfer of food products.

DOH Administrative Order No. 2014-029 in connection with DOH Administrative Order No. 2020-017 and DOH Administrative Order 2016-003 also provides that establishments shall first apply for LTOs, and once such LTO has been obtained from the Philippines FDA, applications for Certificate of Product Registration ("**CPR**") should be filed. For this purpose, the Philippines FDA defines CPR as an authorisation issued by the Philippines FDA for specific health products after evaluation and approval of submitted registration requirements.

7.26.13 Governing laws and regulations relating to United States

The activities of Daxen USA are subject to regulation by the United States Federal Government and the State of California.

The operations are regulated federally by Section 5 of the Federal Trade Commission Act ("**FTC Act**") covering Unfair and Deceptive Trade Practices, 15 U.S.C. § 45.

There are no specific laws governing direct selling under the FTC Act, However, under California law where Daxen USA operates its principal activity, there are specific California regulations concerning direct selling. These laws include the California Penal Code Sections 319 and 327, regulating lottery schemes and pyramid schemes respectively. Additionally, California Business and Professions Code Section 1700 contains the Unfair Practices Act.

Section 5 of the FTC Act covering Unfair and Deceptive Trade Practices, 15 U.S.C. § 45 prohibits ''unfair or deceptive acts or practices in or affecting commerce.'' The prohibition applies to all persons and entities engaged in commerce in the United States.

California Penal Code Section 319 defines what constitutes a lottery as "is any scheme for the disposal or distribution of property by chance, among persons who have paid or promised to pay any valuable consideration for the chance of obtaining such property or a portion of it, or for any share or any interest in such property, upon any agreement, understanding, or expectation that it is to be distributed or disposed of by lot or chance, whether called a lottery, raffle, or gift enterprise, or by whatever name the same may be known."

California Penal Code Section 327 states that people who orchestrate or operate any scheme in which "the disposal or distribution of property whereby a participant pays a valuable consideration for the chance to receive compensation for introducing one or more additional persons into participation in the scheme or for the chance to receive compensation when a person introduced by the participant introduces a new participant," are guilty of a public offense punishable by jail or prison sentencing.

California Business and Professions Code Section 1700 contains the Unfair Practices Act which prohibits any unlawful, unfair or fraudulent business practices and any unfair, deceptive, untrue of misleading advertising.

There are no permits or licenses required to undertake direct selling activity.

As at the LPD, we have obtained the requisite direct selling licences to carry on our direct selling activities as detailed in Annexure A of this Prospectus and we are not aware of any contravention of the requirements and provisions of any relevant laws and regulations in our core markets pertaining to direct selling business.

7.27 Non-compliances with the relevant laws, regulations, rules and requirements governing the conduct of the operations of material subsidiaries of our Group

7.27.1 Non-compliances in respect of the material properties of our Group's material operations in Malaysia

In Malaysia, we are required to comply with land use and express conditions on the land titles. Further, CCCs or equivalent are required for the occupation of buildings or part thereof. The issuance of a CCC is preceded by the issuance of a KM and a building plan approval. Where a CCC is not able to be obtained, a KMT and PS are to be applied for in accordance with the directions of the relevant local council.

The table below summarises the total estimated costs (being the estimated rectification costs to rectify and potential maximum penalties applicable) relating to the non-compliances of both material and non-material properties in Malaysia:

No.	Building	Estimated cost to rectify non-compliances (A)	Potential maximum penalty (B)	Total estimated costs (C)= (A) + (B)	% of the DXN Group's PBT for the FYE 28 February 2021
		(RM'000)	(RM'000)	(RM'000)	(%)
1.	Material properties in Malaysia (1)	1,960.0	1,971.6	3,931.6	1.3
2.	Non-material properties in Malaysia (2)	775.0	1,734.9	2,509.9	0.9
	Total	**2,735.0**	**3,706.5**	**6,441.5**	**2.2**

Notes:

(1) Refers to properties consisting of manufacturing and cultivation facilities used for our operations, the details of which are listed in Annexure B of this Prospectus.

(2) Refers to non-material properties such as a bungalow, farm toilet, surau, guard post, fishery farm buildings and plastic houses.

In relation to the material properties in Malaysia which consist of manufacturing and cultivation facilities used for our operations, where the non-compliances include not having obtained the requisite CCC or equivalent and/or where there is a breach of land use and/or express condition of title, the details of which are listed in Annexure B of this Prospectus, our Group has vacated and ceased operations at the non-compliant buildings and where applicable, relocated its operations to other buildings with CCC.

The foregoing non-compliances with respect to the material properties in Malaysia do not have a material impact on the business operations and financial condition of our Group for the following reasons:

(i) In the FYE 28 February 2021, DXN Pharma's cultivation facilities in Kedah, Malaysia produced 51.5 tonnes of RG powder, while Daxen Agritech's cultivation facilities in Odisha, India produced 5.1 tonnes of RG powder. Our Group used approximately 34.9 tonnes of RG powder in our production of Ganoderma-based products in the FYE 28 February 2021, all of which are sourced from in-house cultivation facilities of DXN Pharma located at GM 1109 Lot 2116, Mukim of Malau, District of Kubang Pasu, Kedah, Malaysia (i.e. 12 sheds used for the cultivation of Ganoderma ("**Gano Sheds (A)**") and 14 sheds used for the cultivation of Ganoderma ("**Gano Sheds (C)**"),and Daxen Agritech located in Odisha, India.

The non-compliant Gano Sheds (A) and Gano Sheds (C) and Agro Dryer Building were previously used for Ganoderma cultivation (for the harvesting of RG) and drying process in Malaysia, while 30 sheds used for the cultivation of Ganoderma located at GM 16 Lot 832, Mukim of Malau, District of Kubang Pasu ("**Gano Sheds (B)**") were dormant. Approximately 90.0% of the total RG powder used in our Group's production of Ganoderma-based products in the FYE 28 February 2021 was cultivated in Malaysia (i.e. Gano Sheds (A) and Gano Sheds (C)) and the remaining 10.0% of the RG powder was cultivated in India.

Although our Group has ceased operations at the non-compliant Gano Sheds (A), Gano Sheds (B) and Gano Sheds (C) since September 2021, we have sufficient dried Ganoderma supply for our Malaysian operations from our existing reserve stock and a third-party supplier in China. As and when required, we will continue to enter into similar supply arrangements to cater for our operations and we do not foresee any issue in securing further supply of dried Ganoderma from other third-party suppliers; and

(ii) In the FYE 28 February 2021, DXN Pharma's cultivation facilities in Kedah, Malaysia produced 64.9 tonnes of Spirulina powder, while DXN Agrotech Ningxia and DXN Manufacturing India produced 53.0 tonnes and 2.0 tonnes of Spirulina powder respectively. In addition, DXN Pharma also purchased 46.8 tonnes of Spirulina powder from third party suppliers. From the above, 71.9% of the Spirulina powder is derived from its in-house cultivation facilities in Malaysia, China and India, while 28.1% is from third party suppliers. Our Group used approximately 155.7 tonnes of Spirulina powder in our production of Spirulina-based products in the FYE 28 February 2021.

Although our Group has ceased operations at the non-compliant Spirulina ponds since September 2021, we have more than sufficient Spirulina powder for our Malaysian operations, from our existing reserve stock and supply from DXN Agrotech Ningxia which has 250 Spirulina ponds that is able to produce 150 tonnes of Spirulina annually as well as from third-party suppliers. As and when required, we will continue to enter into similar supply arrangements to cater for our operations and do not foresee any issue in securing further supply of Spirulina powder from third-party suppliers.

7.27.2 Non-compliances in respect of our Group's operations in China

In relation to Florin Fujian's operations in China, DXN Corporation Ningxia has on 17 May 2022 entered into the Florin Fujian SSA to dispose of Florin Fujian including its wholly-owned subsidiary, Anxi Gande Foluohua, to the other remaining shareholder of Florin Fujian, Fujian Anxi Jinjiang Source Tea Technology Co., Ltd. In the event the Florin Fujian SSA is terminated, Anxi Gande Foluohua will have to undertake the following rectification measures to rectify the non-compliances in respect of Anxi Gande Foluohua's tea cultivation and manufacturing facility at No. 99 Fuxiyang, Huaidong Village, Gande Town (leased by Anxi Gande Foluohua) as shown in the table below. Our Board is of the view that the termination risk of the Florin Fujian SSA is not significant.

No.	Non-compliances	Rectification measures to be taken
1.	Country-level permit for the use of a one-storey steel building, not obtained by Anxi Gande Foluohua. The one-storey building is used as a warehouse for temporary storage of raw materials and preliminary processing of certain raw materials.	Anxi Gande Foluohua to relocate the existing operations to the main factory which has the necessary permit, and to demolish the one-storey steel building.
2.	Parts of factory gate and guard booth located in the open space on the south side ("**Plot No. 2**") of the factory leased by Anxi Gande Foluohua is not in compliance with the category of land use for tea plantation, barren land and forested land.	Anxi Gande Foluohua to demolish the parts of the factory gate and guard both which are non-compliant.
3.	Prior written consent of at least two thirds (2/3) of Huaidong village members or representatives has not been obtained for the lease of the open space on the west side ("**Plot No. 1**") and south side (Plot No. 2) of the factory leased by Anxi Gande Foluohua which is required pursuant to PRC law on land contract in rural areas and PRC land administration and administrative measures for the transfer of rural land management right. Parts of the factory gate and guard booth located on Plot No. 2 are affected.	Anxi Gande Foluohua to terminate the lease for Plot No. 1 and Plot No. 2.
4.	Anxi Gande Foluohua's has yet to complete the environmental check and acceptance for the construction and usage of its office building and plants. Our Group does not foresee any major issues in obtaining the acceptance for the construction and usage of its office building and plants.	Proposal for Anxi Gande Foluohua to engage a consultant to conduct the environmental appraisal procedure and make the relevant submission to the relevant authorities.

The non-compliances in respect of our Group's operations in China do not have a material impact to the business operations and financial condition of our Group as sales of our tea-related products for the FYE 28 February 2021 is only RM0.3 million, representing 0.02% of total sales of our Group. For clarification, the tea plantations are not located on Plot No. 1 and Plot No. 2, and are situated on another leased land close to Plot No. 1 and Plot No. 2. The tea leaf powder (as a raw material) from Anxi Gande Foluohua makes up only 2.5% of the total tea leaf powder used by our Group in the FYE 28 February 2021. Our remaining raw material requirement of tea leaf powder is sourced from third party suppliers in China. As such, our Group is not dependent on Anxi Gande Foluohua for the supply of tea leaf powder.

In the event that Florin Fujian (including Anxi Gande Foluohua) is disposed, our Group will continue to source tea leaf powder from Anxi Gande Foluohua as a third party supplier as well as from other third party suppliers in China.

7.27.3 Non-compliance in respect of the material property of our Group's operations in Indonesia

In Indonesia, a building owner must obtain a certificate of function worthiness (*Sertifikat Laik Fungsi)* ("**SLF**") to utilise a building. To comply with the SLF requirement, as at the LPD, Daxen Indonesia has submitted the SLF application for its manufacturing facility in Bogor, Indonesia. For further details, see Section B.1 of Annexure B of this Prospectus. The non-compliance in respect of the material property of our Group's operations in Indonesia does not have a material impact to the business operations and financial condition of our Group as Daxen Indonesia is not prohibited from by Indonesian laws from continuing its operations on the property despite not having an SLF in the interim period.

7.27.4 Non-compliance in respect of the foreign investments in India

Our Indian Subsidiaries have undertaken certain transactions in the past in violation of the FEMA (read with the FEMA and then prevailing rules/regulations) including failing to notify or obtaining approval from the RBI and other regulatory authorities in India in respect of certain transactions, filing of annual Foreign Liabilities and Assets (FLA) returns with the RBI, or registering for entity user registration. To rectify the non-compliances, we have engaged a consultant in India to assist our Indian Subsidiaries to submit the relevant applications, firstly, to regularise and subsequently, to compound the non-compliant transactions before the regulatory authorities. While some of the non-compliances have been regularised as at the LPD, the filing of regularisation applications and processing thereof by the relevant authorities, in totality may take up to one year from the date of this Prospectus, and we expect to incur monetary penalties of a non-material amount for the relevant non-compliance.

The table below summarises the total estimated costs (being the estimated rectification costs and potential maximum penalties being the compounding penalty) and the non-compliance amounts relating to the abovementioned non-compliances:

			Potential maximum penalty			
No.	**Entity involved in the non-compliances in respect of foreign investments**	**Estimated cost to rectify non-compliances (A)**	**Compounding penalty (B)**	**Non-compliance amount[(1)]**	**Total estimated costs (C)= (A) + (B)**	**% of our Group's PBT for the FYE 28 February 2021[(2)]**
		(RM'000)	**(RM'000)**	**(RM'000)**	**(RM'000)**	**(%)**
1.	Daxen Agritech	71.2	86.8	5,972.8	158.0	0.1
2.	DXN Marketing India	33.8	19.6	11.2	53.4	*
3.	DXN Manufacturing India	64.8	29.0	30,407.5	93.8	*
4.	DXN Clinics	10.7	2.8	5.6	13.5	*
5.	Esen Lifesciences	43.0	36.4	2,185.2	79.5	*
	Total	**223.5**	**174.6**	**38,582.3**	**398.2**	**0.1**

Notes:

** Negligible*

(1) *As the non-compliance amounts are not directly levied on a company under section 13 of FEMA unless a particular non-compliance results in undue gains and flouts money laundering laws, these non-compliance amounts are excluded from the total estimated costs relating to the non-compliances on foreign investments in India.*

(2) *Computed as the total estimated costs (being the costs of rectification and potential maximum penalty being the compounding penalty) divided by the PBT for the FYE 28 February 2021.*

The non-compliances in respect of our foreign investments in India, individually and collectively, do not have a material impact to the business operations and financial condition of our Group as:

(i) our shareholding in our Indian Subsidiaries are not rendered void by virtue of the non-compliances; and

(ii) the actions or non-actions of our Indian Subsidiaries which gave rise to the non-compliances are procedural in nature and not substantive and therefore, should not lead to imposition of Section 13 of the FEMA which is generally invoked for contraventions involving substantive violation of the FEMA provisions resulting in undue gains or flouts money laundering laws.

7.27.5 Overall impact of the outstanding non-compliances as at the LPD

The table below summarises the total estimated costs (being the estimated rectification costs and potential maximum penalties applicable) relating to all the non-compliances mentioned in Sections 7.27.1 to 7.27.4 above.

No.	Summary description of non-compliances	Reference to section in the Prospectus	Estimated cost to rectify non-compliances	Potential maximum penalty	Total estimated costs	% of our Group's PBT for the FYE 28 February 2021
			(RM'000)	(RM'000)	(RM'000)	(%)
(1)	Non-compliances in respect of material properties of our Group's operations in Malaysia	7.28.1	1,960.0	1,971.6	3,931.6	1.3
(2)	Non-compliances in respect of our Group's operations and environmental matters in China	7.28.2	298.8	2,735.5	3,034.3	1.1
(3)	Non-compliances in respect of material property of our Group's operations in Indonesia	7.28.3	105.0	-	105.0	*
(4)	Non-compliances in respect of foreign investments in India	7.28.4	223.5	174.7[(1)]	398.2	0.1
	Total		**2,587.3**	**4,881.8**	**7,469.1**	**2.5**

Notes:

* *Negligible*

(1) *Exclusive of non-compliance penalties amounting to RM38.6 million which is not directly levied on a company under Section 13 of FEMA unless a particular non-compliance results in undue gains and flouts money laundering laws.*

The total estimated costs to rectify the non-compliances and the potential maximum penalties applicable to all the non-compliances represent approximately 2.5% of our Group's PBT for the FYE 28 February 2021. The impact of the non-compliances to our Group, individually and collectively, is not material to the business operations and financial condition of our Group on the basis that the total estimated rectification costs and the potential maximum penalties of all the non-compliances represents less than 5% of our Group's PBT for the FYE 28 February 2021.

Notwithstanding that the outstanding non-compliances may remain unresolved at the time of our Listing, our Directors undertake to continue to make the necessary applications and/or engage with the relevant authorities to resolve and address the outstanding non-compliance incidents in accordance with the directions of the relevant authorities after listing. Our management is following up closely and liaising with relevant authorities to resolve the said non-compliances in the best interest of our Company. We will update our shareholders on the status of our outstanding non-compliance incidents in our annual reports.

Our Board has implemented the following measures to enhance the internal control system of our Group and prevent the recurrence of the non-compliance incidents set out in Sections 7.27.1 to 7.27.4 of this Prospectus:

(i) on 10 February 2022, we have established, among others, our Audit Committee and Risk Management Committee. Our Audit Committee's terms of reference which sets out its duties and obligation include overseeing our Group's internal control framework to ensure operational effectiveness and efficiency, and encourage legal and regulatory compliance. Our Risk Management Committee's terms of reference include reviewing the risk management framework and its related policies within our Group, ensuring the infrastructure, resources and systems are in place and adequate for risk management, and that processes for the identification, measurement and analysis, reporting, and mitigation of risks are in place. See Sections 9.2.6 and 9.2.9 of this Prospectus for further details on the composition and function of our Audit Committee and Risk Management Committee respectively;

(ii) in April 2022, we have 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 our 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 the reporting of issues to appropriate parties in a timely manner. All entities within our Group shall report to the LRCC on matters relating to legal and regulatory non-compliances. The LRCC shall monitor the status of our Group's compliance with our requisite legal and regulatory obligations and where necessary, shall then report to our Executive Committee, the progress of rectification plans and status of our Group's overall compliance. Our Executive Committee shall in turn report our Group's compliance obligations, issues and breaches to our Board. Our Executive Committee also evaluates the adequacy of tools, resources, trainings and subject matter expert for our Group to meet our compliance obligations;

(iii) in September 2021, we have also established a Group Governance and Risk Management ("**GGRM**") department, for purposes 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 enterprise risk management framework. Our Risk Management Committee shall in turn report our Group's risk management issues to our Board. With regard to the non-compliance incidents as set out in Sections 7.27.1 to 7.27.4 of the Prospectus, the GGRM will be responsible for evaluating the compliance risk faced by our Group resulting from the non-compliance incidents, and reviewing the effectiveness of internal policies, procedures and processes implemented by our Group in ensuring compliance. The GGRM will report directly to our Risk Management Committee on the compliance risk faced by our Group;

(iv) our Group's Internal Audit department will also undertake an independent review and assessment on the effectiveness of the internal control measures implemented by our Group in accordance with our legal and regulatory compliance framework to prevent future non-compliance incidents. Our Group's Internal Audit department provides independent assurance to our Board (via our Audit Committee) and management regarding our Group's internal controls through audit procedures designed to evaluate effectiveness of internal controls and assessing compliance with policies and laws and regulations and provide recommendations on improving the compliance of our Group, amongst other things. Our Group's Internal Audit department will report directly to our Audit Committee on the audit findings pertaining to internal controls;

(v) Tricor Axcelasia Sdn Bhd ("**Tricor Axcelasia**") was engaged to, among others, review our legal and regulatory compliance framework including related policies and procedures that were put in place to address the non-compliance incidents set out in Sections 7.27.1 to 7.27.4 of this Prospectus and we have implemented the recommendations suggested by Tricor Axcelasia for our legal and regulatory compliance framework including its related policies and procedures;

(vi) implemented compliance incident management process and appointed dedicated personnel to monitor the various policies, procedures and framework which were put in place for our operations locally and globally and to report any findings of non-compliances of which the impact is expected to exceed internal materiality thresholds to the LRCC and GGRM who will then define the appropriate course of action and to report to our Executive Committee and Risk Management Committee, respectively; and

(vii) where necessary, we will seek professional advice and assistance from independent internal control consultants, external legal advisers and/or other appropriate independent professional advisers with respect to matters related to our internal controls and compliance, and to provide us updates on the applicable laws related to our business operations from time to time after our Listing. We will also engage professionals where necessary to provide training to our Directors and employees to develop a clear understanding of matters related to our internal controls and compliances for them to leverage on their understanding to enhance our policies and processes and implementation of the same.

7.28 Material Dependency on Commercial Contracts, Agreements or Other Arrangements

As at the LPD, there are no commercial contracts, agreements, other arrangements or other matters entered into by or issued to us which we are materially dependent on, and which are material to our business and profitability.

7.29 Health, Safety and Environmental Matters

7.29.1 Health and Safety

The health and safety of our employees and any third-party visitors to our premises is important to us. To minimise accidents, injury or occupational diseases, we endeavour to comply with relevant statutory requirements such as OSHA and regulations from the DOSH for our operations in Malaysia as well as comparable regulators and regulations in other jurisdictions for our operations elsewhere, provide and enforce codes of practice and procedures relating to health and safety and provide employees with the necessary skills and knowledge to meet their occupational health and safety responsibilities at the workplace.

7.29.2 Environmental

In addition to complying with regulatory and statutory environmental requirements (such as the Malaysian Environmental Quality Act 1974, Environmental Quality (Clean Air) Regulations 1978 and Environmental Quality (Scheduled Waste) Regulations 2005), we have sought to voluntarily implement self-regulations in accordance with suggestions by the DOE. We have taken internal steps such as establishing an Environmental Policy, Environmental Performance Monitoring Committee and Environmental Regulatory Compliance Monitoring Committee to continuously plan, check, react and improve on our environmental efforts and comply with regulatory and statutory requirements.

In 2000, the DXN Pharma facility received the ISO 14001 certification, which is the international standard that specifies requirements for an effective environmental management system. See Section 7.14 of this Prospectus for further details on our quality control. The stated goals of our environmental management system are to: (1) protect the environment, (2) reduce our waste and toxic emissions, (3) maximise our resources and productivity and (4) to reduce our activities that may impair future generations' enjoyment of resources.

In accordance with these regulations, policies and standards, we take steps at our facility in Kedah, Malaysia such as: testing and treating wastewater before it is discharged; sending waste and by-products from the Ganoderma harvest (known as "bag logs" or "bag waste") to a biomass collector to be recycled as biofertilisers; and ensuring that our carbon dioxide, smoke and other air emissions are in compliance with Malaysian law. This includes meeting permissible levels set by the Malaysian Environmental Quality Act 1974 and rules and regulations administered by the DOE.

We seek to act in accordance with environmental regulations in India such as the Air (Prevention and Control of Pollution) Act, 1981, the Water (Prevention and Control of Pollution) Act, 1974 and the Environment (Protection) Act 1986. At DXN Manufacturing India, we have taken steps in accordance with such environmental regulations such as establishing an Environmental Policy and continuously planning, checking, reacting and improving on our environmental efforts and complying with regulatory requirements. At Daxen Agritech, we have taken steps such as using our accumulated combustion technologies and water filtration technologies, by constructing a resource-saving system to minimise our pollution through our waste management practices, implementing a procedure for purchasing good quality raw materials that seeks to reduce waste and pollution, using scientific techniques of disposal and waste management, training employees for pollution control, identifying and documenting any activity or equipment that has the potential to pollute or otherwise degrade the environment and regularly monitoring our operations in every department to identify opportunities to reduce our environmental impact.

Similarly, in accordance with environmental regulations in China such as the Environmental Protection Law of the PRC, Law on the Prevention and Control of Water Pollution of the PRC, Law on the Prevention and Control of Air Pollution of the PRC, Law on the Prevention and Control of Solid Waste Pollution of the PRC, and Law on the Prevention and Control of Ambient Noise Pollution of the PRC, we have taken steps in the construction of a new production plant such as engaging third-party consultants to provide write-ups on project feasibility and project environmental impact for submission to local authorities as part of the approval process before commencing our new project. These reports state that project construction meets the requirements of national and local industrial policies. These reports also conclude that it is feasible to set up the production plant on the proposed site. We intend to adopt the pollution prevention and control measures that are proposed in the reports to ensure our pollutant emissions are up to the relevant standards, have little impact on the environment and will not cause changes in regional environmental functions.

As certain of our natural ingredients are certified organic by authorities such as the EU, the USDA's NOP and the Ministry of Agriculture and Agro-Based Industry Malaysia (now Ministry of Agriculture and Food Industries), no chemicals are used in the cultivation processes of those crops (which include Ganoderma, Spirulina and Cordyceps).

Further, as we cultivate Ganoderma in bags, as opposed to planting Ganoderma in soil, we are able to avoid issues of soil contamination.

7.30 Corporate Social Responsibility and Environment

We operate our business with social and environmental responsibility with an awareness that climate change is impacting human lives and health in a variety of ways, and aim towards a high standard of corporate governance.

7.30.1 Environmental

We successfully renewed the ISO14001 Environmental Management System, which is a set of international standards for designing and implementing an environment management comprising policies, processes, plans, practices and records which define the rules governing how we interact with the environment and preventing our operations from causing negative impact on the environment. To demonstrate our commitment to ESG, our Group had invested on a solar panel system in 2021 for a factory in Malaysia, which we believe will reduce the use of non-renewable energy sources and greenhouse gases emissions. As a big part of our environmental impact arises from our factory and farm operations, we take every effort to mitigate wastage from these operations and manage the resources available well.

Our key areas of focus in our environmental and climate change management emphasises to enhance energy consumption efficiency, ensure efficient use of water and maximising the effectiveness of our 5Rs (Refuse, Reduce, Reuse, Repurpose and Recycle) initiatives. For example, efforts to tackle the Group's emission through air and noise pollution were managed through efforts ranging from internal monitoring of air quality, engaging license party to independently review air quality, noise assessment, implementation of preventive action plans (i.e. provision of personal hearing protectors, trainings, audiometric testing, medical examination, etc), and re-engineering business processes (i.e. modification and installation of equipment) to ensure both air and noise emission are managed in accordance with the rules and regulations by the DOE. To minimise water pollution, sewage treatment plants and industrial effluent treatment systems are put in place to remove contaminants from sewage or wastewater to produce effluent suitable for discharge to the surrounding environment. An approved scheduled waste collector submits an inventory waste record through our Electronic Scheduled Waste Information System ("**ESWIS**") every month. We also continuously improve existing controls and practices in waste management ranging from improving scheduled waste storage area and segregation methods, pre-planned preventive maintenance to ensure existing plants, machine and equipment operating in optimum level, thus minimising the possible waste generated from our operation processes. We have built our transportation and logistics arrangements with a goal to minimise environmental harm, putting in place systems which allow us to plan delivery routing based on the optimal safety stock levels, reducing trips per delivery and carbon footprint. We also adopt a purchasing strategy which enable resources to be utilised with minimal wastage of materials and overstocking

7.30.2 Social

We recognise our responsibility to all stakeholders in the supply chain, including shareholders, employees, customers, trade partners, communities and government agencies, and strive to balance business development and the needs of our stakeholders. In promoting transparency and accountability in the Group, we have taken steps to communicate and create awareness (i.e. training) on anti-bribery/corruption to all directors, employees, suppliers and business associates, to seek their commitment to comply with the policies. Our partners are carefully identified and assessed, possess the right skills and whose corporate values are aligned with our own standards and required to comply with our procurement policy developed based on universally accepted principles and local laws, as the basic standards for social compliance. In adhering to standards of ethical conduct, we design our internal approach to ensure that our procurement teams are aware of the environmental and social impact of purchasing decisions. In addition, measures are initiated to ensure that the relationships with suppliers are handled fairly and in Group's best interests.

Our employees have equal opportunities for career advancement based on merit, performance, experience, and academic qualification regardless of race and gender. The Group supports the upgrading of employees' skills and knowledge to enhance each of our employee's competency, including sponsoring training/educational programs via training bond for eligible employees and providing Internal Trainer Incentive for eligible employee who conducted internal trainings for the others. For the FYE 28 February 2022, we recorded a total of 8,836.5 training hours, incurring training cost totalling RM125,414.27 covering both internal and external organised training programmes. The average training hours per employee was 1.56 hours.

We actively participate in projects and activities that benefit the society. In 2020, we launched the "One Dollar One Child" campaign against childhood malnutrition and have so far coordinated the distribution of free Spirulina to underprivileged children in India. We intend to continue to distribute free Spirulina to underprivileged children as part of this campaign in other jurisdictions. We encouraged our Members to donate to this charitable cause by giving them an equivalent amount of "One Dollar One Child" points (redeemable for certain of our products) for every dollar contributed.

We have also conducted a range of local charity and engagement efforts including: hosting educational tours at our facilities in Kedah, Malaysia; making direct donations to charitable organisations such as the International Buddhist College in Thailand; contributing health supplement products to children suffering from Night Blindness in Pakistan; organising one-to-one matching donations for natural disaster relief, such as the 2015 Nepal Earthquake (for every one dollar our Members contribute, we contribute the same amount) as well as local blood donation drives at our headquarters in Kedah, Malaysia.

In response to the COVID-19 pandemic and crisis in India, we have also donated oxygen concentrators, masks, PPE kits and other supplies in India.

7.30.3 Governance

We have in place a code of conduct and ethics which sets out our internal control policies and procedures, which include managing conflicts of interest, preventing bribery and corruption, money laundering and insider trading:

- in accordance with our insider trading policy, directors and employees are discouraged from engaging in speculative trading in our securities and are required to observe the prohibitions imposed on "insiders' under the Capital Markets and Services Act 2007. Directors and employees in possession of material or price sensitive non-public information may not trade in our securities, and are in general required to comply with the Listing Requirements;

- our anti-money laundering policy requires our directors, employees and associates to ensure that business is conducted with reputable customers, for legitimate business purposes and with legitimate funds. Directors, employees and associates are required to report suspected money laundering activities to our Group human resources or legal department, and comply with the Anti-Money Laundering and Anti-Terrorism Financing Act 2001; and

- we have established an anti-bribery and corruption policy to ensure compliance with applicable anti-bribery and corruption laws and regulations, including the Malaysian Anti-Corruption Commission Act 2009. Our directors and employees are required to keep prompt and accurate records of transactions and payment, be alert to and flag suspicious transactions, and report violations or suspected violations of our policies via our whistleblowing mechanism. Directors, employees and associates are required to declare actual or potential conflicts of interest.

7.31 Awards

The table below sets out certain key awards that we have received:

Year	Award
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.
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.

Year	Award
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.
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.

7.32 Key Accreditations

The table below sets out the key certifications and accreditations we have received:

Name of Standard	Certifying Authority	Purpose/Scope	Recipient
ISO 9001:2015	Lloyd's Register	Quality management system	DXN Pharma
ISO 14001:2015	Lloyd's Register	Environmental management system	DXN Pharma
ISO 22716:2007	Lloyd's Register	Manufacture of PCC products	DXN Industries
MS ISO/IEC 17025:2017	Department of Standards Malaysia	Quality management system	Bio Synergy
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 Pharma
GMP	MOH	Manufacture of food products	DXN Industries
Organic EU Certificate	Control Union Certifications	Cultivation of RG, GL, Cordyceps and Lion's Mane mushroom	DXN Pharma
USDA-NOP Certificate	Control Union Certificates	Cultivation of RG, GL, Cordyceps and Lion's Mane mushroom	DXN Pharma
HACCP	MOH	Manufacture of food products	DXN Industries
Halal Certificate	JAKIM	Halal products certification	DXN Industries DXN Pharma

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Date: 30 MAY 2022

The Board of Directors
DXN Holdings Bhd.
Wisma DXN
213, Lebuhraya Sultan Abdul Halim,
05400 Alor Setar,
Kedah Darul Aman

Dear Sirs / Madams,

Independent Market Research on the Fortified Food and Beverages, Health and Dietary Supplements and Personal Care and Cosmetics Products in the Direct Selling Industry for DXN Holdings Bhd. ("DXN")

We, Frost & Sullivan GIC Malaysia Sdn Bhd ("**Frost & Sullivan**"), have prepared this Independent Market Report on the Fortified Food and Beverages, Health and Dietary Supplements and Personal Care and Cosmetics Products in the Direct Selling industry ("**IMR Report**") for inclusion in DXN's prospectus in conjunction with the listing of and quotation for the entire enlarged issued ordinary shares in DXN on the Main Market of Bursa Malaysia Securities Berhad ("**Prospectus**").

We are aware that this IMR Report will be included in the Prospectus and we further confirm that we are aware of our responsibilities under Section 215 of the Capital Markets and Services Act, 2007.

We acknowledge that if we are aware of any significant changes affecting the content of this IMR Report between the date hereof and the issue date of the Prospectus, we have an ongoing obligation to either cause this IMR Report to be updated for the changes and, where applicable, cause DXN to issue a supplementary prospectus or withdraw our consent to the inclusion of this IMR Report in the Prospectus.

Frost & Sullivan has prepared this IMR Report in an independent and objective manner and has taken adequate care to ensure the accuracy and completeness of this IMR Report. We believe that this IMR Report presents a true and fair view of the industry within the limitations of, among others, secondary statistics and primary research, and does not purport to be exhaustive. Our research has been conducted with an "overall industry" perspective and may not necessarily reflect the performance of individual companies in the industry. Frost & Sullivan shall not be held responsible for the decisions and/or actions of the readers of this IMR Report. This IMR Report should also not be considered as a recommendation to buy or not to buy the shares of any company or companies as mentioned in this IMR Report or otherwise.

For and on behalf of Frost & Sullivan GIC Malaysia Sdn Bhd:

June Liang Pui San
Country Head, Malaysia

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Methodology

For the purpose of preparing this report, Frost & Sullivan has conducted primary research encompassing interviews with industry experts and industry players, and secondary research, which included reviews of company reports, official websites/social media pages, independent research reports, information from industry associations/authorities/international organisations, and information from Frost & Sullivan research database. Unless being made available in the publicly available sources, projected data was derived by Frost & Sullivan using historical data analysis with the consideration of the social, economic, and political environments for the forecasted period.

Comparable key direct selling companies identified in this report have been selected from a long list of companies developed by screening directories in each respective country as well as discussing with industry players. Subsequently, the list was presented and discussed with industry players and experts[1] that agreed to be interviewed for the purpose of the analysis. Information were further validated via public information through secondary research (which covers reviews of company reports, official websites/social media pages, independent research reports, information from industry associations/authorities/internal organisations, and information from Frost & Sullivan research database) and fine-tuned by contacting identified companies (e.g., telephonic method, official social media platforms, among others).

Profile of Frost & Sullivan GIC Malaysia Sdn Bhd

FROST & SULLIVAN is a global independent industry research and consulting organisation headquartered in the United States of America with over 60 years of establishment. In Malaysia, FROST & SULLIVAN's subsidiary, Frost & Sullivan GIC Malaysia Sdn Bhd, operates two offices (Selangor and Iskandar Malaysia) with more than 200 employees offering market research, marketing and branding strategies and business advisory services across 12 industries. FROST & SULLIVAN is involved in the preparation of independent market research reports for capital market exercises, including initial public offerings, reverse takeovers, mergers and acquisitions, and other related fund-raising and corporate exercises.

Profile of the IMR Report signee, June Liang Pui San ("June Liang")

June Liang is the Country Head for Frost & Sullivan GIC Malaysia Sdn Bhd. June Liang possesses over 24 years of experience in market research and consulting, including over 15 years in independent market research and due diligence exercises for capital markets across the Asia Pacific region. June Liang holds a LLB (hons) from University of Wales, Cardiff and MBA from Imperial College.

For further information, please contact:

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[1] Industry players are individuals currently or previously working for direct selling companies. Industry experts are individuals with in-depth knowledge on the industry (e.g. industry analysts).

1 INTRODUCTION

The demand for health and wellness and other products via direct selling is growing fast. It continues to be driven, among other factors, by the growing ageing population, urbanisation trend, rising household income, changing consumer preferences towards natural/herbal products that are safe to consume and have attributed health benefits, and the increasing propensity to self-medicate and adopt preventive solutions. On the supply side, the industry is driven, among other factors, by product innovations, higher consumer penetration, the expansion of distribution channels, and the opportunity for self-employment and additional income that the direct selling industry provides to its independent representatives.

2 MARKET SIZE

2.1 THE DIRECT SELLING INDUSTRY

Direct selling means the person-to-person sale of a product or service by independent representatives[2]. The global direct selling industry grew at a compounded annual growth rate ("**CAGR**") of 2.2% from 2016 to 2018. However, the market declined by 5.4% in 2019 compared to 2018 due to lower sales in China (one of the largest markets globally). In 2020, the market grew by 2.3% compared to 2019 notwithstanding the impact from the novel coronavirus disease ("**COVID-19**") and continued to grow by 4.5% in 2021. The global market of direct selling is forecasted to grow in the forecasted period up to 2026, driven by various factors, including the expanding base of independent representatives and the greater e-commerce penetration. The demand for direct selling is expected to grow fast between 2021 to 2026 in Latin America and Asia Pacific. The demand from these regions will also be supported by the rapid urbanisation and the changes of the lifestyle among populations with a fast-growing income.

Table 2-1: Retail Sales via Direct Selling (USD million), Selected Countries, 2016-2026F

	2016	2019	2020	2021E	2026F	CAGR 2016-2021E	CAGR 2021E-2026F
Global	**150,705.9**	**148,989.7**	**152,400.0**	**159,258.0**	**186,420.1**	**1.1%**	**3.2%**
Peru	1,844.2	2,272.3	1,810.9	1,835.3	2,579.9	-0.1%	7.0%
Mexico	7,783.8	8,414.9	7,366.5	8,075.2	8,575.8	0.7%	1.2%
India	1,996.0	2,478.1	2,715.2	3,000.6	3,847.2	8.5%	5.1%
Bolivia	361.8	420.5	459.5	521.6	783.3	7.6%	8.5%
Philippines	1,385.7	1,629.1	1,566.0	1,514.7	1,918.5	1.8%	4.8%
Malaysia	2,809.6	4,322.0	5,115.5	6,049.6	9,887.5	16.6%	10.3%
Middle East	NA	NA	NA	NA	NA	NA	NA
US	25,233.4	24,294.9	27,669.0	29,135.5	33,235.6	2.9%	2.7%
Thailand	2,858.5	3,342.2	3,246.6	3,144.0	4,045.4	1.9%	5.2%
Colombia	2,739.5	2,835.7	2,487.9	2,593.9	3,166.7	-1.1%	4.1%

*Note: Retail sales value at current prices. Countries and region namely Peru, Mexico, India, Bolivia, Philippines, Malaysia, the United States of America ("**US**"), Thailand, Colombia, and the Middle East region respectively, are the top sources of revenue for DXN and its subsidiaries' (the "**Group**"). These ten selected countries and region totalled to 87.9% of the Group's revenue for the financial year ended ("**FYE**") 28 February 2021. The data on the retail sales value for the Middle East is not available ("**NA**").*

Source: Frost & Sullivan

2.2 DIRECT SELLING OF FORTIFIED FOOD AND BEVERAGES ("FFB")

The FFB segment accounted for 8.4% of the global direct selling industry in 2021. The direct selling of FFB products is growing, driven by the higher awareness of consumers towards a healthy lifestyle and diet, and the greater availability of innovative products to fit the local consumption demand. The direct selling of FFB is forecasted to grow at a CAGR of 10.5% between 2021 and 2026.

[2] Independent representatives refer to individuals that have entered into independent contractor agreements with direct selling companies, to purchase products and services from the companies and be compensated for the sales and for the marketing and promotional services. Sometimes also referred to as distributors, members, consultants or other titles.

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Table 2-2: Retail Sales via Direct Selling of FFB (USD million), Selected Countries, 2016-2026F

	2016	2019	2020	2021E	2026F	CAGR 2016-2021E	CAGR 2021E-2026F
Global	**8,010.6**	**10,477.2**	**11,598.9**	**13,331.4**	**21,946.2**	**10.7%**	**10.5%**
Peru	217.3	249.7	257.1	253.3	326.0	3.1%	5.2%
Mexico	370.9	454.4	427.3	476.4	583.2	5.1%	4.1%
India	75.8	116.5	135.8	168.3	339.3	17.3%	15.1%
Bolivia	62.6	106.4	119.0	146.0	216.2	18.5%	8.2%
Philippines	100.3	117.8	105.2	119.3	180.5	3.5%	8.6%
Malaysia	88.7	137.9	179.0	222.2	420.0	20.2%	13.6%
Middle East	NA	NA	NA	NA	NA	NA	NA
US	1,464.5	2,173.3	2,064.7	2,399.1	3,831.3	10.4%	9.8%
Thailand	202.2	217.7	207.4	233.9	333.1	3.0%	7.3%
Colombia	73.0	64.9	60.5	63.8	73.7	-2.7%	2.9%

Note: Retail sales value at current prices.

Source: Frost & Sullivan

2.3 DIRECT SELLING OF HEALTH AND DIETARY SUPPLEMENTS ("HDS")

HDS comprised 16.0% of the global direct selling industry in 2021. HDS has proven to be popular in 2020 and 2021 due to consumers opting for supplements to boost their immune system pursuant to the COVID-19 pandemic. The direct selling of HDS will continue to grow due to the greater awareness on the benefit of these products for the prevention of diseases. The development and introduction of new products with natural herbal ingredients, probiotics and known health benefits continue to attract consumers. The direct selling of HDS is forecasted to expand at a CAGR of 4.1% between 2021 and 2026.

Table 2-3: Retail Sales via Direct Selling of HDS (USD million), Selected Countries, 2016-2026F

	2016	2019	2020	2021E	2026F	CAGR 2016-2021E	CAGR 2021E-2026F
Global	**22,159.7**	**22,321.1**	**23,976.9**	**25,487.4**	**31,095.1**	**2.8%**	**4.1%**
Peru	131.8	199.0	210.1	208.0	309.5	9.6%	8.3%
Mexico	521.0	629.8	635.0	748.1	970.0	7.5%	5.3%
India	274.0	384.1	431.7	554.2	778.5	15.1%	7.0%
Bolivia	28.3	32.6	43.2	54.2	82.1	13.9%	8.7%
Philippines	122.8	128.0	160.2	190.5	259.4	9.2%	6.4%
Malaysia	154.7	246.4	349.0	467.3	934.4	24.7%	14.9%
Middle East	NA	NA	NA	NA	NA	NA	NA
US	3,312.1	3,612.1	4,123.9	4,474.5	5,206.5	6.2%	3.1%
Thailand	297.8	388.6	453.4	505.7	728.8	11.2%	7.6%
Colombia	46.6	40.4	42.0	46.2	57.0	-0.2%	4.3%

Note: Retail sales value at current prices.

Source: Frost & Sullivan

2.4 DIRECT SELLING OF PERSONAL CARE AND COSMETICS ("PCC")

PCC represented approximately 27.5% of the global direct selling industry in 2021. In 2020, the demand for cosmetics declined as consumers stayed at home due to the lockdown measures implemented as a result of the COVID-19 pandemic. Nevertheless, the sales of PCC were supplemented by the higher demand for personal hygiene products. Moving forward, the direct selling of PCC is forecasted to be driven by continuous product innovations by industry players and greater preference for natural ingredients and chemical-free products. The direct selling of PCC is forecasted to expand at a CAGR of 5.3% between 2021 and 2026.

Table 2-4: Retail Sales via Direct Selling of PCC (USD million), Selected Countries, 2016-2026F

	2016	2019	2020	2021E	2026F	CAGR 2016-2021E	CAGR 2021E-2026F
Global	**42,595.3**	**43,337.1**	**42,728.1**	**43,842.8**	**56,858.1**	**0.6%**	**5.3%**
Peru	891.8	1,208.7	919.1	900.8	1,338.9	0.2%	8.2%
Mexico	2,359.2	2,703.9	2,361.7	2,598.1	2,701.4	1.9%	0.8%
India	469.2	596.4	646.2	716.1	872.9	8.8%	4.0%

	2016	2019	2020	2021E	2026F	CAGR 2016-2021E	CAGR 2021E-2026F
Bolivia	143.9	179.9	163.0	173.7	245.2	3.8%	7.1%
Philippines	417.2	422.9	382.7	366.1	523.4	-2.6%	7.4%
Malaysia	481.9	735.8	906.2	1,088.9	1,829.2	17.7%	10.9%
Middle East	NA	NA	NA	NA	NA	NA	NA
US	4,779.4	5,686.6	6,544.7	6,864.6	8,308.9	7.5%	3.9%
Thailand	809.7	994.8	1,025.9	1,002.9	1,274.3	4.4%	4.9%
Colombia	934.6	909.2	771.5	787.2	981.7	-3.4%	4.5%

Note: Retail sales value at current prices.

Source: Frost & Sullivan

2.5 USE OF NATURAL INGREDIENTS FOR THE PRODUCTION OF FFB, HDS AND PCC

FFB, HDS and PCC products can be produced with natural and/or synthetic ingredients. Natural ingredients, including those which are herbal-based, may contain various active compounds that are beneficial to individuals. Companies with in-house integrated research and development ("**R&D**") processes develop innovative products to differentiate their offering from that of competitors. Companies also benefit from having greater control over the cultivation and manufacturing processes by ensuring the original form of the natural ingredient is preserved across the value-chain without losing its efficacy.

The Group is involved in the cultivation of various natural ingredients, including but not limited to Ganoderma and Spirulina. The global market of Ganoderma is forecasted to grow at a CAGR of 9.3% from USD4.3 billion in 2021 to USD6.7 billion in 2026[3]. Meanwhile, the global market of Spirulina is forecasted to grow at a CAGR of 9.5% from USD419.0 million in 2021 to USD660.3 million in 2026. Both market growths are driven by the application in end products, such as FFB, HDS and PCC.

Some of the benefits of these products include the following: **Ganoderma** contains natural constituents, including polysaccharides, adenosine, triterpenoids, protein, fibre, minerals and vitamins, that improve body functions and general well-being[4&5]; **Spirulina** contains a variety of nutrients, including protein, lipids (high level polyunsaturated fatty-acids), antioxidants (beta-carotene), chlorophyll, phycocyanin, vitamins and minerals (iron). In general, it is used to promote an alkaline body condition and to keep people healthy and energetic[6]; **Cordyceps** contains cordycepin acids, amino acid, glutamic acid and polysaccharides. Although not scientifically proven, it is used in Chinese medicine to promote better stamina, energy, libido, sleeping patterns, longevity and maintain a healthy respiratory system[7].

3 DEMAND DRIVERS

Consumers' Preference for Products with Natural Ingredients: Consumers increasingly opt for safer products with natural ingredients that involve minimal processing, with no artificial preservatives or colouring, due to the lower risk of negative side effects[8]. The understanding of the efficacy of natural ingredients and the proven positive effect build trust and create stickiness among consumers. Besides, plant-based, organic and vegan products are also gaining popularity as consumers become more aware and concerned about the impact on the environment brought about by certain synthetic ingredients. Google searches relating to sustainable goods increased by 71% between 2016 and 2020[9]. The number of businesses in the food, cosmetic and natural pharmaceutical industries globally committed to sourcing

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[3] Frost & Sullivan analysis

[4] The Functional Medicine Center. (n.d.). *Ganoderma Lucidum*. Retrieved from the Functional Medicine Center: https://fxmedicinecenter.com/ganoderma/.

[5] Ahmad, M. F. (2018). Ganoderma lucidum: Persuasive biologically active constituents and their health endorsements. *Elsevier, 107*, 507-519. https://doi.org/10.1016/j.biopha.2018.08.036.

[6] Japan Algae Co., Ltd. (n.d.). *For a healthy daily life superfood spirulina*. Retrieved from Japan Algae Co., Ltd: http://www.sp100.com/pdf/Spirulina%20Leaflet.pdf.

[7] Kumar, R., Negi, P.S., Singh, B., Ilavazhagan, G., Bhargava, K., & Sethy, N.K. (2011). Cordyceps sinesis promotes exercise endurance capacity of rats by activating skeletal muscle metabolic regulators. *Journal of Ethnopharmacology, 136*(1), 260-266. https://doi.org/10.1016/j.jep.2011.04.040.

[8] US National Library of Medicine National Institutes of Health "Cosmetic benefits of natural ingredients", 2014.

[9] The Economist Intelligence Unit, An Eco-Wakening: Measuring Global Awareness, Engagement and Action for Nature, 2021.

practices that protect biodiversity increased by 45% between 2016 and 2020. These trends will likely continue moving forward driven by consumers and responsible businesses.

Growing Awareness on Health and Wellness Products and Propensity for Self-Medication: The health and wellness sector is a large and growing global market on the back of favourable demand and supply dynamics. The total retail sales of health and wellness products (across different channels, including via direct selling) grew at a CAGR of 5.1% between 2016 and 2021[10]. In 2020 alone this market grew by 4.8% year-on-year, and it continued to grow by 6.5% year-on-year in 2021 due to the increasing awareness and demand for products to boost the immune system following the spread of the COVID-19 pandemic.

Due to the increasing prevalence of chronic diseases and rising healthcare costs, consumers are taking a preventive approach and seeking products with health benefits. Consumers also actively seek health-related information and are increasingly capable of understanding it. They are generally prone to continue purchasing a product if proven to be effective and make it part of their daily diet. Besides prevention, consumers increasingly adopt self-medication practices for mild illnesses based on previous experiences in treating similar illnesses. This propensity is also driven by the inability to access healthcare centres due to travel restrictions and the avoidance of high risks areas, among other reasons, during the outbreak of COVID-19. These factors continue to drive the consumption of health and wellness products. This market is estimated to grow at a faster CAGR of 6.2% between 2021 and 2026 as compared to the period between 2016 and 2021.

Ageing Population: The world's population aged 65 years old and above grew at a CAGR of 3.6% from 629.7 million in 2016 to 752.6 million in 2021[11]. This age group accounted for 8.4% of the total population of the world in 2016 and 9.6% in 2021. By 2026, the elderly population is forecasted to be 880.3 million people and contribute to 10.7% of the world's population[12]. The elderly population growth positively correlates with the rising demand for FFB and HDS. The elderly is encouraged to take more vitamins and minerals than younger adults to prevent deficiencies due to reduced metabolism and declined organs' functions. In addition, the rising emphasis on physical appearance is likely to drive the demand for selected PCC products for anti-aging, starting at a young age[13].

Urbanisation and Rising Income: In mid-2021, 56.6% of the world population was estimated to reside in urban areas. Urban population is forecasted to reach 58.8% of total by mid-2026[14]. The urbanisation process, with citizens relocating from rural to urban areas seeking a higher standard of living, better job prospects and salaries, leads to a higher average income. However, lifestyle changes related to the urbanisation process, such as longer working hours, unhealthy eating habits and stress, may lead to the higher demand for packaged food which can be fortified with key nutrients. The category of packaged food includes ready-to-eat products which can be conveniently consumed on-the-go and ready-to-cook products which can be easily prepared in and out from home. A higher income indicates higher purchasing power, which leads consumers to seek healthier options (and natural products) including HDS products.

Expanding Personal Care Products Range: The growth of social media raised both the awareness on the availability of various personal care products and the demand for these products. Consumers are increasingly looking for personalised products that fit their needs, budget and lifestyle. They are increasingly following a multi-step skin care routine and practicing a proactive approach towards skin care[15].

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[10] Frost & Sullivan analysis
[11] United Nations ("**UN**") World Population Prospects 2019.
[12] Percentage calculated on elderly population by UN World Population Prospects 2019 using total population and elderly population data.
[13] Social Standards, Anti-Aging Data – July 2020.
[14] United Nations, World Urbanisation Prospects: The 2018 Revision.
[15] Skin Care in Asia Pacific, "Key Trends and Opportunities, In-Cosmetics Asia Presentation Summary", 12 April 2018.

Government Support and Acceptance in Complementary Medicine: The use of natural herbal ingredients with medicinal value by the traditional and complementary medicine ("**T&CM**") industry received encouraging responses around the world. This is proven by 88% of World Health Organization's ("**WHO**") Member States acknowledging the use of T&CM as at 2018, which is in line with the WHO's Traditional Medicine Strategy 2014-2023[16].

Demand of Personalised Services through Direct Selling: Consumers find value through personalised services, such as recommendations of products tailored to their needs. To understand customer needs, independent representatives usually build a relationship with their customers, provide usage instructions and collect after-sales feedback. This may lead to a satisfactory and positive experience associated with the brand and the company. Additionally, independent representatives are usually users of the products who can provide first-hand testimonials, thus increase the acceptance of products and credibility for the new users.

4 COVID-19 IMPACT

During the outbreak of COVID-19, the production and distribution of FFB, HDS and PCC products were affected by the movement restrictions of workers and closure of production facilities. However, with the global rollout and uptake of COVID-19 vaccines as at April 2022 contributing to a gradual re-opening of business operations, the overall production and distribution of consumer products is gradually normalising. The April 2022 release of the Global Sector Purchasing Managers' Index from IHS Markit revealed higher output across 19 out of 21 sectors monitored, including household and personal use products[17].

The direct selling industry was impacted as COVID-19 restricted person-to-person physical meetings, leading to challenges in closing sales. Nevertheless, direct selling companies and independent representatives are increasingly building their online presence. Physical meetings are gradually replaced by instant messaging, online meetings, virtual product demonstrations and home deliveries. Social media platforms are increasingly used for member engagement and community-building initiatives (e.g. sharing tips, stories, product launches). Online shopping may become habitual even after the economic activity returns to a new normality as consumers become familiar and comfortable transacting online.

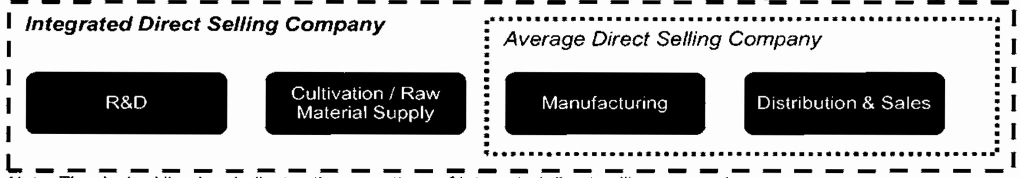
The COVID-19 pandemic caused an economic downturn, leading to higher unemployment or pay cuts. Accordingly, more people seek ways to generate additional income. Direct selling is an attractive alternative to generate a side income besides having a full-time job, leveraging on the flexible working hours or to be dedicated fully as entrepreneurs. The COVID-19 pandemic accelerated the growth of independent representatives from 120.2 million in 2019 to 125.4 million in 2020[18]. As representatives of a direct selling company, they also benefit from related company policies, including purchasing products at reduced prices. The benefits attract more independent representatives in the direct selling industry which expand and drive the growth of this industry. This direct selling industry becomes a mutually beneficial distribution channel for all stakeholders, including industry players (that can grow sales), members (that can earn a side income) and customers. Customers ultimately benefit from the availability of products at affordable prices due to the lower costs across the whole distribution system and from the after-sales customer service directly by members.

5 VALUE CHAIN

A simplified version of the value chain of the direct selling industry includes four main steps, comprising (i) R&D, (ii) cultivation / raw material supply, (iii) manufacturing, and (iv) distribution and sales. Integrated industry players have presence across all these four steps of the value chain, while non-integrated players are generally only involved in manufacturing and distribution and sales via direct selling. The Group has presence across the value chain.

[16] WHO, WHO Global Report On Traditional And Complementary Medicine 2019.
[17] Markit Economics: IHS Markit Global Sector PMI™. April 2022.
[18] World Federation of Direct Selling Association("**WFDSA**"), Statistical Database, 2017-2020.

Chart 5-1: Simplified Value Chain of FFB, HDS, PCC Products through Direct Selling



Note: The dashed line box indicates the operations of integrated direct selling companies.

Source: Frost & Sullivan

A balanced mix of in-house cultivation and supply from external parties has its benefits. It helps to provide greater control, build competencies and achieve efficient cultivation volumes of a few selected products (optimising land cost and staff availability), while sourcing externally from trusted partners for products that other industry players are able to produce more efficiently and at a lower cost.

To penetrate new markets, some industry players partner with external distribution agencies that have the advantage of local market know-how, better knowledge of the customers' needs, demand forecasts and better networks with local stakeholders. For sales activities, industry players increasingly rely on digital platforms that help direct selling companies and their members to stay connected, grow sales and widen the customer base.

6 KEY SUCCESS FACTORS AND BARRIERS TO ENTRY

Integrated Business Model / Economies of Scale / Scalability: Fully-owned operations and the integration along the value chain allow industry players to control processes and reduce costs, thus operate efficiently and achieve better margins. For instance, the ownership of production facilities in strategic locations allows industry players to leverage local resources including land and labour, and different climatic characteristics which can reduce the risk of disruptions in the supply-chain, while ensuring production reliability, cost-efficiency with proximity to the target markets and minimising the impact of exchange rate fluctuations, among other advantages. Integrated players may also benefit from incentives provided by local authorities. In addition, it is easier for integrated players with vast localised operations to comply with regulatory requirements. Integrated players can make the relevant adjustments or modifications to the product across the different stages of the value chain and ensure its compliance with the requirements of the local authorities. New market entrants may take longer to achieve scale and compete with integrated players. Direct selling companies also have generally lower fixed costs (e.g. advertising and marketing, management overhead, salaries and compensation) compared to the physical traditional retailers. With an asset-light structure, direct selling companies are able to leverage the extra savings for investments or incentives to their members. Due to the lower fixed costs, direct selling companies benefit from a greater degree of flexibility to scale-up and scale-back their production and operations based on the latest sales figures and changes in demand from consumers.

Strong Distribution Network through a Large Global Base of Highly-Engaged Members: A large global base of highly-engaged members allows companies to reach end consumers fast and build brand visibility through different channels. It also allows for an effective and cost-efficient distribution network across geographies to counter cyclical downturns. To ensure that members are engaged and to create a sense of belonging to the community, direct selling companies may support their outreach and help them in achieving sales targets. Some of the key approaches include assisting the members to create personal websites with the latest and coherent marketing content. Key industry players also generally set aside a portion of the revenue/profit for events and training programs for products (retailing), network marketing (recruitment) and recognition and motivation (retention). A large diversified global distribution network also allows industry players to mitigate their financial exposure to any particular market.

Quality Assurance through Accreditation and Certifications: Accreditations and certifications increase consumers' confidence in purchasing a product. Companies that have solid track records are in a better position to attract new and retain existing customers.

Smart Operations Driven by Intelligence and Information Technology ("IT") Solutions: Successful integrated players leverage on market intelligence and insights, gathered via IT solutions, such as integrated business platforms, to make informed decisions and grow their business. These players invest in automated processes that gather real-time information across the various steps of the value chain, from cultivation to sales, and can trigger cross-functional activities between departments. This information helps with the internal planning (human resource management), optimise the procurement of raw materials and the production volume (based on sales and inventories), optimise logistics (sourcing and delivery) and selling processes (invoicing and collection), track recruitment and auto calculate the member's rewards and bonuses, among others. Companies operating in multiple geographies benefit from a solid IT system that integrates and standardises different sets of information across countries (due to different tax reporting standards, different product registration requirements, etc.).

Technological Advancement in Cultivation and Production: The adoption of technological advancements in cultivation and production activities creates opportunities to improve the harvesting yield and pull nutrients out of base ingredients to be further used for product innovation, among other benefits. Companies that have in-house R&D can better reap the full potential of biotechnological advancements. In addition, the adoption of machinery for production at scale improves the speed and efficiency of the operations, and minimises wage costs, thus supporting healthy profit margins. Some of the machinery offers the flexibility to manufacture different range of products to enhance the efficiency of production.

Product Innovation: Companies with a diverse and evolving portfolio of new high-quality products sold at different price-points are able to constantly build excitement among consumers and satisfy their ever-changing needs, while meeting different local regulatory requirements, and accordingly grow the addressable market. Product innovations include the enhancement of existing products or the development of new products. Innovations related to natural ingredients, backed by science-based product development approaches, are able to enhance the credibility of a product while meeting consumer demand. Generally, industry players choose to selectively roll out products when entering new markets to collect feedback from customers and have a higher success rate. New product launches are vital for member and customer engagement / excitement, and provide companies with ongoing future revenue streams.

Sustainable Strategies: Direct selling companies offer different compensation or incentive models to attract, engage and retain members. The key to success is to strike the right balance between members' sales and recruitments. Attractive compensation plans offered by direct selling companies motivate the members to be actively involved in promoting and selling the products, while expanding the network. Generally, direct selling companies that do not require an upfront membership fee, that have transparent marketing plans with clear incentives and career-path structures for the members, and that incentivise sales to customers rather than inventory loading may have an advantage in attracting new members and expanding the distribution network sustainably while building a strong reputation. These practices allow direct selling companies to build a business that can sustain over the long-term, do not exploit members in generating "inflated" sales figures and nurture them with the proper incentives and support to generate tangible revenue opportunities.

Adoption of Modern Marketing Tools: Direct selling companies continuously look for new and innovative ways to promote their products and brands following the latest trends in consumer habits and preferences. For instance, influencer marketing via social media platforms and the use of recommendations or endorsements from influencers or content creators are increasingly gaining traction to attract and engage customers. Due to the higher internet and smartphone penetration, industry players are also adopting technological solutions to support their members and engage their customers, such as virtual make-up applications and nutrition apps or supplement trackers that trace health data and provide personalised recommendations.

Experienced Management Team: The experience and diverse capabilities of the management team are crucial for a company to be successful. A long list of various certifications and industry awards gathered over the years by an organisation testifies the capabilities of a management team in building a successful business.

Strong Brands and Established Customer Relationship: Direct selling companies build their brand by selling quality products that are suitable for local consumption at an acceptable price. To achieve this, direct selling companies build a strong network of members and partners that understand the products and the target customers, building customers relationship and loyalty. This creates customer stickiness and strong barriers to entry for new market players.

7 COMPETITIVE LANDSCAPE

The direct selling market of FFB, HDS and PCC products is highly fragmented. It comprises both small localised and large multinational companies, with different product offerings and geographical presence. In this fragmented market, the Group has positioned itself with innovative differentiated products which are manufactured in-house with level of capital expenditure similar to that of comparable direct selling companies. Its success is demonstrated by high profit margins and a substantial market share in selected products and countries. The analysis below provides information on key direct selling players comparable with the Group, covering FFB, HDS and PCC products and having a broad geographical presence.

7.1 PROFILE OF KEY INDUSTRY PLAYERS

All selected players comparable with the Group sell all three of the product categories (FFB, HDS and PCC) covered in this report. Among the selected players, three of the players are vertically integrated with presence across the value chain. The Group has more cultivation and manufacturing facilities than these selected players. Among the selected players, the Group has the largest percentage of in-house manufactured product (about 90% of the products sold (based on gross sales) for the FYE 28 February 2021).

Most of the key selected players require a payment for members to join, either a one-off fee or an annual fee, except for the Group and Nu Skin. The Group has the same compensation model and marketing plan across different countries while other selected players have localised compensation model and marketing plan. The Group's total member count is growing fast at a CAGR of 13.6% from 2019 to 2021. The Group has among the largest number of active members in 2021 compared to the other key selected players.

Table 7-1: Operational Details of Selected Direct Selling Players [1]

Company	Geographical presence/ distribution footprint 2019 (# countries) [3]	Geographical presence/ Distribution footprint 2021 (# countries) [3]	R&D [4]	Cultivation [4]	Manufacturing [4]	Indicative % of products produced in-house (% of sales value in 2021)
DXN	43	48	Yes (2)	Yes (5)	Yes (9)	~90%
Amway Corporation	>100	>100	Yes (11)	Yes (4)	Yes (6)	~15%
Herbalife Nutrition Ltd ("Herbalife")	94	95	Yes (6)	Yes (1)	Yes (4)	~60% [5]
Nu Skin Enterprises Inc ("Nu Skin")	~50	~50	Yes (2)	NA	Yes (4)	10-20%
Oriflame Holdings AG ("Oriflame")	>60	>60	Yes (2)	No	Yes (6)	>70% [6]
USANA Health Sciences, Inc ("USANA")	24	24	Yes (2)	No	Yes (4)	~65%

*Notes: The information is provided **for reference only** and is **indicative in nature**. The information provided is based on a **best effort basis** of publicly available information as at April 2022 and interviews with industry players / stakeholders. Information available may be limited and not available in a standardised form. Accordingly, Frost & Sullivan makes no warranties, expressed or implied, on the accuracy and/or on the comprehensiveness of the information in this table.*

(1) The list of players may not be comprehensive. (2) The players are selected based on the presence in the three main product categories (FFB, HDS and PCC) of the Group, based on a global presence in more than 20 countries, and based on the availability of selected financial information. (3) Geographical presence/ distribution footprint refers to where the players have branches or subsidiaries. (4) "Yes" denotes the presence in the value chain. The number in bracket denotes the number of facilities owned. (5) Products produced in-house for Herbalife is based on the "Inner Nutrition" product line. (6) Products produced in-house for Oriflame is based on the percentage (%) of manufactured products in 2021.

Source: Frost & Sullivan; key selected players' websites, annual reports, publicly available sources

Table 7-2: Members Details of Selected Direct Selling Players

Company	Membership Fee [1]	Total Members 2019 [2]	Total Members 2021 [2]	Total Members CAGR 2019-2021	Details of Members 2021	Unified Compensation Model and Bonus Structure
DXN	No	9.3 mil	12.0 mil	13.6%	3.4 mil active members (purchased in the preceding calendar year)	Yes
Amway Corporation	Yes	~10 mil	~10 mil	NA	~1.5 mil active members (purchased in the preceding calendar year)	No
Herbalife	Yes	4.7 mil	6.3 mil	15.8%	~0.6 mil active members (purchased in the preceding calendar year)	No
Nu Skin	No	NA	NA	NA	1.4 mil active customers [3] (purchased in the previous 3 months period)	No
Oriflame	Yes	3.0 mil	2.5 mil	-8.7%	~1.0-1.5 mil active members (based on purchases in campaigns in the preceding calendar year)	No
USANA	Yes (for associate)	NA	NA	NA	560,000 Associates and Preferred Customers (members who purchased in the recent 3 months period)	No

*Notes: The information is provided **for reference only** and is **indicative in nature**. The information provided is based on a **best effort basis** of publicly available information as at April 2022 and interviews with industry players / stakeholders. Information available may be limited and not available in a standardised form. Accordingly, Frost & Sullivan makes no warranties, expressed or implied, on the accuracy and/or on the comprehensiveness of the information in this table.*

(1) Refer to a monetary membership fee. It excludes registration packages with products. The US has been used as a benchmark country for the membership fee comparison, except for Oriflame in United Kingdom. (2) Total member denotes overall membership number. (3) "Customers" for Nu Skin refer to the number of persons who purchased products directly from the company during the previous 3 months. (4) NA indicates that the data is not available.

Source: Frost & Sullivan; key selected players' websites, annual reports, publicly available sources

Compared to the average financial results of selected publicly listed players with manufacturing capabilities, the Group recorded the fastest revenue growth and consistently higher gross margins in the latest financial years. Overall, the Group also recorded higher earnings before interest, tax, depreciation and amortisation ("**EBITDA**") margin, while manufacturing in-house innovative differentiated products with capital expenditure similar to that of comparable publicly listed players with manufacturing capabilities.

Table 7-3: Financial Benchmarking of the Group and Selected Publicly Listed Direct Selling Players

Company	Revenue CAGR FYE 2021 vs FYE 2019	Gross Margin (%) FYE 2019	Gross Margin (%) FYE 2021	EBITDA Margin (%) FYE 2021	Depreciation and Amortisation/ Revenue (%) FYE 2021
DXN [1]	7.6%	83.9%	82.9%	31.5%	3.0%
Average of selected companies with in-house manufacturing capabilities [2]	**2.6%**	**76.7%**	**75.8%**	**15.1%**	**2.7%**
Selected company without in-house manufacturing capabilities [3]	**5.5%**	**25.2%**	**17.9%**	**4.5%**	**1.1%**

Notes: Information based on the latest financial statements publicly available as at April 2022. (1) The financial information for DXN is based on the FYE 28 February 2021 and FYE 28 February 2019, while the financial information for other selected publicly listed players is based on the FYE 31 December 2021 and FYE 31 December 2019; (2) Analysis based on Herbalife, Nu Skin, Oriflame, USANA. Oriflame Holding AG was delisted from the Nasdaq Stockholm Exchange in July 2019; (3) Analysis based on Amway (Malaysia) Holdings Berhad.

Source: Frost & Sullivan; key selected players' websites, annual reports, publicly available sources

7.2 MARKET SHARE

The Group has a stronger presence in the direct selling of FFB as compared to HDS and PCC. Based on total retail sales of FFB via direct selling, the Group ranked among the top 3 players respectively in Bolivia and Peru, and among the top 5 players in the Philippines in 2021. In the same year, the Group also ranked among the top 10 players, based on retail sales of HDS via direct selling in the Philippines. Overall, the Group ranked among the top 10 players based on total sales in the direct selling industry in Peru and Bolivia in 2021.

Table 7-4: Indicative market share of the Group on the Direct Selling of FFB, HDS and PCC, Based on Sales Value, Global and Selected Countries, 2019 and 2021

Country	FFB		HDS		PCC	
	2019	2021E	2019	2021E	2019	2021E
Global	**2%**	**2%**	**<1%**	**<1%**	**<1%**	**<1%**
Peru	29%	29%	2%	4%	<1%	<1%
Mexico	8%	9%	1%	1%	<1%	<1%
India	13%	9%	6%	3%	1%	1%
Bolivia	38%	37%	3%	2%	Not present	Not present
Philippines	13%	13%	7%	6%	<1%	<1%
Malaysia	7%	3%	7%	3%	1%	<1%
Middle East	NA	NA	NA	NA	NA	NA
US	<1%	<1%	<1%	<1%	<1%	<1%
Thailand	1%	<1%	1%	1%	<1%	<1%
Colombia	5%	5%	4%	2%	<1%	<1%

Note: The market share is provided ***for reference only*** *and is* ***indicative in nature****. It is based on a* ***best effort basis*** *of primary interviews with industry players / stakeholders and publicly available information. Estimation based on the sales data provided by the Group to Frost & Sullivan. The estimated market share for the Middle East is not available due to the lack of the market data on the total retail sales value.*

Source: The Group; Frost & Sullivan

8 SUMMARY PROSPECTS AND OUTLOOK FOR THE GROUP

The Group is positioned with a portfolio of innovative differentiated products, manufactured in-house with capital expenditure similar to that of comparable publicly listed players with manufacturing capabilities. Its success is demonstrated by high profit margins and a substantial market share in selected products and countries. The Group has the potential to further penetrate the market for FFB, HDS, PCC and other products within the direct selling industry.

Leveraging on its established presence across the value chain, with integrated and majority-owned production facilities, the Group has full control on the quality of its products. This aids in obtaining and retaining relevant certifications, and ultimately enhances trust among its members and customers. The R&D capabilities allow the Group to be innovative in expanding its product offerings with natural ingredients. Its cultivation capability with facilities located in different countries also allows it to have a stable supply of raw materials and be less affected by exchange rate fluctuations. The combined capability to cultivate and manufacture, coupled with technological advancements, enable the Group to produce the majority of its innovative products in-house. Drawing on its extensive experience in cultivating and manufacturing health and wellness products, the construction of a wellness and retreat centre gives the Group another avenue to serve and sell its natural products to its members, further strengthening the brand.

The sustainable membership model adopted by the Group allows it to expand the base of members while keeping them active and engaged with reasonable income and rewards. The large base of active members helps to build a strong global distribution network for the Group and focused on sales. The members of the Group are supported by digital tools, such as the members' messaging app, the eWorld web and DXN mobile application, and the possibility to build a personalised website for marketing initiatives. The direct selling activities allow the Group to have a scalable and asset-light business model, which can be easily replicated in new geographical markets, driven by a founder-led and experienced management team.

9. INFORMATION ON OUR PROMOTER, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT

9.1 PROMOTER AND SUBSTANTIAL SHAREHOLDERS

9.1.1 Profiles of our Promoter and substantial shareholders

(i) DXN Global as Promoter and substantial shareholder

DXN Global is our Promoter and substantial shareholder having 74.3% equity interest in our Company, out of which 0.3% is held on trust for DLSJ and 26.0% is held on trust for DLBL.

DXN Global was incorporated in Malaysia under the Companies Act, 1965 on 8 June 2011 as a private limited company under the name of Deras Capital Sdn Bhd and is deemed registered under the Act. DXN Global changed its name to its present name on 29 March 2012. DXN Global is principally engaged in investment holding activities with investments in property development, property investment, buying, selling, renting and operating self-owned or leased real estate and residential buildings.

As at the LPD, the issued share capital of DXN Global is RM1,000 comprising 1,000 ordinary shares.

The table below sets out the shareholders of DXN Global and their respective shareholding in DXN Global as at the LPD:

		Direct		Indirect	
Shareholder	**Nationality / Country of incorporation**	**No. of DXN Global shares**	**%**	**No. of DXN Global shares**	**%**
DLBL	Malaysian	500	50.0	-	-
DLSJ	Malaysian	499	49.9	-	-
Gano Global[(1)]	Singapore	1	0.1	-	-

Note:

(1) Gano Global intends to dispose its entire shareholding representing 0.1% equity interest in DXN Global to DLSJ for a cash consideration of RM1 prior to our Listing.

(ii) DLSJ as substantial shareholder

DLSJ, a Malaysian, is our Non-Independent Executive Chairman and our substantial shareholder by virtue of his interest in DXN Global and his beneficial ownership representing approximately 0.3% equity interest in our Company that is held on trust by DXN Global. Details of his profile are set out in Section 9.2.1(i) of this Prospectus. For his family relationship with our substantial shareholders, Promoter and Directors, see Section 9.4 of this Prospectus.

(iii) DLBL as substantial shareholder

DLBL, a Malaysian, is our substantial shareholder by virtue of her interest in DXN Global and her beneficial ownership representing approximately 26.0% equity interest in our Company that is held on trust by DXN Global. For her family relationship with our substantial shareholders, Promoter and Directors, see Section 9.4 of this Prospectus.

(iv) Gano Global as substantial shareholder

Gano Global was incorporated in Singapore under the Companies Act (Chapter 50) of Singapore on 3 March 2017 as a private company limited by shares under its present name. Gano Global is principally engaged in investment holding and was incorporated as a special purpose vehicle to hold the investment of KACMF in our Company. Gano Global is wholly-owned by KACMF, which in turn is wholly-owned by KACF LP.

KACMF was incorporated in Singapore under the Companies Act (Chapter 50) of Singapore on 17 October 2012 as a private company limited by shares under its present name. KACMF is registered with the Accounting and Corporate Regulatory Authority in Singapore. KACF LP is an exempted limited partnership formed on 24 April 2012 under the laws of the Cayman Islands.

As at the LPD, the issued share capital of Gano Global is USD45,955,132 comprising 866,001 ordinary shares and 45,089,131 preference shares.

KACF LP and KACMF are managed by their fund manager, KV Asia Capital Pte Ltd, a private equity firm based in Singapore with offices also in Kuala Lumpur and Jakarta ("**KV Asia Capital**" or "**Fund Manager**"). Our Non-Independent Non-Executive Director, Vibhav Panandiker, is an executive director and an indirect substantial shareholder of the Fund Manager. The Fund Manager was formed under the Companies Act (Chapter 50) of Singapore on 5 August 2010 as a private company limited by shares under its present name and holds a capital market services licence granted by the Monetary Authority of Singapore. The Fund Manager is responsible for the conduct and affairs and management of KACF LP and KACMF with full discretion to allocate investments.

KACF LP and KACMF's interests in our Company, being one of their investee companies, are for investment purposes only where they do not participate in the day-to-day management and operations of such investee companies.

As at the LPD, KACF LP is diversely owned by one general partner, KV Asia GP Limited (4.9%) and 20 limited partners consisting of institutional investors such as pension funds and investment funds from the U.S., Germany, Denmark, Switzerland, United Kingdom, Jersey, Guernsey and the Cayman Islands with interests ranging from 1.1% to 11.4% in KACF LP.

No single limited partner of KACF LP has the ability to control or to participate in the management of KACF LP and KACMF or KACMF's investee companies, including Gano Global.

The table below sets out the shareholders of Gano Global and their respective shareholding in Gano Global as at the LPD:

		Direct		Indirect	
Shareholder	**Nationality / Country of incorporation**	**No. of ordinary shares in Gano Global**	**%**	**No. of ordinary shares in Gano Global**	**%**
KACMF	Singapore	(1)866,001 ordinary shares	100.00	-	-
KACF LP	Cayman Islands	-	-	(2)866,001 ordinary shares	100.00

Notes:

(1) KACMF also holds 44,129,787 (97.9%) preference shares in Gano Global. The remaining 719,508 (1.6%) and 239,836 (0.5%) preference shares of Gano Global are held by Ang Kong Hua and Edwin Gerungan respectively. Ang Kong Hua and Edwin Gerungan are members of the Fund Manager's International Advisory Committee.

(2) Deemed interested by virtue of its shareholding in KACMF, applying Section 8(4) of the Act.

9.1.2 Shareholding of our Promoter and substantial shareholders

The following table sets out the direct and indirect shareholdings of our Promoter and substantial shareholders before and after our IPO:

Name/ Nationality/ Country of incorporation	Before our IPO(1)				After our IPO											
	Shareholding after the Subdivision				Assuming the Over-allotment Option is not exercised(2)				Assuming the Over-allotment Option is fully exercised(3)				Upon our Listing and assuming full exercise of the ESOS Options(4)			
	Direct		Indirect		Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%
Promoter and substantial shareholder																
DXN Global / Malaysia	3,584,640	(5)74.3	-	-	3,086,140	61.9	-	-	2,918,359	58.5	-	-	2,918,359	58.2	-	-
Substantial shareholders																
DLSJ / Malaysian	-	-	3,584,640	(6)74.3	-	-	3,086,140	(6)61.9	-	-	2,918,359	(6)58.5	3,000	0.1	2,918,359	(6)58.2
DLBL / Malaysian	-	-	3,584,640	(6)74.3	-	-	3,086,140	(6)61.9	-	-	2,918,359	(6)58.5	-	-	2,918,359	(6)58.2
Gano Global / Singapore	1,240,360	25.7	-	-	492,610	9.9	-	-	449,454	9.0	-	-	449,454	9.0	-	-
KACMF / Singapore	-	-	1,240,360	(7)25.7	-	-	492,610	(7)9.9	-	-	449,454	(7)9.0	-	-	449,454	(7)9.0
KACF LP / Cayman Islands	-	-	1,240,360	(8)25.7	-	-	492,610	(8)9.9	-	-	449,454	(8)9.0	-	-	449,454	(8)9.0

Notes:

(1) Based on our enlarged issued Shares of 4,825,000,000 after the Subdivision.

(2) Based on our enlarged issued Shares of 4,985,000,000 after our IPO and assuming full subscription of our Issue Shares allocated to the Eligible Persons in respect of the Retail Offering.

(3) Assuming an Over-allotment Option of 210,937,500 Shares, representing 15.0% of the total number of our IPO Shares offered.

(4) Based on our enlarged issued Shares of 5,015,000,000 assuming full exercise of 30,000,000 ESOS Options intended to be offered as described in Section 4.2.6 of this Prospectus.

(5) DXN Global has legal interest of 74.3% equity interest in our Company of which it holds the legal and beneficial interest of 48.0% equity interest in our Company. The balance 26.3% equity interest in our Company is held by DXN Global on trust for DLSJ (0.3%) and DLBL (26.0%).

(6) Deemed interested by virtue of his/her shareholding in DXN Global, applying Section 8(4) of the Act.

(7) Deemed interested by virtue of its shareholding in Gano Global, applying Section 8(4) of the Act.

(8) Deemed interested by virtue of its shareholding in KACMF, applying Section 8(4) of the Act.

9.1.3 Changes in our Promoter's and substantial shareholders' shareholdings in our Company for the past three years

Save for the Subdivision as detailed in Section 4.2.1 of this Prospectus, there has been no change in our Promoter's and substantial shareholders' shareholdings in our Company for the past three years preceding the LPD.

9.2 BOARD OF DIRECTORS

Our Board acknowledges and takes cognisance of the MCCG which contains recommendations to improve upon or to enhance corporate governance as an integral part of the business activities and culture of such companies.

Our Company has a Board comprising at least 30% women Directors and a majority of Independent Directors as per the recommendations under the MCCG.

With that, our Board believes that our current Board composition provides the appropriate balance in terms of skills, knowledge and experience to promote the interests of all shareholders and to govern our Group effectively. Our Board is also committed to achieving and sustaining high standards of corporate governance.

Within the limits set by our Constitution, our Board is responsible for the governance and management of our Group. To ensure the effective discharge of its functions, our Board has set out the following key responsibilities in the board charter:

(i) review and adopt a strategic plan for our Group to ensure sustainability of our business and Group's operations and support long-term value creation;

(ii) oversee, together with our management, the governance on sustainability including setting strategies, priorities and targets on economic, environmental and social consideration underpinning sustainability and communication on the same (including performance against targets) to internal and external stakeholders;

(iii) oversee the conduct of our Group's business to evaluate whether our business is being properly managed (which includes managing conflicts of interest, preventing the abuse of power, fraud, bribery and corruption, insider trading and money laundering);

(iv) identify principal risks and recognise that business decisions involve taking appropriate risks. Determine the risk appetite within which our management is to operate and ensure the implementation of a risk management framework (incorporating mitigation measures) to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks;

(v) ensure that all members of our Board and our management team are of sufficient calibre and oversee succession planning, including appointing, training, fixing the compensation of and where appropriate, replacing our Board members and senior management;

(vi) oversee the development and implementation of an investor relations programme or shareholder communications policy for our Group;

(vii) review the adequacy and the integrity of our Group's risk management, internal control systems and management information systems, including systems/reporting framework for compliance with applicable laws, regulations, rules, directives and guidelines;

(viii) ensure the integrity of our Company and our Group's financial and non-financial reporting particularly that our financial statements are true and fair and conform with the laws; and

(ix) ensure that our Company has in place the appropriate corporate disclosure procedures to ensure effective communication with our shareholders and other stakeholders.

In addition, the roles and responsibilities of our Non-Independent Executive Chairman and Chief Executive Officer are clearly segregated to further enhance and preserve a balance of authority and accountability. Our Non-Independent Executive Chairman is primarily responsible for, among others, the following:

(i) providing leadership for our Board so that our Board can perform its responsibilities effectively;

(ii) leading our Board in setting the values and standards as well as the adoption and implementation of good corporate governance practices in our Group;

(iii) maintaining a relationship of trust with and between our Executive and Non-Executive Directors;

(iv) setting the board agenda and ensuring the provision of accurate, timely, complete and clear information to our Directors as well as ensuring that our Board committee meetings are conducted separately from our Board meetings;

(v) ensuring the adequacy and integrity of the governance process and issues including upgrading and monitoring good corporate governance practices within our Group;

(vi) chairing our Board and shareholder meetings, and ensuring the proceedings thereof comply with good conduct and practices;

(vii) functioning as a facilitator at meetings of our Board to ensure that no member, whether Executive or Non-Executive, dominates discussion and that relevant discussions take place with relevant opinions among members forthcoming, encouraging active participation and allowing dissenting views to be freely expressed and ensuring that discussions result in logical and understandable outcome;

(viii) leading our Board in its collective oversight of our management; and

(ix) ensuring that appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to our Board as a whole.

On the other hand, our Chief Executive Officer is primarily responsible for the day-to-day operations of our Group's business, leading the implementation of policies, strategies and decisions adopted by our Board as well as monitoring the operating and financial results of our Group against plans and budgets.

The details of the members of our Board and the details of the date of expiration of the current term of office for each of our Director and the period that each of our Directors has served in that office as at the LPD are as follows:

Director	Designation	Age	Nationality	Date of appointment as Director	Date of expiration of the current term of office at AGM	No. of years and months in office
DLSJ	Non-Independent Executive Chairman	62	Malaysian	3 April 1996	Subject to retirement by rotation at our AGM in 2023	26 years

9. INFORMATION ON OUR PROMOTER, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

Director	Designation	Age	Nationality	Date of appointment as Director	Date of expiration of the current term of office at AGM	No. of years and months in office
Teoh Hang Ching	Non-Independent Executive Director and Chief Executive Officer(1)	63	Malaysian	9 February 2022	Subject to retirement by rotation at our AGM in 2025	2 months
DLBY	Non-Independent Non-Executive Director	58	Malaysian	22 November 1998	Subject to retirement by rotation at our AGM in 2025	23 years 5 months
Vibhav Panandiker	Non-Independent Non-Executive Director	58	Singaporean	12 May 2017	Subject to retirement by rotation at our AGM in 2025	4 years 11 months
Datuk Noripah Binti Kamso	Senior Independent Non-Executive Director	64	Malaysian	10 February 2022	Subject to retirement by rotation at our AGM in 2023	2 months
Tunku Afwida Binti Tunku A. Malek	Independent Non-Executive Director	56	Malaysian	10 February 2022	Subject to retirement by rotation at our AGM in 2024	2 months
Stefan Heitmann	Independent Non-Executive Director	56	German	10 February 2022	Subject to retirement by rotation at our AGM in 2024	2 months
Abraham Verghese A/L T V Abraham	Independent Non-Executive Director	65	Malaysian	10 February 2022	Subject to retirement by rotation at our AGM in 2024	2 months
Ong Huey Min(2)	Independent Non-Executive Director	64	Malaysian	1 August 2022	Subject to retirement by rotation at our AGM in 2023	-

Notes:

(1) The date of his re-designation as Chief Executive Officer was 16 May 2022.
(2) Ong Huey Min was appointed as Independent Non-Executive Director subsequent to the LPD.

None of our other Directors represent any corporate shareholder on our Board except for DLSJ who is a representative of DXN Global and Vibhav Panandiker who is a representative of Gano Global. Further, there are no family relationships between our Directors save for DLSJ and DLBY, who are brothers.

9.2.1 Profiles of our Directors

(i) DLSJ

DLSJ, a Malaysian aged 62, is our Non-Independent Executive Chairman. He was appointed to our Board on 3 April 1996 as our Non-Independent Executive Chairman/Chief Executive Officer. He relinquished his position as Chief Executive Officer in May 2022.

He obtained a Bachelor of Technology from the Indian Institute of Technology Kharagpur, India in 1984. While studying in India, he developed an interest in alternative medicine, in particular, the benefits of Ganoderma on human health.

From 1984 to 1994, he worked as an engineer at Muda Agriculture Development Authority in Kedah, a government agency established under the Ministry of Agriculture and Food Industries of Malaysia 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 our Group with over 25 years of experience in the direct selling industry and the business operations of our Group. Our Group started with DXN Marketing which commenced operations in 1995. Due to his keen interest in Ganotherapy as a holistic approach to alternative medicine, he set on his mission to promote the benefits of Ganoderma on human health and he advocated the scientific cultivation and processing of Ganoderma into health supplements and various food and personal care products. Under his stewardship, our Group ventured beyond the Malaysian borders into the international markets. As our Chief Executive Officer between 1996 and May 2022, he oversaw the entire business operations of our Group and played a key pivotal role in key operational matters, marketing and was responsible for the overall expansion of our Group. He continues to be responsible for overseeing our Group's strategic business strategies, marketing plans and R&D, which are integral to our Group's continued development and expansion potential.

He currently sits on the board of various subsidiaries of our Group and several other private limited companies as disclosed in Section 9.2.3 of this Prospectus.

(ii) Teoh Hang Ching

Teoh Hang Ching, a Malaysian aged 63, is our Non-Independent Executive Director and Chief Executive Officer. He has over 37 years of experience in various industries such as auditing, trading and manufacturing including over 14 years in the direct selling industry. He was appointed to our Board on 9 February 2022.

He obtained his Chartered Institute of Management Accountants ("**CIMA**") qualification and was admitted as an Associate member and Fellow of CIMA in 1994 and 2002 respectively. He has been a member of MIA since 1994.

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

From 1994 to 1997, he was 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. ("**Chiang Jiang**") as General Manager until 2003 where he was responsible for assisting in setting up the company and its overall management.

He joined our Group as Senior Manager – CEO office in 2003. He subsequently held various positions in our Group including as International Business Senior Manager, Country Manager of our Philippines branch and India, and President of our U.S. operations and marketing activities. He left our Group in 2008 and re-joined Chiang Jiang as General Manager until 2010 before joining Alumac Sdn Bhd, a company involved in the manufacturing and trading of aluminium where he served as General Manager between 2011 and 2012.

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

(iii) DLBY

DLBY, a Malaysian aged 58, is our Non-Independent Non-Executive Director. He was appointed to our Board on 22 November 1998 as our Non-Independent Executive Director and was re-designated as our Non-Independent Non-Executive Director in May 2022.

He obtained a Bachelor of Business Administration in International Trade and Accounting from the Soochow University, Taipei, Republic of China in 1991 and a Master of Business Administration from the National University of Singapore in 2001.

He began his career in 1990 as Assistant Audit Manager with Reality United Firm, CPAs, an accounting firm in Taiwan and left in 1996 to join our Group 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 listed on the Kuala Lumpur Stock Exchange), he served as our Managing Director responsible for our Group's management, administration and licensing.

He currently sits on the board of various subsidiaries of our Group and several other private limited companies as disclosed in Section 9.2.3 of this Prospectus.

(iv) Vibhav Panandiker

Vibhav Panandiker, a Singaporean aged 58, is our Non-Independent Non-Executive Director. He was appointed to our Board on 12 May 2017.

He obtained both his Bachelor of Engineering (Honours) in the Electrical and Electronics branch and Master of Science (Honours) in Economics from the Birla Institute of Technology and Science, India in 1987, and Post Graduate Diploma in Management from the Indian Institute of Management, Bangalore, India ("**IIMB**") in 1991.

He began his career in 1986 as Product Marketing Executive at Wipro Systems Limited, an information technology consulting and business process services company. He left in 1989 to pursue his post graduate studies at the IIMB.

Upon graduating from IIMB in 1991, he joined Citibank N.A. in India as Product Manager responsible for enhancing product offering for cash management, monitoring profitability and managing controls and efficiency of products in India. He left in 1995 to join Standard Chartered Bank, India as Product Manager where he was responsible for setting up cash management products in India. He moved to Singapore in 1996 to join Citibank N.A., Singapore as Regional Product Manager until 2000. Between 2000 and 2001, he was the Industry Practice Director for financial services responsible for building a practice for e-business consulting for financial services sector 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 where he was responsible for originating, analysing and structuring investment opportunities and monitoring portfolio companies. He was appointed as Managing Director of Global Special Opportunities to look after J.P. Morgan (S.E.A.) Limited's ("**JP Morgan**") private equity investments in Southeast Asia and India in 2009. In 2010, he left JP Morgan to co-found and is currently a partner of KV Asia Capital, a private equity firm headquartered in Singapore that is focused on making equity investments in companies across Southeast Asia. He currently sits on the boards of several investee companies as representative of KV Asia Capital as disclosed in Section 9.2.3 of this Prospectus.

(v) Datuk Noripah Binti Kamso

Datuk Noripah Binti Kamso, a Malaysian aged 64, is our Senior Independent Non-Executive Director. She was appointed to our Board on 10 February 2022.

She obtained a Diploma in Business Studies from Institut Teknologi Mara, Malaysia (the predecessor of Universiti Teknologi Mara ("**UiTM**")) in 1978, a Bachelor of Science from Northern Illinois University in the U.S. in 1980 and a Master of Business Administration from Marshall University, U.S. in 1981. She is a member of the Institute of Corporate Directors Malaysia.

She began her career in 1980 as Development Officer, Project Division at Urban Development Authority of Malaysia ("**UDA**") where she was 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 where she 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 she was serving 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. During her tenure, CPAM evolved into a regional asset management house and CPIAM extended its reach to various jurisdictions offering investment capabilities in equities and sukuk for global institutional investors. 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 graduate and undergraduate students in 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, US. 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 where she pioneered the establishment of the Islamic finance department. She has been a visiting lecturer at St. Joseph University in Beirut, Lebanon since 2015, lecturing on the fundamentals of Islamic finance contracts to practising lawyers pursuing their Master in Law degree. She was an adjunct professor in the School of Economics, Finance & Banking of Universiti Utara Malaysia between 2014 and 2019 and she was also an adjunct professor in the Faculty of Business and Management of UiTM between 2019 and 2021.

Between 2015 and 2017, she was appointed by the 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, an expert, independent and impartial alternative dispute resolution body established by the SC as part of its investor protection framework. 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 and also holds directorships in several corporations as disclosed in Section 9.2.3 of this Prospectus.

(vi) Tunku Afwida Binti Tunku A. Malek

Tunku Afwida Binti Tunku A. Malek, a Malaysian aged 56, is our Independent Non-Executive Director. She was appointed to our Board on 10 February 2022.

She obtained a Bachelor of Science (Honours) in Economics and Accountancy from The City University, London (the predecessor of City, University of London) in 1988 and qualified as a Chartered Accountant of the Institute of Chartered Accountants in England and Wales in 1992. Currently, she is a member of MIA.

She left the United Kingdom in 1993 to return to Malaysia and joined Rashid Hussain Asset Management (the predecessor of RHB Asset Management Sdn Bhd) as a fund manager and analyst until 1994, when she 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).

Between 2003 and 2008, she held senior and leadership positions in two investment banks. 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 and also holds directorships in several corporations as disclosed in Section 9.2.3 of this Prospectus.

(vii) Stefan Heitmann

Stefan Heitmann, a German aged 56, is our Independent Non-Executive Director. He was appointed to our Board on 10 February 2022.

He graduated with a degree in Business Administration (*Diplom- Betriebswirt (FH))* from the University of Applied Sciences, Rheinland Pfalz, Germany (*Fachhochschule Rheinland Pfalz*) (the predecessor of Mainz University of Applied Sciences (*Hochschule Mainz*)) in 1993.

He began his 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. Subsequent thereto, 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 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 from 1999 until 2012 across its operations in the Philippines, Indonesia, Vietnam, Brunei and Malaysia where he held various senior positions including as Vice President of operations at Metro Drug, Inc., Manila, Philippines in 1999 and his last position was as President & General Manager in 2003. He was then transferred to PT Wigo Distribusi Farmasi, Jakarta, Indonesia where he was General Manager and subsequently President Director before he was transferred in 2006 to serve as General Director of Zuellig Pharma Vietnam Co. Ltd., Vietnam until his subsequent transfer in 2011 to serve 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, where he is Managing Director and co-owner. He has provided advisory services to, among others, healthcare manufacturer and distributors.

He currently sits on the board of several companies as disclosed in Section 9.2.3 of this Prospectus.

(viii) Abraham Verghese A/L T V Abraham

Abraham Verghese A/L T V Abraham, a Malaysian aged 65, is our Independent Non-Executive Director. He was appointed to our Board on 10 February 2022.

He became an associate member of Association of Chartered Certified Accountants ("**ACCA**") in 1982 and has been a Fellow member of ACCA since 1987. He has been a member of Malaysian Institute of Certified Public Accountants (*formerly known as* Malaysian Association of Certified Public Accountants) ("**MICPA**") since 1989 and is currently a member of MIA. He is a member of the Institute of Corporate Directors Malaysia.

He began his career with T Chellapah & Co, an accounting firm, in 1979 as an Audit Assistant and left in the same year to join Hanafiah Raslan & Mohamad, an accounting firm. He remained with the firm after its merger in 1990 with Arthur Anderson ("**AA**") and the subsequent merger in 2002 with Ernst and Young ("**EY**"), an international accounting firm, until his retirement in 2016. In the 37 years with the firm, he held various senior positions and gained vast experience in accounting, auditing and financial consulting, initial public offering, corporatisation and privatisation of entities in varying industries, including financial institutions, stockbroking, asset and fund management, manufacturing, real estate, education, construction and healthcare. He was appointed as National Partner from 1994 to 1997 and subsequently Worldwide Partner of AA from 1997 to 2001 and went on to become a Partner at EY from 2002 until 2016.

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

(ix) Ong Huey Min

Ong Huey Min, a Malaysian aged 63, is our Independent Non-Executive Director. She was appointed to our Board on 1 August 2022.

She completed her secondary school education at Sekolah Menengah King Edward VII, Taiping in 1977. She is a member of MICPA and MIA since 1983 and 1988 respectively. She is also a member of Chartered Tax Institute of Malaysia (*formerly known as* Malaysian Institute of Taxation) since 2003.

She began her 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 as 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 and was 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.

9.2.2 Shareholding of our Directors

The following table sets out the direct and indirect shareholdings of our Directors before and after our IPO:

	Before our IPO(1)				After our IPO											
					Assuming the Over-allotment Option is not exercised(2)				Assuming the Over-allotment Option is fully exercised(3)				Upon our Listing and assuming full exercise of the ESOS Options(4)			
	Direct		Indirect		Direct		Indirect		Direct		Indirect		Direct		Indirect	
Director	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
	('000)		('000)		('000)		('000)		('000)		('000)		('000)		('000)	
DLSJ	-	-	3,584,640	(5)74.3	-	-	3,086,140	(5)61.9	-	-	2,918,359	(5)58.5	3,000	0.1	2,918,359	(5)58.2
Teoh Hang Ching	-	-	-	-	1,000	*	-	-	1,000	*	-	-	3,500	0.1	-	-
DLBY	-	-	-	-	5,000	0.1	-	-	5,000	0.1	-	-	5,250	0.1	-	-
Vibhav Panandiker	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Datuk Noripah Binti Kamso	-	-	-	-	200	*	-	-	200	*	-	-	400	*	-	-
Tunku Afwida Binti Tunku A. Malek	-	-	-	-	-	-	-	-	-	-	-	-	200	*	-	-
Stefan Heitmann	-	-	-	-	-	-	-	-	-	-	-	-	200	*	-	-
Abraham Verghese A/L T V Abraham	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ong Huey Min	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Notes:

* *Negligible*

(1) *Based on our enlarged issued Shares of 4,825,000,000 after the Subdivision.*

(2) *Based on our enlarged issued Shares of 4,985,000,000 upon Listing and assuming full subscription of the Issue Shares allocated to the Eligible Persons in respect of the Retail Offering.*

(3) Assuming an Over-allotment Option of 210,937,500 Shares, representing 15.0% of the total number of our IPO Shares offered.

(4) Based on our enlarged issued Shares of 5,015,000,000 assuming full exercise of 30,000,000 ESOS Options intended to be offered as described in Section 4.2.6 of this Prospectus.

(5) Deemed interested by virtue of his shareholding in DXN Global, applying Section 8(4) of the Act.

9.2.3 Principal business activities performed by our Directors outside our Group in the past five years

The principal business activities performed by our Directors outside our Group as at the LPD and the directorships of our Directors outside our Group at present and in the past five years preceding the LPD are as follows:

Name of company/entity	Principal activities	Involvement in business activities
DLSJ		
● Aura Orientasi Sdn Bhd (striking off in process)	● Restaurants	● Director *(Appointed on 22 September 2016)* and substantial shareholder (direct)
● Bio Synergy Engineering Sdn Bhd	● R&D on other natural science and engineering N.E.C.[(1)]	● Substantial shareholder (indirect)
● Bulgano Ltd.	● Dormant[(2)]	● Substantial shareholder (direct)
● CM2H Holding Sdn Bhd	● Activities of holding companies with investments in mining, sawmilling and plantation	● Director *(Appointed on 18 June 2019)* and substantial shareholder (direct)
● Daehsan Biotech Private Limited	● Manufacturing, trading, export and import and dealing in Ganoderma mushroom, Cordyceps mushroom and similar mushroom products and producing RG and GL capsules and powder	● Director (*Appointed on 17 July 2012*) and substantial shareholder (direct)
● Daxen Marketing Sdn Bhd *(winding up)*	● Sale of chemists' goods	● Director *(Appointed on 10 October 1994)* and substantial shareholder (direct)
● DXN Eco Lodge PLC	● Dormant[(2)]	● Substantial shareholder (direct)
● DXN Global	● Investment holding activities	● Director *(Appointed on 26 July 2011)* and substantial shareholder (direct)
● DXN Green Tech Sdn Bhd	● Research and development and experimental work in relation to biotechnology, bio-chemical and agricultural products	● Director *(Appointed on 1 March 2013* and substantial shareholder (direct)

Name of company/entity	Principal activities	Involvement in business activities
• DXN Holistic Medicine Institute Sdn Bhd	• Conducting health courses on traditional medical treatment and related activities	• Director *(Appointed on 4 July 2001)* and substantial shareholder (direct)
• DXN Land Sdn Bhd	• Property development and investment holding	• Director *(Appointed on 17 September 1998)* and substantial shareholder (indirect)
• DXN Plantation Sdn Bhd	• Timber logging, support service for forestry and forest plantation for forest service activities, support service for logging services	• Director *(Appointed on 3 April 1996)* and substantial shareholder (direct)
• Eco Tree Resources Sdn Bhd	• To carry on the business of operating, managing and cultivating of forestry, natural forest, various forest species and forest plantations and all related activities; to carry on the business of wood milling operation in all kinds of wood and related goods, articles and things of all kinds and description	• Director *(Appointed on 4 January 2019)* and substantial shareholder (direct)
• GTM Indah Purnama Sdn Bhd	• Mining, sawmilling and plantation	• Director *(Appointed on 16 June 2020)* and substantial shareholder (indirect)
• Lim Siow Jin Estate Sdn Bhd	• Investment holding with investments in rubber, sesame and palm plantation	• Director *(Appointed on 2 June 2010)* and substantial shareholder (direct)
• LSJ Coal Trading Pte Ltd	• Coal trading	• Director *(Appointed on 11 May 2010)* and substantial shareholder (direct)
• Pasukhas Cherating Sdn Bhd	• Activities of holding companies, real estate activities with own or leased property N.E.C.(1), export and import of a variety of goods without any particular specialization N.E.C.(1)	• Director *(Appointed on 14 January 2020)* and substantial shareholder (direct)
• Pine Biotech Private Limited	• Production, processing and preservation of meat, fish, fruit vegetables, oils and fat	• Director *(Appointed on 2 July 2012)* and substantial shareholder (direct)
• Pusat Rawatan Komplementari DXN Sdn Bhd	• Provision of therapeutic and herbal treatments through traditional Chinese methods, medicine and herbs; Conducting courses on homeopathy and nutrilogy	• Director *(Appointed on 18 August 1999)* and substantial shareholder (direct)
• Richmont Sapphire Sdn Bhd	• Property development	• Substantial shareholder (indirect)

Name of company/entity	Principal activities	Involvement in business activities
● Suria Sinarjaya Sdn Bhd	● Engaged in the business of fish farming	● Director *(Appointed on 22 October 2015)* and substantial shareholder (direct)
● Yiked-DXN Stargate Sdn. Bhd	● Property development and property investment, buying, selling, renting and operating of self-owned or leased real estate – residential buildings	● Substantial shareholder (indirect)
● Zaman Biotech Sdn Bhd	● General trading	● Director *(Appointed on 29 October 2015)* and substantial shareholder (direct)
● DNC Food Industries	● Manufacture of spices and curry powder, mixed farming	● Director *(Appointed on 15 March 2018 and resigned on 23 May 2018)* and substantial shareholder through DXN (indirect)
● Gemsinar Sdn Bhd (*formerly known as* Mont Skygold Sdn Bhd)	● Trading and marketing activities for commodity and its related products, provision of services in commodity trading and its related products	● Director *(Appointed on 31 January 2020 and resigned on 18 February 2021)*
● Sunyatee International Foundation	● Charitable organisation established for, among others, improving living standards of farmers and reducing malnutrition among children in the agricultural society in India	● Director *(Appointed on 20 November 2019 and resigned on 13 March 2022)* and substantial shareholder (direct)
Teoh Hang Ching		
● Nil	● Nil	● Nil
DLBY		
● Bio Synergy Engineering Sdn Bhd	● R&D on other natural science and engineering N.E.C.[(1)]	● Director *(Appointed on 17 December 2007)*
● Brilliant Pillar Sdn Bhd	● Investment holding, with no current investments	● Substantial shareholder (direct)
● DXN Comfort Tours Sdn Bhd	● Travel agents and tour operators, provides flights and hotel booking services, inbound and outbound tour packages	● Director *(Appointed on 21 April 2014)* and substantial shareholder (direct)
● DXN Construction Sdn Bhd	● General contractor and provision of contract management services	● Director *(Appointed on 2 December 1998)* and substantial shareholder (indirect)

Name of company/entity	Principal activities	Involvement in business activities
• DXN Development Sdn Bhd	• Construction and property development and trading in construction material	• Director *(Appointed on 21 September 1997)* and substantial shareholder (direct)
• DXN Global	• Investment holding activities	• Director *(Appointed on 14 April 2021)*
• DXN Holistic Medicine Institute Sdn Bhd	• Conducting health courses on traditional medical treatment and related activities	• Director *(Appointed on 7 April 2000)* and substantial shareholder (direct)
• DXN Land Sdn Bhd	• Property development and investment holding	• Director *(Appointed on 22 November 1998)*
• Fusion Development & Construction Sdn Bhd	• General building contractor	• Director *(Appointed on 1 February 2012)* and substantial shareholder (direct)
• Fusion Land Sdn Bhd	• Property development	• Director *(Appointed on 7 September 2011)* and substantial shareholder (indirect)
• Fusion Multiways Sdn Bhd	• Produce precast concrete, hire of machinery and general contractor	• Director *(Appointed on 2 June 2013)* and substantial shareholder (indirect)
• Giltlink Ventures Sdn Bhd	• Property development	• Director *(Appointed on 8 October 2005)* and substantial shareholder (direct)
• Jati Foundation	• To organise, establish, carry out, participate, assist, aid and give relief to the poor; to foster, fund, develop and improve education; to establish and/or support or to aid in the establishment and/or support of making donations	• Director *(Appointed on 4 July 2017)*
• Keat Hwa (K) Primary	• Property management for SRJK (C) Keat Hwa (K), foundation fund	• Director *(Appointed on 17 September 2008)*
• Keat Hwa Guo Zhong (KD)	• To hold land and building for Keat Hwa Secondary School for education purposes	• Director *(Appointed on 20 October 2019)*
• Prosperity Structure Sdn Bhd	• Property development and investment holding	• Director *(Appointed on 22 January 2003)* and substantial shareholder (direct)
• Pusat Rawatan Komplementari DXN Sdn Bhd	• Provision of therapeutic and herbal treatments through traditional Chinese methods, medicine and herbs; Conducting courses on homeopathy and nutrilogy	• Director *(Appointed on 18 August 1999)* and substantial shareholder (direct)

Name of company/entity	Principal activities	Involvement in business activities
● Richmont Sapphire Sdn Bhd	● Property development	● Director *(Appointed on 12 October 2015)*
● T&L Property Marketing and Management Sdn Bhd	● Property agent and insurance agency	● Substantial shareholder (direct)
● Yiked-DXN Stargate Sdn. Bhd	● Property development and property investment, buying, selling, renting and operating of self-owned or leased real estate – residential buildings	● Director *(Appointed on 11 August 2006)*
● DXN Plantation Sdn Bhd	● Timber logging, support service for forestry and forest plantation for forest service activities, support service for logging services	● Director *(Appointed on 31 January 2021 and resigned on 7 September 2021)*
Vibhav Panandiker		
● Asia Pacific Education Holdings Sdn Bhd	● Investment holding with investments in the education business	● Director *(Appointed on 29 August 2018)*
● Beauty Brands International Pte. Ltd.	● Investment holding with investments in personal care business in Indonesia	● Director *(Appointed on 30 July 2021)*
● Gano Global	● Special purpose vehicle to hold investments of KACMF in our Company	● Director *(Appointed on 13 March 2017)*
● Hyper I International Pte. Ltd. (in liquidation, members' voluntary winding up)	● Investment holding(2)	● Director *(Appointed on 4 December 2015)*
● IMR Offshore Pte. Ltd.	● Investment holding with investments in the business of industrial machinery and equipment installation and mechanical engineering works	● Director *(Appointed on 8 June 2015)*
● IMR Power Pte. Ltd.	● Investment holding with investments in the business of industrial machinery and equipment installation and mechanical engineering works	● Director *(Appointed on 27 June 2019)*
● International Offshore Pte. Ltd.	● Investment holding with investments in the business of industrial machinery and equipment installation and mechanical engineering works	● Director *(Appointed on 8 June 2015)*

Name of company/entity	Principal activities	Involvement in business activities
● Knowledge Capital Pte. Ltd.	● Investment holding with investments in the education business	● Director *(Appointed on 28 June 2017)*
● KV Asia Capital	● Advising and managing private equity and other funds	● Director *(Appointed on 5 August 2010)* and substantial shareholder (indirect)
● KV Asia Capital Consulting Pte Ltd	● Management and consultancy services	● Director *(Appointed on 12 October 2012)* and substantial shareholder (indirect)
● KV Asia Capital Consulting Sdn Bhd	● Management consultancy services	● Director *(Appointed on 11 June 2014)* and substantial shareholder (indirect)
● KV Asia Capital Interest II Limited	● Investment holding company set up for future investments	● Director *(Appointed on 26 July 2019)* and substantial shareholder (direct)
● KACMF	● Investment holding with subsidiaries involved in the businesses of personal care, engineering, technology, healthcare, education and food processing	● Director *(Appointed 19 October 2012)*
● KV Asia Capital Master Fund II Pte. Ltd.	● Investment holding company, set up for future investments	● Director *(Appointed on 25 January 2019)*
● KV Asia GP Limited	● General partner of KACF LP	● Director *(Appointed on 17 April 2012)* and substantial shareholder (indirect)
● KV Asia GP II Limited	● General partner of KV Asia Capital Fund II L.P.	● Director *(Appointed on 10 September 2018)* and substantial shareholder (indirect)
● KV Asia Holdings Limited	● Investment holding with interest in the investment manager of KV Asia Capital's investment funds	● Director *(Appointed on 6 February 2013)* and substantial shareholder (direct)
● KV Asia Special LP II LLC	● Investment holding for future investments	● Member
● Modern Trade Holdings Pte. Ltd. (In liquidation, members' voluntary winding up)	● Investment holding [(2)]	● Director *(Appointed on 4 December 2015)*
● Moulding Ventures Pte. Ltd.	● Investment holding [(2)]	● Director *(Appointed on 8 January 2019)* and substantial shareholder (direct)

Name of company/entity	Principal activities	Involvement in business activities
● Protect Kapital Pte. Ltd.	● Investment holding with plans to invest in companies producing protective equipment	● Director *(Appointed on 5 January 2022)*
● Power Diesel Engineering Pte. Ltd.	● Installation of industrial machinery and equipment, and mechanical engineering works	● Director *(Appointed on 21 October 2020)*
● Teramachine Private Limited	● Renting of industrial machinery and equipment	● Director *(Appointed on 7 September 2021)*
● Aesthetics Holdings Pte. Ltd. (In liquidation, members' voluntary winding up)	● Investment holding with investment in beauty, aesthetics, wellness and personal care business	● Director *(Appointed on 10 December 2013 and resigned on 23 May 2020)*
● Derma-RX International Aesthetics Pte. Ltd. (In liquidation, members' voluntary winding up)	● Business of products and services in beauty, aesthetics and wellness area	● Director *(Appointed on 17 August 2018 and resigned on 23 May 2020)*
● Derma-RX Laboratories Pte. Ltd.	● Manufacture and wholesale of cosmetics and toiletries	● Director *(Appointed on 17 August 2018 and resigned on 23 May 2020)*
● The DRX Clinic Pte. Ltd.	● Clinics and other general medical services	● Director *(Appointed on 17 August 2018 and resigned on 23 May 2020)*
● The DRX Group Pte. Ltd. In liquidation, members' voluntary winding up)	● Investment holding with investment in beauty, aesthetics, wellness and personal care business	● Director *(Appointed on 22 May 2017 and resigned on 23 May 2020)*
● The DRX Medispa Pte. Ltd.	● Beauty salons and spas (including slimming, skin care and hair care centres)	● Director *(Appointed on 17 August 2018 and resigned on 23 May 2020)*
Datuk Noripah Binti Kamso		
● Swift Haulage Berhad *(listed on the Main Market of Bursa Securities)*	● Provision of container haulage services and warehousing	● Director *(Appointed on 22 June 2021) and* shareholder (direct)
● Top Glove Corporation Berhad *(listed on the Main Market of Bursa Securities)*	● Investment holding and provision of management services with subsidiaries involved in the manufacture and trading of gloves, healthcare & other hospital related products and homecare & personal products, and other investments	● Director *(Appointed on 18 March 2015) and* shareholder (direct)

Name of company/entity	Principal activities	Involvement in business activities
● Bank Kerjasama Rakyat Berhad	● Banking activities based on Shariah principles through accepting deposits and providing financial services for retail and commercial needs	● Director *(Appointed on 11 December 2018 and resigned on 3 April 2020) and shareholder*
● BIMB Investment Management Berhad (*subsidiary of BIMB Holdings Berhad, listed on the Main Market of Bursa Securities)*	● Managing Islamic unit trust funds	● Director *(Appointed on 10 February 2015 and resigned on 14 December 2018)*
● Federation of Investment Managers Malaysia	● A self-regulatory organisation that imparts governance oversight of the unit trust industry to protect the interest of investors	● Director *(Appointed on 5 August 2015 and resigned on 5 August 2017)*
● Good Logistics Holdings Sdn Bhd (*formerly known as* Swift Logistics Holdings Berhad)	● Investment holding(3)	● Director *(Appointed on 14 June 2021 and resigned on 2 August 2021)*
● Malaysia Debt Ventures Berhad	● Engaged in the provision of financing facilities to the information and communication technology ("**ICT**"), biotechnology and other emerging technology sectors as mandated by the Government of Malaysia to spur the development of the ICT and biotechnology sectors in Malaysia	● Director *(Appointed on 17 September 2014 and resigned on 14 November 2017)*
● Uniutama Education and Consultancy Sdn Bhd	● Providing training and consultancy services, operation and management of academic programmes and operator of international school	● Director *(Appointed on 1 April 2018 and resigned on 31 December 2018)*
Tunku Afwida Binti Tunku A. Malek		
● Affin Hwang Investment Bank Berhad (*subsidiary of Affin Bank Berhad which is listed on the Main Market of Bursa Securities)*	● Investment banking, stockbroking activities, dealing in options and futures and related financial services	● Director *(Appointed on 9 May 2022)*
● Areum Sdn Bhd	● Wholesale of perfumeries, cosmetics, soap and toiletries	● Director *(Appointed on 1 December 2020)* and substantial shareholder (direct)
● Benih Semaian Sdn Bhd	● Dormant	● Director *(Appointed on 17 March 2008)* and substantial shareholder (direct)

Name of company/entity	Principal activities	Involvement in business activities
● Bob Korean Beauty (M) Sdn Bhd	● Operating beauty spa	● Director *(Appointed on 11 October 2018)*
● Dexasia Technologies Sdn Bhd	● Other information technology service activities N.E.C.[1] Wholesale of a variety of goods without any particular specialisation N.E.C.[1]	● Director *(Appointed on 10 March 2020)* and substantial shareholder (direct)
● Enra Group Berhad *(listed on the Main Market of Bursa Securities)*	● Property investment, investment holding, management services activities and sale of completed properties with subsidiaries involved in property development, provision of upstream and downstream infrastructure technology solution to the oil and gas industry and other energy services	● Director *(Appointed on 8 March 2022)*
● GITN Sdn Berhad (*subsidiary of Telekom Malaysia Berhad which is listed on the Main Market of Bursa Securities)*	● Develop and operate an integrated telecommunication network infrastructure managed network service and value-added telecommunications and information technologies services telecommunication and information technology services	● Director *(Appointed on 6 May 2019)*
● SAM Engineering & Equipment (M) Berhad *(listed on the Main Market of Bursa Securities)*	● Investment holding and provision of corporate management services with subsidiaries involved in the provision of end-to-end manufacturing solutions on critical engine parts and other related equipment parts under the aerospace segment, equipment engineering solutions for commercial, semiconductor and other industries under the equipment manufacturing segment and end-to-end precision tooling, including large format computer numerical control machining parts under the precision engineering segment	● Director *(Appointed on 1 January 2020)*
● Telekom Malaysia Berhad *(listed on the Main Market of Bursa Securities)*	● The establishment, maintenance and provision of telecommunications services and related services	● Director *(Appointed on 28 April 2016)*
● Webe Digital Sdn Bhd (*subsidiary of Telekom Malaysia Berhad which is listed on the Main Market of Bursa Securities)*	● Provide network infrastructure facilities and services, last mile services for fixed and wireless consisting of broadband, messaging and voice	● Director *(Appointed on 3 September 2018)*
● Asia Equity Research Sdn Bhd	● To provide advisory services in corporate finance and investment advice	● Director *(Appointed on 15 November 2016 and resigned on 14 April 2022)*

Name of company/entity	Principal activities	Involvement in business activities
● Export-Import Bank of Malaysia Berhad	● To operate the business of banking in the promotion and support of export, import and investment to carry on the business of banking in all its branches and department to receive money, securities and valuables of all kinds on deposit provision of export and domestic credit insurance facilities	● Director *(Appointed on 15 August 2014 and resigned on 14 August 2019)*
● Gamuda Berhad *(listed on the Main Market of Bursa Securities)*	● Investment holding and civil engineering construction	● Director *(Appointed on 1 June 2012 and resigned on 8 December 2021)*
● i-VCAP Management Sdn Bhd	● Islamic fund management activities	● Director *(Appointed on 17 July 2009 and resigned on 31 December 2018)*
● Lafarge Malaysia Berhad (*now known as* Malayan Cement Berhad) *(listed on the Main Market of Bursa Securities)*	● Investment holding with subsidiaries involved in manufacturing, sale, trading and supply of clinker, cement, ready-mix concrete, other building and related material, construction aggregate and other investments	● Director *(Appointed on 29 February 2016 and resigned on 19 June 2019)*
● Nin Younggwang My Sdn Bhd	● To operate and manage spa, health care, sales and online sales	● Director *(Appointed on 4 May 2018 and resigned on 31 December 2021)*
Stefan Heitmann		
● CTDL Limited	● Sales and marketing of scuba diving cruises	● Director *(Appointed on 10 August 2016)* and substantial shareholder (direct)
● Windira (HK) Limited	● Consulting services	● Director *(Appointed on 16 December 2019)* and substantial shareholder (direct)
● PT Dewi Nusantara	● Scuba diving cruise operator	● President Commissioner *(Appointed on 30 November 2015)*
● Vision Trade Switzerland Gmbh	● Commercialising its proprietary technology for small to large scale water filtration products and projects	● Substantial shareholder (direct)

Name of company/entity	Principal activities	Involvement in business activities
Abraham Verghese A/L T V Abraham		
• ATN Strategic Group Sdn Bhd	• To operate as a strategic investment company in health, nutritional and wellness related business, provide management and advisory and related support services to investee companies	• Director *(Appointed on 15 December 2016)* and substantial shareholder (direct)
• B4Ithappens Sdn Bhd	• Provision of health and wellness services applying nutritional, supplementation and other complimentary methods and sale of related products	• Director *(Appointed on 11 June 2012) and s*ubstantial shareholder (indirect)
• B4 Natural Processing Sdn Bhd	• Manufacturing, natural processing of nutrient extracts from food sources, packaging, importing, exporting and distribution of and dealing in all kinds of food and functional ingredients-based materials and ready to use products; mixing and processing of herbal extracts and extracted nutrients	• Director *(Appointed on* 28 February 2019) and substantial shareholder (indirect)
• Edotco Group Sdn Bhd *(a subsidiary of Axiata Group Berhad which is listed on the Main Market of Bursa Securities)*	• Investment holding and provision of technical and operation support services in the telecommunications and related industries in local and international markets	• Director *(Appointed on 15 October 2021*)
• Euangelion Training and Services Sdn Bhd	• Provision of training services, event organisation and advisory services	• Director *(Appointed on 5 October 2020)*
• Maxim Global Berhad *(listed on the Main Market of Bursa Securities)*	• Investment holding and construction related activities with subsidiaries engaged in property development, provision of project management services, generation & sale of electricity and other investments	• Director *(Appointed on 26 February 2019)*
• Beyond Structural Sdn Bhd	• Provision of design and installation of lightings, internal design and other refurbishment works	• Substantial shareholder (direct)
• 8 Pine Valley Pass Pty Ltd	• Property investment	• Substantial shareholder (direct)
• Boustead Holdings Berhad *(listed on the Main Market of Bursa Securities)*	• Investment holding with subsidiaries involved in plantations, property investment, pharmaceutical and healthcare, heavy industries, trading and financial services and other investments	• Director *(Appointed on 15 July 2019 and retired on 22 July 2020)*

Name of company/entity	Principal activities	Involvement in business activities
● Boustead Hotels and Resorts Sdn Bhd (*subsidiary of Boustead Holdings Berhad)*	● Hotel operations	● Director *(Appointed on 15 January 2020 and resigned on 22 July 2020)*
● Boustead Properties Berhad *(subsidiary of Boustead Holdings Berhad)*	● Investment holding, property development and investment, ownership and operating of hotels and production and supply of chilled water for air conditioning	● Director *(Appointed on 15 January 2020 and resigned on 22 July 2020)*
● Coalition for Business Integrity Berhad	● To champion a culture of business integrity in Malaysia, to facilitate business investments, to combat fraud and leakages in the market place, to reduce costs of doing business, to promote business growth through positive work culture, improved productivity, business networking and business matching	● Director *(Appointed on 5 September 2017 and resigned on 25 June 2019)*
Ong Huey Min[(4)]		
● Globetronics Technology Berhad *(listed on Main Market of Bursa Securities)*	● Investment holding with subsidiaries involved in the manufacture, assembly, testing and sale of among others, integrated circuits, optoelectronic products, small outline components, light-emitting diode components, electronics/semiconductor components, sensors, technical plating services for the semiconductor industry, provision of computer hardware & software, system solutions and consultancy	● Director *(Appointed on 23 October 2017*) and shareholder (direct and indirect)
● Grafik Impresif Sdn Bhd ("**Grafik Impresif**")	● Investment holding principally involved in investing in shares of public listed companies[(5)]	● Director *(Appointed on 1 December 2016)*
● Pensonic Holdings Berhad *(listed on the Main Market of Bursa Securities)*	● Investment holding with subsidiaries involved in the manufacture, assembly, distribution, trading, marketing and sale of electronic appliances and products and home appliances	● Director *(Appointed on 3 January 2017)*
● YNWA Advisory PLT	● Business management consultancy, investment advisory and tax consultancy services	● Partner

Notes:

(1) The expression "N.E.C." utilised herein shall have the meaning "not elsewhere classified".

(2) There are no current immediate investment plans for this company.

(3) Good Logistics Holdings Sdn Bhd (formerly known as Swift Logistics Holdings Berhad) had not commenced operations during Datuk Noripah Binti Kamso's tenure as director in the company.

(4) Ong Huey Min was appointed as Independent Non-Executive Director subsequent to the LPD.

*(5) Grafik Impresif holds shares in several public listed companies, one of which is Zhulian Corporation Berhad ("**Zhulian**") which is involved in a similar trade as our Group. The interest in Zhulian held indirectly by Ong Huey Min does not give rise to a conflict of interest situation, as Grafik Impresif's interest in Zhulian is negligible, representing less than 0.1% equity interest in Zhulian. Similarly, none of Grafik Impresif's interest in other public listed companies exceeds 0.1% equity interest in the respective companies.*

The involvement of our Directors mentioned above in other business activities outside our Group will not affect their commitment and responsibilities to our Group in their respective roles as our Directors.

9.2.4 Service contracts with our Directors

As at the date of this Prospectus, there are no existing or proposed service contracts between our Directors and us which provide for benefits upon termination of employment.

9.2.5 Directors' remuneration and material benefits in-kind

The remuneration and material benefits in-kind (including any contingent or deferred remuneration) paid or proposed to be paid to our Directors for services rendered to us in all capacities to our Group for the FYE 28 February 2022 and 2023 are as follows:

FYE 28 February 2022 (Paid)	Salary	Directors' Fees	Bonus	Contributions to EPF and Social Security Organisation	Allowances	Profit-sharing(1)	Benefits-in-kind	Total
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
DLSJ	2,499.5	-	312.4	113.1	-	-	13.1	2,938.1
Teoh Hang Ching	332.7	-	69.7	21.7	114.0	10.8	3.5	552.4
DLBY	298.1	-	-	38.1	12.0	-	-	348.2
Vibhav Panandiker	-	-	-	-	-	-	-	-
Datuk Noripah Binti Kamso	-	4.2	-	-	1.5	-	-	5.7
Tunku Afwida Binti Tunku A. Malek	-	3.3	-	-	1.5	-	-	4.8
Stefan Heitmann	-	3.3	-	-	2.0	-	-	5.3
Abraham Verghese A/L T V Abraham	-	3.5	-	-	2.0	-	-	5.5
Ong Huey Min	-	-	-	-	-	-	-	-

FYE 28 February 2023 (Proposed to be paid)	Salary	Directors' Fees	Bonus	Contributions to EPF and Social Security Organisation	Allowances	Profit-sharing[(1)]	Benefits-in-kind	Total
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
DLSJ	2,500.0	-	350.0	120.0	-	-	14.0	2,984.0
Teoh Hang Ching	457.0	-	100.0	29.0	119.0	15.0	3.5	723.5
DLBY	350.0	-	-	40.0	12.0	-	-	402.0
Vibhav Panandiker	-	-	-	-	-	-	-	-
Datuk Noripah Binti Kamso	-	66.7	-	-	17.0	-	-	83.7
Tunku Afwida Binti Tunku A. Malek	-	53.3	-	-	13.5	-	-	66.8
Stefan Heitmann	-	53.3	-	-	13.5	-	-	66.8
Abraham Verghese A/L T V Abraham	-	56.7	-	-	14.5	-	-	71.2
Ong Huey Min	-	34.4	-	-	7.0	-	-	41.4

Note:

*(1) We have a profit-sharing plan which selected employees, including our Key Senior Management and Chief Executive Officer, are entitled to participate in ("**Profit Sharing Scheme**"). Our Profit Sharing Scheme aims to improve our Group's profitability and align our employees' interests with those of our Group. Such employees are selected based on, among other things, seniority, length of service and work performance evaluation and their entitlement which is payable quarterly, is an amount equivalent to a percentage of less than 5% of the adjusted net profit set for the respective company in our Group which they are under the employment of and upon achieving specified performance and financial targets. Adjusted net profit refer to net profit before intercompany transactions (such as management fees and rental) and foreign exchange gain/loss.*

The remuneration of our Directors, which includes Directors' fees, bonus and such other allowances as well as other benefits, must be considered and recommended by our Remuneration Committee and subsequently approved by our Board. Our Directors' fees must be further approved/endorsed by our shareholders at a general meeting.

9.2.6 Audit Committee

Our Audit Committee was formed by our Board on 10 February 2022. Our Audit Committee currently comprises the following members, all of whom are Independent Non-Executive Directors:

Name	Designation	Directorship
Abraham Verghese A/L T V Abraham	Chairman	Independent Non-Executive Director
Tunku Afwida Binti Tunku A. Malek	Member	Independent Non-Executive Director
Stefan Heitmann	Member	Independent Non-Executive Director

Our Audit Committee undertakes, among others, the following functions:

(i) External Audit

(a) review the audit scope, nature and plan with external auditors to ensure that it has the necessary authority to carry out its work, including any changes to the planned audit scope and ensure co-ordination where more than one firm of auditors is involved and report on the same to our Board;

(b) review external audit reports and management letters from the external auditors to ensure that prompt corrective actions are taken to address issues (including any deficiencies in internal control system) highlighted and report on the same to our Board;

(c) discuss problems and reservations, if any, arising from the interim and final audits, and any matter (including all key audit matters highlighted in the auditors' report) which the external auditors wish to discuss in the absence of the management, where necessary;

(d) review major audit findings and the management's response during the year with the management, external auditors and internal auditors, including the status of previous audit recommendations;

(e) review the assistance and cooperation rendered by our Group's officers to the external auditors and difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to required information;

(f) set policies and procedures to assess the suitability, objectivity and independence of the external auditors. Consider and make recommendations to our Board in relation to the nomination and re-appointments of external auditors and their audit fees by taking into account the objectivity, suitability, competence, resource capacity and independence of the external auditors, the services and audit fee (to ensure balance between objectivity, quality of audit and value for money) and any question of resignation or dismissal including any written explanations, and the letter of resignation from external auditors, if applicable.

The assessment should also consider information presented in the Annual Transparency Report of the audit firm, if such report is prepared by the external auditors;

(g) review whether there is reason, supported by grounds, to believe that the external auditors are not suitable for reappointment and report the same to our Board;

(h) review the non-audit services provided by the external auditors and/or its network firms to our Company for the financial year, including the nature and extent of the non-audit services, fee of the non-audit services, individually and in aggregate, relative to the external audit fees and safeguards deployed to eliminate or reduce the threat to objectivity and independence in the conduct of the external audit resulting from the non-audit services provided. The contracts that cannot be entered into should include:

- management consulting;
- strategic decision;
- internal audit; and
- policy and standard operating procedures documentation; and

(i) ensure the independence of external auditors by periodically reviewing the written statement from the external auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

(ii) Internal Audit

(a) ensure the internal audit function is independent of the activities it audits and the head of internal audit reports functionally to our Audit Committee directly. The head of internal audit shall be responsible for the regular review and/or appraisal of the effectiveness of the risk management, internal control, and governance processes within our Company;

(b) approve the internal audit charter and review the adequacy of the scope, functions, competency, budget and resources of the internal audit function and whether it has the necessary authority to carry out its work;

(c) review the internal audit plan, processes and results of the internal audit assessments, investigation undertaken and where necessary, ensure that appropriate and prompt action is taken by management on deficiencies in controls or procedures that are identified for the recommendations of the internal audit function;

(d) take cognisance of resignations of internal audit staff members (for in-house internal audit function) or the internal audit service provider (for out-sourced internal audit) and provide the resigning staff member or the internal audit service provider an opportunity to submit his reasons for resigning;

(e) review the performance of the internal auditors on an annual basis;

(f) direct and, where appropriate, supervise any special projects or investigation to be carried out by internal auditors as and when necessary, and review investigation reports on any major defalcations, frauds and thefts and management's response;

(g) review the adequacy and effectiveness of internal control systems, including management information system and the internal auditors and or external auditors' assessment of these systems and policies; and

(h) approve any appointment or termination of the internal audit service provider or senior staff members of the internal audit function, namely the head of internal audit and his/her deputy, if any.

(iii) Financial Reporting

(a) review the quarterly and year-end financial statements of our Company, focusing particularly on the following to determine whether the financial statements taken as a whole provide a true and fair view of its financial position and performance;

- any changes in or implementation of major accounting policies changes and practices;
- 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;
- litigation or actions that could affect the financial position, performance or results materially;
- the going concern assumption;
- integrity of financial statements; and
- compliance with accounting standards and other legal requirements; and

(b) review and monitor our Company's and our Group's finance function in respect of adequacy and sufficiency to support financial recording and reporting process to ensure accurate, complete, consistent and timely reporting.

(iv) Internal Control

(a) oversee our Group's internal control framework to ensure operational effectiveness and efficiency, reduce risk of inaccurate financial reporting, protect our Company's assets from misappropriation and encourage legal and regulatory compliance;

(b) review major audit findings (including status of previous audit recommendations) of our Group's systems of internal controls and management's responses with management, external auditors, internal auditors and other consultants (if applicable);

(c) report to our Board any suspected frauds or irregularities, serious internal control deficiencies or suspected infringement of laws, rules and regulations which come to its attention and are of sufficient importance to warrant the attention of our Board;

(d) review and approve policies and procedures on whistle-blowing established to address allegations raised by whistle-blowers, to ensure independent investigation is conducted and follow-up action is taken and highlighted to our Audit Committee; and

(e) review and approve policies and procedures on anti-corruption, and review the effectiveness of anti-corruption measures taken.

(v) Compliance and others

(a) review procedures in place to ensure effectiveness of system for monitoring compliance to ensure that our Group is in compliance with the Act, Listing Requirements and other relevant legislative and reporting requirements under the applicable laws, regulations, rules, directives and guidelines;

(b) review our Audit Committee's reporting and the statement with regard to the state of internal controls and risk management of our Group for inclusion in the annual report for the relevant financial year and report the same to our Board;

(c) review and verify the allocation of options to eligible Directors and employees pursuant to any employee share option scheme, if any, by close of relevant financial year;

(d) review any related party transaction and conflict of interest situation that may arise within our Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity, and ensure that any such transaction is carried out at arm's length, on terms that are not detrimental to our Company and in the best interest of our Group and report the same to our Board;

(e) direct and supervise, as appropriate, any necessary investigations and review all reports on any major irregularities;

(f) review and assess our Audit Committee's terms of reference as conditions dictate; and

(g) undertake continuous professional development or training to keep abreast with relevant developments in accounting and auditing standards, practice and rules or in any other relevant areas.

9.2.7 Nomination Committee

Our Nomination Committee was established by our Board on 10 February 2022. Our Nomination Committee currently comprises the following members, all of whom are Independent Non-Executive Directors:

Name	Designation	Directorship
Tunku Afwida Binti Tunku A. Malek	Chairman	Independent Non-Executive Director
Datuk Noripah Binti Kamso	Member	Senior Independent Non-Executive Director
Ong Huey Min	Member	Independent Non-Executive Director

Our Nomination Committee undertakes, among others, the following functions:

(i) Assessment of Board Composition

(a) establish a policy formalising our Group's approach to boardroom diversity including diversity in gender, age, culture, skills, knowledge and experience and independence;

(b) recommend to our Board suitable candidates for directorships on our Board, taking into consideration the following aspects when considering new appointments on our Board:

- the candidates' skills, qualifications, knowledge, expertise, experience, professionalism and integrity;

- in the case of candidates for the position of Independent Non-Executive Directors, the ability to discharge such responsibilities/functions as expected from Independent Non-Executive Directors; and

- our Board's diversity in terms of skills, experience age, gender and culture;

(c) evaluate, review and recommend on an annual basis to our Board the appropriate size, structure, balance and composition of our Board, required mix of skills, experience and other qualities, including core competencies to function effectively and efficiently which Non-Executive Directors shall bring to our Board to ensure that they are in line with our Company's and our Group's requirements and is in compliance with the Listing Requirements;

(d) assess the effectiveness of our Board, the committees of our Board and the contributions of each individual Director, including the independence of Independent Non-Executive Directors, as well as the Chief Executive Officer and Chief Financial Officer (where these positions are not Board members), based on the process and procedures laid out by our Board and to provide the necessary feedback to directors in respect of their performance;

(e) consider and recommend any policy regarding the period of service of Non-Executive Directors, tenure of Independent Non-Executive Directors and the term of office of Board committee members, including Chairmen of the respective Board committees;

(f) assess on a periodic basis the independence of Independent Directors and that the Directors and officers of our Group meet the identified independence criteria and are not disqualified under the relevant regulations; and

(g) periodically review the term of office, and terms of reference of all Board committees, assisted by the Company Secretary.

(ii) Appointment(s)

(a) identify, consider and recommend suitable persons for appointment as Directors of our Company, our Group and members of our Board committees and also Key Senior Management positions relying on sources from existing Board members, management, major shareholders, independent search firms and other independent sources; and

(b) disclose in our Company's annual report our Company's policy on gender diversity for our Board and senior management, how candidates for Non-Executive Director-level positions were sourced including whether such candidates were recommended by the existing Board members, management, major shareholders or independent sources, and if the selection of candidates was solely based on recommendations made by existing Board members, management or major shareholders, our Nomination Committee should explain why other sources were not used.

(iii) Retirement, Re-election, Removal and Resignation of Director

(a) ensure that every Director, including the Executive Directors, shall be subject to retirement at least once every three years. A retiring Director shall be eligible for re-election. Recommend Director(s) who are retiring (by casual vacancy and by rotation) for re-election at our Company's AGM in accordance with our Constitution; and

(b) recommend to our Board, candidates for re-election of Directors by shareholders. The tenure of an Independent Non-Executive Director should not exceed beyond a cumulative or consecutive term limit of nine years.

(iv) Succession Planning

(a) the Chief Executive Officer shall assist our Nomination Committee in ensuring that an appropriate succession planning framework, talent management and human capital development programme is in place for the position of the Chief Executive Officer and key pivotal positions. Our Nomination Committee shall be apprised of the progress of the programme on a regular basis, and at least once a year; and

(b) oversee succession planning for our Board Chairman and Directors.

(v) Annual Performance Assessment

(a) assess annually the effectiveness of our Board as a whole, the committees of our Board and the contribution of each individual Director, including Independent Non-Executive Director. Our Nomination Committee shall ensure that all assessments and evaluations carried out by our Nomination Committee in the discharge of all functions shall be properly documented and disclosed in the annual report; and

(b) assess annually the term of office and performance of our Audit Committee and each of its members to determine whether such Audit Committee members have carried out their duties in accordance with its terms of references.

(vi) Training and Development

(a) arrange, with management, induction programmes for newly appointed directors to familiarise themselves with the operations, products and services of our Group through briefings by the relevant management teams.

9.2.8 Remuneration Committee

Our Remuneration Committee was established by our Board on 10 February 2022. Our Remuneration Committee currently comprises the following members, all of whom are Independent Non-Executive Directors:

Name	Designation	Directorship
Ong Huey Min	Chairman	Independent Non-Executive Director
Datuk Noripah Binti Kamso	Member	Senior Independent Non-Executive Director
Tunku Afwida Binti Tunku A. Malek	Member	Independent Non-Executive Director

Our Remuneration Committee undertakes, among others, the following functions:

(i) Remuneration

(a) review, and recommend to our Board for approval the remuneration policies and procedures for our Board, Board committees, the Executive Director and Key Senior Management. Independent professional advice may be obtained in determining the remuneration framework;

(b) recommend to our Board, proposal on the Executive Director's remuneration and benefits including share option and compensation payment in the event of termination of the employment/service contracts (if any) by our Company and/or our Group. The recommendation should be made based on their respective performance relative to the key performance indicators set;

(c) review and recommend to our Board our Directors' fees and benefits (if any) payable to the Non-Executive Directors for recommendation to the shareholders of our Company for approval; and

(d) assist our Board in discharging its responsibilities to, among others, compensation strategy, management development and other compensation arrangements.

9.2.9 Risk Management Committee

Our Risk Management Committee was established by our Board on 10 February 2022. Our Risk Management Committee currently comprises the following members, of which the majority are Independent Non-Executive Directors:

Name	Designation	Directorship
Stefan Heitmann	Chairman	Independent Non-Executive Director
Abraham Verghese A/L T V Abraham	Member	Independent Non-Executive Director
Teoh Hang Ching	Member	Non-Independent Executive Director and Chief Executive Officer

Our Risk Management Committee undertakes, among others, the following functions:

(i) Risk Management Framework

(a) review the risk management framework for our Group and offer practical guidance to all employees on risk management issues and recommend changes as needed to ensure that our Group has in place a risk management policy which addresses the strategic, operational, financial and compliance risks for our Board's approval.

(ii) Anti-Corruption & Bribery and Whistleblowing

(a) review of corruption risk assessment continuously, at least every three years pursuant to the Malaysian Anti-Corruption Commission Act 2009 in order to provide assurance that our Group is operating in compliance with the current policies and procedures in relation to corruption and to determine that the policies and procedures are established and in place for whistleblowing and to prevent bribery and corruption.

(iii) Risk Identification, Assessment, Monitoring and Reporting

(a) ensure the infrastructure, resources and systems are in place and adequate for risk management and that risk management processes for the identification, measurement and analysis, reporting and mitigation of risks are in place within our Group and are operating in an efficient and effective manner;

(b) identify and communicate to our Board the key risks (present and potential) faced by our Group, their changes and management action plans to manage the risks;

(c) approve risk methodologies for measuring and managing risks arising from our Group's business and operational activities;

(d) monitor our Group's level of risk tolerance and risk exposure and periodically review the same to ensure that these are aligned with risk strategies and objectives; and

(e) review effectiveness and efficiency of the key internal control procedures and processes in place to manage risks successfully and to oversee the conduct of periodic testing of the effectiveness and efficiency of the internal control procedures and processes to ensure that the system is viable and robust.

(iv) Strategic planning and others

(a) review business continuity management including emergency plans and crisis readiness and review incidents within our Risk Management Committee's scope and assess the remedial actions.

9.2.10 Executive Committee

Our Executive Committee was established by our Board on 10 February 2022 as a sub-committee of our Board and its general purpose is to provide an effective oversight of the business of our Group and to ensure that our Group's operations are aligned with the strategy approved by our Board and implemented within the framework and agreed financial limits as approved by our Board from time to time.

Subject to the framework and financial limits, our Executive Committee has primary authority for the close oversight of our Group's operations except those matters which are reserved for our Board, our Audit Committee, our Nomination Committee, our Remuneration Committee and our Risk Management Committee.

Our Executive Committee currently comprises the following members:

Name	Designation	Directorship
DLSJ	Member	Non-Independent Executive Chairman
Teoh Hang Ching	Member	Non-Independent Executive Director and Chief Executive Officer

Our Executive Committee undertakes, among others, the following functions:

(i) General

(a) sets strategic objectives and devises an overall strategic plan to chart the direction of our Group in meeting the objectives and recommends to our Board for adoption and thereafter, monitor the implementation of the said strategies;

(b) supports and directs all aspects of the business strategies and plans as assigned or delegated by our Board and take any action or assume any other powers and responsibilities that may from time to time be assigned or delegated by our Board to implement such business;

(c) reviews the business plans and budgets and monitors the progress and performance of the business plan and budgets, including performance against agreed key performance indicators in all aspect of our Group's operations;

(d) puts into effect the policies laid down by our Board and monitors management actions to ensure that Board policies are adhered to;

(e) oversees sustainability function within our Group and provides advice and assistance to our Board in monitoring the decisions and actions of management in achieving our Group's goal to be a sustainable organisation; and

(f) examines, appraises and submits to our Board proposals for investment opportunities, which include acquisition or disposal of assets which are substantial in value as stipulated in the authority matrix.

(ii) Sustainability

(a) reviews and assesses sustainable impacts of major business decisions and recommend appropriate actions required;

(b) reviews and recommends to our Board the sustainability strategies and plans that will create long term shareholder value including the budget required in implementing sustainability initiatives;

(c) examines the annual assessment of our Group's environmental performance and progress, to consider and approve methods of measuring, assessing or validating our Group's corporate sustainability performance, and where appropriate, to commission an external independent assessment of the direct and indirect impact of any aspect of our Group's operations; and

(d) assesses the effectiveness of our Group's policies and systems in identifying and managing the environmental, social and governance risks and opportunities that are material to the achievement of our Company's objectives.

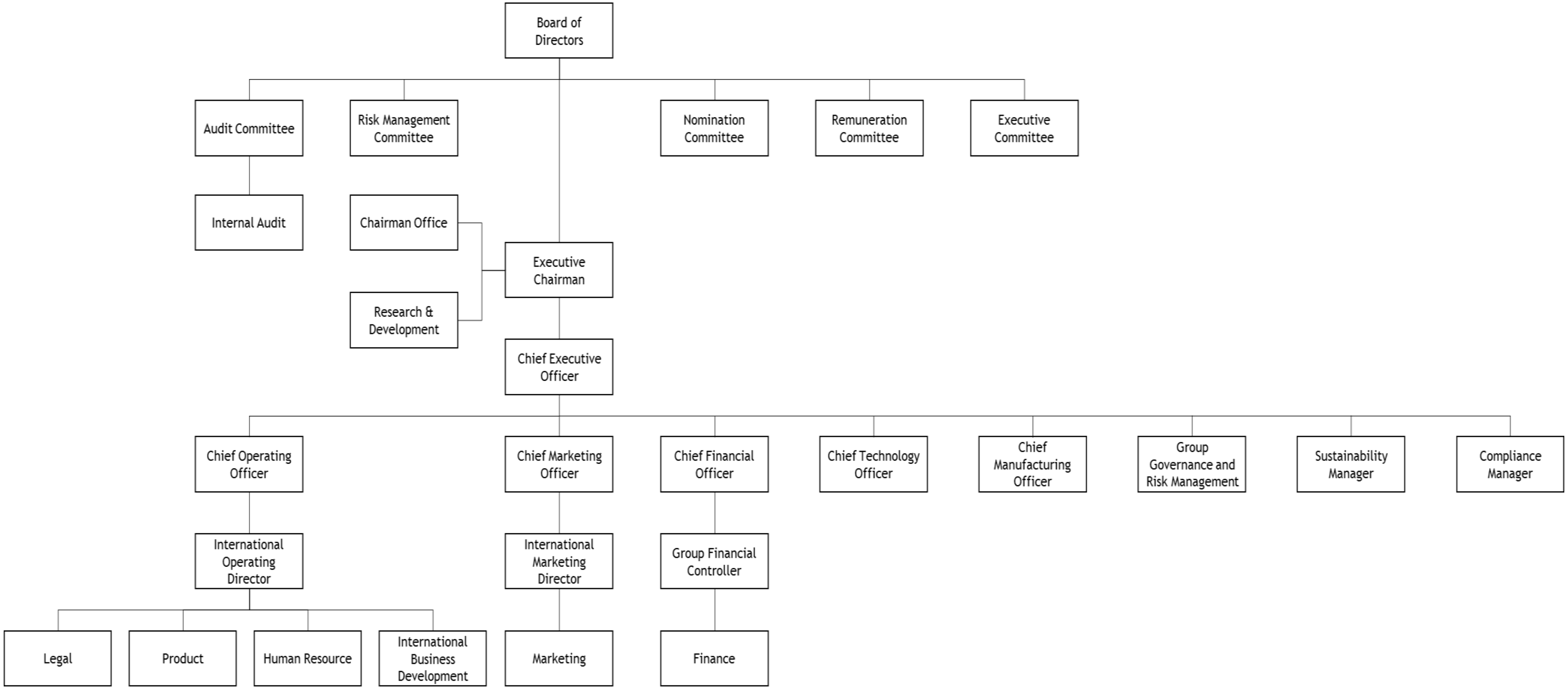
9.3 KEY SENIOR MANAGEMENT

Our Key Senior Management is responsible for the day-to-day management and operations of our Group. The members of our Key Senior Management as at the date of this Prospectus are as follows:

Name	Age	Designation
DLSJ	62	Non-Independent Executive Chairman
Teoh Hang Ching	63	Non-Independent Executive Director and Chief Executive Officer
Lim Yew Lin	54	Chief Financial Officer and Company Secretary
Teoh Thean Yong	55	Chief Technology Officer and Group Financial Controller
Tan Hiyin Tiong	54	Chief Operating Officer
Prajith Pavithran	43	Chief Marketing Officer
Kuah Lee Peng	45	Chief Manufacturing Officer

9.3.1 Management reporting structure

Our management reporting structure as at the LPD is as follows:



9.3.2 Profiles of our Key Senior Management

The profiles of our Directors who are also part of our Key Senior Management are set out in Section 9.2.1 of this Prospectus.

(i) Lim Yew Lin

Lim Yew Lin, a Malaysian aged 54, is our Chief Financial Officer and Company Secretary. She has been with our Group for over 25 years as our Executive Director and Company Secretary and in her various positions held in our Accounting and Finance Department.

She obtained her CIMA qualification in 2000 and was admitted as an associate member of CIMA in 2002. She is a member of MIA since 2003.

From 1990 to 1991, she worked at Ch'ng Khoon Peng Trading Sdn. Bhd. as an accounts clerk. In 1992, she joined Takwong (Kedah) Sdn. Bhd. as an Accounts Assistant from 1992 to 1994.

In 1994, she joined our business as an Accounts Executive and was promoted to Assistant Finance Manager of DXN Marketing in 1995 responsible for the preparation of accounts and liaison with external auditors. She was further 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 these 11 years, she was responsible for the Accounting and Finance Department of our 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 budgets of our subsidiaries.

From 2002 to May 2022, she was our Executive Director and during her tenure, she was responsible for overseeing our Group's finance. She has 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.

(ii) Teoh Thean Yong

Teoh Thean Yong, a Malaysian aged 55, is our Chief Technology Officer and Group Financial Controller. He has served our Group for over 15 years in the various positions he held, primarily in various senior management roles, overseeing among others, operations related and internal audit matters.

He obtained a Diploma in Valuation in 1988 from Universiti Teknologi Malaysia. He subsequently obtained his CIMA qualification in 1992 and was admitted as an associate member of CIMA in 1997. He is a member of MIA. He also obtained an Advanced Diploma in Computer Studies in 1996 from Informatics Institute, Malaysia (validated by University of Oxford delegacy of local examination).

He began his career in 1990, when he joined I.P. Services Sdn. Bhd. as a lecturer at Institute Professional *(now known as* SC College Sdn. Bhd.*)* teaching accounting, costing and management accounting and left in 1993 upon completion of his CIMA examinations. Within the same year, he joined Acer Technologies Sdn Bhd *(now known as* Qisda Sdn. Bhd.*)* ("**Acer Technologies**") which is principally engaged in the manufacture and sales of liquid crystal displays products, 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.*)*, as an Accountant where he headed the accounting department until 1997.

In 1997, he joined Tan Chong & Sons Motor Co. Sdn. Bhd. as Finance Manager. He left in 1998 to join Ernst & Young Consulting Sdn Bhd as a manager responsible for the implementation of the enterprise resource planning ("**ERP**") system until 1999. He then moved to Deloitte Consulting ICS Sdn Bhd in 1999 as Manager, tasked with overseeing the implementation and project management for ERP and financial software application, until 2001. Prior to joining our Group, he worked as a Principal Consultant between 2001 and 2002 for Baan (Malaysia) Sdn Bhd, an ERP software vendor.

He joined our Group as an Information System Senior Manager in 2003. He was then promoted to the position of IT Director in 2007, and as Chief Operating Officer in 2016. In 2017, he was appointed as Chief Audit Officer responsible for overseeing internal audit matters and our Group's operations in Ningxia and Guangzhou, China.

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

(iii) Tan Hiyin Tiong

Tan Hiyin Tiong, a Malaysian aged 54, is our Chief Operating Officer. He has over 15 years of experience with our Group overseeing our Group's product management and registration.

He graduated with a Bachelor of Pharmacy (Hons) from Universiti Sains Malaysia ("**USM**") in 1992. He has been a registered pharmacist with the Pharmacy Board Malaysia since 1993 and is currently an ordinary member of the Malaysian Pharmacists Society.

Subsequent to his graduation from USM, he served at Hospital Besar Alor Setar as a pharmacist under pupillage from 1992 until 1993. Between 1993 and 1994, he worked at Farmasi Econ (S P) Sdn Bhd as a Community Pharmacist, where his main responsibilities included counselling, consultation and sales of scheduled poisons. From 1995 to 2003, he worked at City Pharmacy Sdn Bhd in Taiping, also as a Community Pharmacist.

He joined our Group as a Pharmacist in 2003. Since then, he has held various managerial positions including as Group Product Manager of our Group's Product Department, Group Product Senior Manager where his responsibilities included handling product complaints and marketing activities for new products and General Manager where he is responsible for our Group's product registration and trademark applications in respect of our Group's global operations. He assumed his current position as Chief Operating Officer in May 2022 with the added responsibilities of being in-charge of the business operations and human resource matters of our Group.

(iv) Prajith Pavithran

Prajith Pavithran, an Indian national aged 43, is our Chief Marketing Officer. He has 20 years of experience in sales and marketing.

He graduated with a Bachelor of Commerce from Utkal University, India in 1999 and obtained a Post Graduate Diploma in Management from the SCMS Cochin (School of Communication and Management Studies), India in 2001.

He began his career in 2001 when he joined our Group as Sales and Training Executive, tasked with coordinating sales and training activities in North India. In 2003, he was promoted as the Head of Sales and Training, North India, where he managed and monitored sales and training activities in North India. He was then promoted to manager of International Business, South Asia in 2004 responsible for coordinating marketing and operational matters in South Asia.

Between 2005 and 2009, he was appointed as manager of International Business Department at DIPL Philippines Branch and subsequently as Country Manager of DIPL Philippines Branch, to oversee the operations of DIPL Philippines Branch. In 2009, he was designated as Country Manager of DXN Mexico to oversee our Mexican operations. In 2010, he was promoted as our Regional Manager of Latin America, responsible for the leadership and direction of the Latin American market and to ensure the continuous growth and stability in our Group's presence in that region.

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

(v) Kuah Lee Peng

Kuah Lee Peng, a Malaysian aged 45, is our Chief Manufacturing Officer. She has over 20 years of experience in quality assurance and manufacturing operations in the food and beverages, traditional pharmaceutical and cosmetics industries.

She obtained a Bachelor of Science (Food Studies) from Universiti Putra Malaysia in 2000.

She began her career in 2000 as a quality assurance ("**QA**") officer at Golden Fresh Sdn Bhd ("**Golden Fresh**"), a seafood processor, where she was responsible for quality control activities and was involved in process improvement activities.

In 2002, she left Golden Fresh to join our Group as QA Executive, responsible for setting up and developing the Quality Department and to implement suitable quality system at the coffee factory and other productions in DXN Industries. She has since held various senior and managerial positions in QA and production, including Senior QA Executive, Assistant Manager, Production Department of DXN Industries and Manager at our Group's Malaysian manufacturing facilities. She was promoted as Factory Manager in 2010 in-charge of, among others, ensuring effective implementation of various quality management systems at our Group's Malaysian manufacturing facilities. In 2017, she held the position of Senior Factory Manager, where she was in-charge of the Quality Department, Security Department and Safety, Health and Environmental Department and also oversaw the Warehouse Department, Planning Department and Shipping Department of our Group's Malaysian manufacturing facilities. She was promoted as our Factory General Manager in 2021, responsible for the overall production operations in Malaysia as well as supervising our Group's overseas factory operations. She assumed her current position as our Chief Manufacturing Officer in May 2022 where she is responsible for our Group's overall production operations.

9.3.3 Shareholding of our Key Senior Management

The following table sets out the direct and indirect shareholdings of our Key Senior Management (other than our Directors who are also part of our Key Senior Management which are disclosed in Section 9.2.2 of this Prospectus) before and after our IPO:

						After our IPO											
		Before our IPO(1)				Assuming the Over-allotment Option is not exercised(2)				Assuming the Over-allotment Option is fully exercised(3)				Upon our Listing and assuming full exercise of the ESOS Options(4)			
		Direct		Indirect		Direct		Indirect		Direct		Indirect		Direct		Indirect	
Name	Designation	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%
Lim Yew Lin	Chief Financial Officer	-	-	-	-	1,500	*	-	-	1,500	*	-	-	3,500	0.1	-	-
Teoh Thean Yong	Chief Technology Officer and Group Financial Controller	-	-	-	-	600	*	-	-	600	*	-	-	2,100	*	-	-
Tan Hiyin Tiong	Chief Operating Officer	-	-	-	-	600	*	-	-	600	*	-	-	2,100	*	-	-
Prajith Pavithran	Chief Marketing Officer	-	-	-	-	600	*	-	-	600	*	-	-	2,100	*	-	-
Kuah Lee Peng	Chief Manufacturing Officer	-	-	-	-	600	*	-	-	600	*	-	-	1,850	*	-	-

Notes:

* *Negligible*

(1) *Based on our enlarged issued Shares of 4,825,000,000 after the Subdivision.*

(2) *Based on our enlarged issued Shares of 4,985,000,000 after our IPO and assuming full subscription of our Issue Shares allocated to the Eligible Persons in respect of the Retail Offering.*

(3) Assuming an Over-allotment Option of 210,937,500 Shares, representing 15.0% of the total number of our IPO Shares offered.

(4) Based on our enlarged issued Shares of 5,015,000,000 after assuming full exercise of 30,000,000 ESOS Options intended to be offered as described in Section 4.2.6 of this Prospectus.

9.3.4 Principal business activities performed by our Key Senior Management outside our Group in the past five years

Save as disclosed below, none of our Key Senior Management (other than our Directors who are also part of our Key Senior Management which are disclosed in Section 9.2.3 of this Prospectus) are involved in principal business activities outside our Group as at the LPD or hold directorships in other companies outside our Group, at present and in the past five years preceding the LPD:

Name of company/entity	Principal activities	Involvement in business activities
Lim Yew Lin		
● Bio Synergy Engineering Sdn. Bhd.	● Research and development on other natural science and engineering N.E.C.(1)	● Director *(Appointed on 1 August 2015)*
● Box Park Management	● Management of real estate on a fee or contract basis	● Director *(Appointed on 25 May 2018)*
● DNC Food Industries	● Manufacture of spices and curry powder, mixed farming	● Director *(Appointed on 20 April 2021)*
● DXN Global	● Investment holding activities	● Director *(Appointed on 1 August 2015)*
● DXN Land Sdn. Bhd.	● Property development and investment holding	● Director *(Appointed on 1 August 2015)*
● Richmont Sapphire Sdn. Bhd.	● Property development	● Director *(Appointed on 1 August 2015)*
● Yiked-DXN Stargate Sdn. Bhd	● Property development and property investment, buying, selling, renting and operating of self-owned or leased real estate – residential buildings	● Director *(Appointed on 1 August 2015)*
● DXN Plantation Sdn. Bhd	● Timber logging, support service for forestry and forest plantation for forest service activities, support service for logging services	● Director *(Appointed on 18 March 2021 and resigned on 7 September 2021)*
● "Lim Yew Lin"(2)	● Insurance agency	● Sole proprietor

Name of company/entity	Principal activities	Involvement in business activities
Teoh Thean Yong		
• DXN Eco Lodge PLC	• Dormant[(3)]	• Substantial shareholder (direct)
• Suria Sinarjaya Sdn Bhd	• Engaged in the business of fish farming	• Director *(Appointed on 22 October 2015 and resigned on 18 December 2017)*
• Zaman Biotech Sdn Bhd	• General trading	• Director *(Appointed on 29 October 2015 and resigned on 18 December 2017)*

Notes:

(1) The expression "N.E.C." utilised herein shall have the meaning "not elsewhere classified".

(2) Sole proprietorship

(3) There are no current immediate investment plans for this company.

The involvement of our Key Senior Management mentioned above in other principal business activities outside our Group will not affect their continued contributions to the day-to-day management of our Group and are not expected to require a significant amount of their time or attention or adversely affect the operations of our Group.

9.3.5 Service contracts with our Key Senior Management

As at the date of this Prospectus, there are no existing or proposed service contracts between our Key Senior Management and us which provide for benefits upon termination of employment.

9.3.6 Key Senior Management's remuneration and material benefits in-kind

The remuneration and material benefits in-kind of our Directors who are also part of our Key Senior Management are set out in Section 9.2.5 of this Prospectus.

The aggregate remuneration and material benefits in-kind paid (including any contingent or deferred remuneration) or proposed to be paid to our Key Senior Management, other than our Directors who are also part of our Key Senior Management, for services rendered in all capacities to our Group for the FYE 28 February 2022 and 2023 are as follows:

	Remuneration band (FYE 28 February)	
	2022 (Paid)(1)	**2023 (Proposed)(1)**
Key Senior Management	**RM'000**	**RM'000**
Lim Yew Lin	300 - 350	400 - 450
Teoh Thean Yong	250 - 300	400 - 450
Tan Hiyin Tiong	250 - 300	350 - 400
Prajith Pavithran(2)	850 - 900	850 - 900
Kuah Lee Peng	200 - 250	300 - 350

Notes:

(1) Inclusive of his/her entitlement under our Profit Sharing Scheme.

(2) Prajith Pavithran is based in the U.S. and his salary is paid in USD.

The above remuneration of our Key Senior Management, which includes salaries, bonus, fees and allowances as well as other benefits, must be considered and recommended by our Remuneration Committee and subsequently approved by our Board.

9.4 ASSOCIATIONS OR FAMILY RELATIONSHIPS BETWEEN OUR PROMOTER, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT

Save as disclosed below, there are no associations or family relationships between our Promoter, substantial shareholders, Directors and Key Senior Management:

(i) DLSJ, who is our Non-Independent Executive Chairman and substantial shareholder, is:
- a director and substantial shareholder of DXN Global;
- the spouse of DLBL; and
- the brother of DLBY and Lim Yew Lin.

(ii) DLBL, our substantial shareholder, is:
- a director and substantial shareholder of DXN Global;
- the spouse of DLSJ; and
- the sister-in-law of DLBY and Lim Yew Lin.

(iii) DLBY, our Non-Independent Non-Executive Director, is:
- a director of DXN Global;
- the brother of DLSJ and Lim Yew Lin; and
- the brother-in-law of DLBL.

(iv) Lim Yew Lin, our Chief Financial Officer and Company Secretary, is:
- a director of DXN Global;
- the sister of DLSJ and DLBY; and
- the sister-in-law of DLBL.

(v) Vibhav Panandiker, our Non-Independent Non-Executive Director, is a director and an indirect substantial shareholder of the Fund Manager.

9.5 DECLARATION BY OUR PROMOTER, DIRECTORS AND KEY SENIOR MANAGEMENT

As at the LPD, none of our Promoter, Directors or Key Senior Management has been involved in any of following events (whether in or outside Malaysia):

(i) in the last 10 years, a petition under any bankruptcy or insolvency laws was filed (and not struck out) against such person or any partnership in which such person was a partner or any corporation of which such person was a director or member of key senior management;

(ii) disqualified from acting as a director of any corporation, or from taking part directly or indirectly in the management of any corporation;

(iii) in the last 10 years, charged or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding;

(iv) in the last 10 years, any judgment was entered against such person, or finding of fault, misrepresentation, dishonesty, incompetence or malpractice on his part, involving a breach of any law or regulatory requirement that relates to the capital market;

(v) in the last 10 years, the subject of any civil proceeding, involving an allegation of fraud, misrepresentation, dishonesty, incompetence or malpractice on his part that relates to the capital market;

(vi) the subject of any order, judgment or ruling of any court, government or regulatory authority or body temporarily enjoining such person from engaging in any type of business practice or activity;

(vii) in the last 10 years, has been reprimanded or issued any warning by any regulatory authority, securities or derivatives exchange, professional body or government agency; and

(viii) there is any unsatisfied judgment against such person.

9.6 OTHER MATTERS

(i) No other amounts or benefits have been paid or intended to be paid or given to our Promoter and substantial shareholders within the two years preceding the date of this Prospectus, except for remuneration and benefits-in-kind received by our substantial shareholder who is our employee in the course of his employment, Directors' fees and dividends paid to our shareholders.

(ii) There is no arrangement which operation may result in the change in control of our Company at a date subsequent to our IPO and our Listing.

(iii) Our Promoter and substantial shareholders do not have different voting rights from our other shareholders.

10. RELATED PARTY TRANSACTIONS

10.1 OUR GROUP'S RELATED PARTY TRANSACTIONS

10.1.1 Material related party transactions

Save as disclosed below, there are no other material related party transactions entered into by our Group which involves the interest, direct or indirect, of our Directors, major shareholders and/or persons connected to them for the past three FYEs 28 February 2019, 29 February 2020 and 28 February 2021, FPE 31 December 2021 and up to the LPD:

				FYE			FPE	
No.	**Transacting parties**	**Nature of relationship**	**Nature of transaction**	**28 February 2019**	**29 February 2020**	**28 February 2021**	**31 December 2021**	**Between 1 January 2022 and the LPD**
				RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
1.	Our Group and DXN Comfort Tours	**Interested Director** ● DLBY See Note (1) for further details of the relationship with our Directors, major shareholders and/or persons connected to them.	Purchase of air tickets and related travel expenses by our Group from DXN Comfort Tours	1,889 Represents 0.4% of our Group's total expenses	595 Represents 0.1% of our Group's total expenses	143 Represents 0.02% of our Group's total expenses	31 Represents 0.01% of our Group's total expenses	46
2.	Our Group and Nores Industries Sdn Bhd ("**Nores Industries**")	**Interested Major Shareholder and Director** ● DLSJ **Interested Director** ● DLBY See Note (2) for further details of the relationship with our Directors, major shareholder and/or persons connected to them.	Sale of RG powder, Cordyceps powder, Lion's Mane powder, Ganoderma powder and Spirulina powder from DXN Pharma to Nores Industries	3 Negligible contribution to our Group's revenue	<1 Negligible contribution to our Group's revenue	<1 Negligible contribution to our Group's revenue	-	-

10. RELATED PARTY TRANSACTIONS *(Cont'd)*

				FYE			FPE	
No.	**Transacting parties**	**Nature of relationship**	**Nature of transaction**	**28 February 2019**	**29 February 2020**	**28 February 2021**	**31 December 2021**	**Between 1 January 2022 and the LPD**
				RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
			Payment of labour charges for packing of products by Nores Industries to DXN Industries	-	-	1,816 Represents 1.0% of our Group's cost of goods sold	2,895 Represents 1.6% of our Group's cost of goods sold	1,115
			Supply of manpower by DXN Industries to Nores Industries to support the packing activities outsourced to Nores Industries	-	-	-	201 Represents 0.1% of our Group's cost of goods sold	-
3.	Our Group and Tastiway Group (Tastiway Sdn Bhd ("**Tastiway**"), Tastiway Marketing Sdn Bhd ("**Tastiway Marketing**"), SLM Packaging Sdn Bhd ("**SLM Packaging**") and Kholin Sdn Bhd ("**Kholin**") are collectively "**Tastiway Group**")	**Interested Major Shareholder and Director** ● DLSJ **Interested Director** ● DLBY See Note (3) for further details of the relationship with our Directors, major shareholder and/or persons connected to them.	Sale of Gano liquid mycelium, Spirulina powder, RG powder, GL powder, RG & GL mixed powder, vinegar, talcum powder and cordypine cups from our Group to Tastiway	29 Represents 0.01% of our Group's revenue	56 Represents 0.01% of our Group's revenue	82 Represents 0.01% of our Group's revenue	67 Represents 0.01% of our Group's revenue	39
			Purchase of Zhi-Mint products, menthol, peppermint oil, aluminium foil packaging, fresh perfume and sanitiser liquid by our Group from the Tastiway Group	3,214 Represents 2.2% of our Group's cost of goods sold	3,235 Represents 1.7% of our Group's cost of goods sold	6,345 Represents 3.5% of our Group's cost of goods sold	10,522 Represents 5.7% of our Group's cost of goods sold	3,526

10. RELATED PARTY TRANSACTIONS *(Cont'd)*

No.	Transacting parties	Nature of relationship	Nature of transaction	FYE 28 February 2019	FYE 29 February 2020	FYE 28 February 2021	FPE 31 December 2021	Between 1 January 2022 and the LPD
				RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
			Payment of labour charges for packing of our products by DXN Industries to Tastiway	-	-	3,086 Represents 1.7% of our Group's cost of goods sold	3,887 Represents 2.1% of our Group's cost of goods sold	504
4.	Our Group and "Lim Yew Lin" sole proprietorship and "Ling Chung Hwa" sole proprietorship	**Interested Major Shareholder and Director** ● DLSJ **Interested Director** ● DLBY See Note (4) for further details of the relationship with our Directors, major shareholder and/or persons connected to them.	Payment of insurance premium by our Group to "Lim Yew Lin" sole proprietorship and "Ling Chung Hwa" sole proprietorship"	713 Represents 0.1% of our Group's total expenses	1,322 Represents 0.2% of our Group's total expenses	1,046 Represents 0.2% of our Group's total expenses	1,571 Represents 0.3% of our Group's total expenses	575
5.	Our Group and DXN Global Group (DXN Global, DXN Land, DXN Plantation, Yiked and Richmont Sapphire are collectively "**DXN Global Group"**)	**Interested Major Shareholder** ● DXN Global **Interested Directors** ● DLSJ ● DLBY See Note (5)(a) for further details of the relationship with our Directors, major shareholder and/or persons connected to them.	Disposal of DXN Land including its subsidiaries being Yiked, Richmont Sapphire and Bio Synergy Engineering Sdn Bhd ("**Bio Synergy Engineering"**) by our Company (vendor) to DXN Global (purchaser) Refer to Note (5)(b) for details of this transaction	-	-	44,500 Represents 7.1% of our Group's NA	-	-

10. RELATED PARTY TRANSACTIONS *(Cont'd)*

				FYE			FPE	
No.	**Transacting parties**	**Nature of relationship**	**Nature of transaction**	**28 February 2019**	**29 February 2020**	**28 February 2021**	**31 December 2021**	**Between 1 January 2022 and the LPD**
				RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
			Disposal of 150,000 ordinary shares (representing 100.0% equity interest) and all 68,000 redeemable preference shares in DXN Plantation by our Company (vendor) to DXN Global (purchaser) Refer to Note (5)(c) for details of this transaction	-	-	2,600 Represents 0.4% of our Group's NA	-	-
			Rental payable by our Group (tenants) to DXN Global Group (landlords) Refer to Note (5)(d) for the salient terms of the tenancy agreements entered into between our Group and DXN Global Group	504 Represents 0.7% of our Group's administrative expenses	570 Represents 0.7% of our Group's administrative expenses	555 Represents 0.4% of our Group's administrative expenses	492 Represents 0.6% of our Group's administrative expenses	190
6.	DXN Marketing and DLSJ	**Interested Major Shareholder and Director** ● DLSJ	Rental payable by DXN Marketing to DLSJ in respect of the rental at Unit F1-002, Happy Apartment, Jalan 17/22, 46400 Petaling Jaya, Selangor Refer to Note (6) for the salient terms of the tenancy agreements between DXN Marketing and DLSJ	24 Represents 0.03% of our Group's administrative expenses	24 Represents 0.03% of our Group's administrative expenses	24 Represents 0.02% of our Group's administrative expenses	20 Represents 0.02% of our Group's administrative expenses	8

10. RELATED PARTY TRANSACTIONS *(Cont'd)*

				FYE			FPE	
No.	**Transacting parties**	**Nature of relationship**	**Nature of transaction**	**28 February 2019**	**29 February 2020**	**28 February 2021**	**31 December 2021**	**Between 1 January 2022 and the LPD**
				RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
7.	DXN Biogreen and DLBL	**Interested Major Shareholder** ● DLBL **Interested Directors** ● DLSJ ● DLBY See Note (7)(a) for further details of the relationship with our Directors, major shareholder and/or persons connected to them.	Rental payable by DXN Biogreen to DLBL in respect of the two units of three storey shop offices at 189 and 190, Jalan BSG 5, Bandar Stargate, Lebuhraya Sultanah Bahiyah, 05400 Alor Setar, Kedah Darul Aman Refer to Note (7(b)) for the salient terms of the tenancy agreements between DXN Biogreen and DLBL	-	30 Represents 0.04% of our Group's administrative expenses	52 Represents 0.04% of our Group's administrative expenses	43 Represents 0.05% of our Group's administrative expenses	17
8.	DXN Safari and Tropica Paradise Sdn Bhd	**Interested Major Shareholder and Director** ● DLSJ **Interested Director** ● DLBY See Note (8) for further details of the relationship with our Directors, major shareholder and/or persons connected to them.	Payment made by DXN Safari to Tropica Paradise Sdn Bhd for preparing the site for farming at Sungai Yu, Pahang	-	-	729 Represents 0.1% of our Group's NA	763 Represents 0.1% of our Group's NA	-
9.	Our Group and Daehsan Biotech Private Ltd ("**Daehsan Biotech**")	**Interested Major Shareholder and Director** ● DLSJ	Purchase of finished goods being RG and GL 90 and 30 capsules and powders by DXN Marketing India from Daehsan Biotech	4,475 Represents 3.1% of our Group's cost of goods sold	4,711 Represents 2.5% of our Group's cost of goods sold	10,881 Represents 6.1% of our Group's cost of goods sold	7,580 Represents 4.2% of our Group's cost of goods sold	3,370

10. RELATED PARTY TRANSACTIONS *(Cont'd)*

				FYE			FPE	
No.	**Transacting parties**	**Nature of relationship**	**Nature of transaction**	**28 February 2019**	**29 February 2020**	**28 February 2021**	**31 December 2021**	**Between 1 January 2022 and the LPD**
				RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
		See Note (9) for further details of the relationship with our Directors, major shareholder and/or persons connected to them.	Purchase of high-density polyethylene (HDPE) containers and trading goods by our Group from Daehsan Biotech	-	-	305 Represents 0.2% of our Group's cost of goods sold	36 Represents 0.02% of our Group's cost of goods sold	-
			Purchase of machineries by Daxen Agritech, DXN Manufacturing India and Esen Lifesciences from Daehsan Biotech	-	-	388 Represents 0.06% of our Group's net assets	-	-
			Sale of GL powder, empty vegetable capsules and machineries from Daxen Agritech India to Daehsan Biotech	3,778 Represents 0.4% of our Group's revenue	1,143 Represents 0.1% of our Group's revenue	1,648 Represents 0.2% of our Group's revenue	1,351 Represents 0.1% of our Group's revenue	672
10.	DXN Marketing India and Sunyatee International Foundation ("**Sunyatee**")	**Interested Major Shareholder and Director** ● DLSJ See Note (10) for further details of the relationship with our Directors, major shareholder and/or persons connected to them.	Purchase of face masks, bamboo toothbrushes and bamboo ear buds by DXN Marketing India from Sunyatee	-	-	25 Represents 0.01% of our Group's cost of goods sold	273 Represents 0.2% of our Group's cost of goods sold	18

10. RELATED PARTY TRANSACTIONS *(Cont'd)*

				FYE			FPE	
No.	**Transacting parties**	**Nature of relationship**	**Nature of transaction**	**28 February 2019**	**29 February 2020**	**28 February 2021**	**31 December 2021**	**Between 1 January 2022 and the LPD**
				RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
11.	DXN Pharma and Zaman Biotech Sdn Bhd ("**Zaman Biotech**")	**Interested Major Shareholder and Director** ● DLSJ See Note (11) for further details of the relationship with our Directors, major shareholder and/or persons connected to them.	Sale of white oyster mushroom bag log from DXN Pharma to Zaman Biotech	38 Negligible contribution to our Group's revenue	34 Negligible contribution to our Group's revenue	24 Negligible contribution to our Group's revenue	7 Negligible contribution to our Group's revenue	3
12.	Bio Synergy Engineering (our former subsidiary) and DXN Eco Lodge PLC	**Interested Major Shareholder and Director** ● DLSJ See Note (12) for further details of the relationship with our Directors, major shareholder and/or persons connected to them Bio Synergy Engineering had subsequently ceased to be a subsidiary of our Company following the disposal of DXN Land and its subsidiaries to DXN Global in February 2021. For further details on the disposal, see Section 14.6.2 of this Prospectus.	Payment made for the purchase of machineries by Bio Synergy Engineering (our former subsidiary) from DXN Eco Lodge PLC	-	316 Represents 0.04% of our Group's NA	-	-	-

10. RELATED PARTY TRANSACTIONS *(Cont'd)*

No.	Transacting parties	Nature of relationship	Nature of transaction	FYE 28 February 2019	FYE 29 February 2020	FYE 28 February 2021	FPE 31 December 2021	Between 1 January 2022 and the LPD
				RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
13.	Bio Synergy and related parties including Nores Industries, Nores Marketing Sdn Bhd ("**Nores Marketing**"), Tastiway and SLM Packaging	**Interested Directors** ● DLSJ ● DLBY See Notes (2) and (3) for further details of the relationship with our Directors, major shareholder and/or persons connected to them.	Sale of laboratory tests on food and beverages from Bio Synergy to related parties including Nores Industries, Nores Marketing, Tastiway and SLM Packaging	125 Represents 0.01% of our Group's revenue	102 Represents 0.01% of our Group's revenue	163 Represents 0.02% of our Group's revenue	133 Represents 0.01% of our Group's revenue	66
14.	DXN Solutions and related parties including DXN Comfort Tours, DXN Development, Nores Marketing and Tastiway Group	**Interested Directors** ● DLSJ ● DLBY See Notes (1), (2), (3) and (13) for further details of the relationship with our Directors, major shareholder and/or persons connected to them.	Sale of computer hardware, provision of domain and email hosting subscription as well as website service by DXN Solutions to related parties including DXN Comfort Tours, DXN Development, Nores Marketing and Tastiway Group	4 Negligible contribution to our Group's revenue	6 Negligible contribution to our Group's revenue	3 Negligible contribution to our Group's revenue	5 Negligible contribution to our Group's revenue	6
15.	DXN Safari and DXN Plantation	**Interested Major Shareholder and Director** ● DLSJ See Note (14) for further details of the relationship with our Directors, major shareholder and/or persons connected to them.	Disposal of used motor vehicles by DXN Safari to DXN Plantation	-	-	-	-	79

Notes:

(1) DLBY, our Non-Independent Non-Executive Director, is the director and a shareholder of DXN Comfort Tours holding 10.0% equity interest in DXN Comfort Tours. He is the brother of DLSJ, our Non-Independent Executive Chairman and our major shareholder by virtue of his interest in DXN Global and his beneficial ownership representing approximately 0.3% equity interest in our Company that is held on trust by DXN Global.

(2) Lim Chea Lin and Lee Chiew Khim are the directors and shareholders of Nores Industries and Nores Marketing. Lim Chea Lin and Lee Chiew Khim each hold 30.0% equity interest respectively in Nores Industries, and 40.0% equity interest respectively in Nores Marketing.

Lim Chea Lin is the sister of DLSJ and DLBY, our Non-Independent Executive Chairman and Non-Independent Non-Executive Director respectively. DLSJ is also our major shareholder by virtue of his interest in DXN Global and his beneficial ownership representing approximately 0.3% equity interest in our Company that is held on trust by DXN Global.

Lee Chiew Khim is the spouse of Lim Chea Lin and the brother in-law of DLSJ and DLBY.

(3) Lim Beng Lee and Khor Yuan Ning are the directors and shareholders of Tastiway, which is the holding company of Tastiway Marketing, SLM Packaging and Kholin. Lim Beng Lee and Khor Yuan Ning each hold 50.0% equity interest respectively in Tastiway.

Lim Beng Lee is the brother of DLSJ and DLBY, our Non-Independent Executive Chairman and Non-Independent Non-Executive Director respectively. DLSJ is also our major shareholder by virtue of his interest in DXN Global and his beneficial ownership representing approximately 0.3% equity interest in our Company that is held on trust by DXN Global.

Khor Yuan Ning is the spouse of Lim Beng Lee and the sister in-law of DLSJ and DLBY.

(4) Lim Yew Lin is the owner of "Lim Yew Lin" sole proprietorship while Ling Chung Hwa is the owner of "Ling Chung Hwa" sole proprietorship. Lim Yew Lin is the sister of DLSJ and DLBY, our Non-Independent Executive Chairman and Non-Independent Non-Executive Director respectively. DLSJ is also our major shareholder by virtue of his interest in DXN Global and his beneficial ownership representing approximately 0.3% equity interest in our Company that is held on trust by DXN Global.

Ling Chung Hwa is the spouse of Lim Yew Lin and the brother in-law of DLSJ and DLBY.

(5) DXN Global

(a) DXN Global is our major shareholder. DLSJ and DLBL are the major shareholders of DXN Global holding 49.9% and 50.0% equity interest respectively in DXN Global and the indirect major shareholders of DXN by virtue of their interests in DXN Global. DLSJ and DLBY are directors of DXN Global and our Non-Independent Executive Chairman and Non-Independent Non-Executive Director respectively. Lim Yew Lin, our Chief Financial Officer and Company Secretary is also a director of DXN Global.

(b) DXN Land was disposed of by our Group as part of a reorganisation exercise undertaken prior to our Listing. The consideration of RM44.5 million for the disposal of DXN Land by DXN was arrived at based on the unaudited NA of DXN Land and its subsidiaries as at 31 December 2020. For the salient terms of this transaction, see Section 14.6.2 of this Prospectus.

(c) DXN Plantation was disposed of by our Group as part of a reorganisation exercise undertaken prior to our Listing. The consideration of RM2.6 million for the disposal of DXN Plantation by DXN was arrived at based on the unaudited NA of DXN Plantation as at 31 December 2020. For the salient terms of this transaction, see Section 14.6.1 of this Prospectus.

(d) The salient terms of the tenancy agreements between our Group and DXN Global Group are as follows:

*(i) in respect of the tenancy agreement dated 12 October 2015 which was subsequently renewed by the letters of extension dated 29 September 2017, 9 October 2019, 14 December 2020 and 28 February 2021 between DXN and Yiked for the rental of the premise at 2nd Floor of No. 109 to 116, Jalan BSG 2, Bandar Stargate, Lebuhraya Sultanan Bahiyah, 05400 Alor Setar, Kedah ("**Lot 109 to 116**"), the tenure of the tenancy is for one year commencing from 1 March 2021 to 28 February 2022. The monthly rental rate is RM12,500. Our Company subsequently entered into a tenancy agreement dated 14 February 2022 for the renewal of the tenancy for Lot 109 to 116 and the inclusion of the rental of the premise at 1st Floor of Nos. 111 to 112, Jalan BSG 2, Bandar Stargate, Lebuhraya Sultanan Bahiyah, 05400 Alor Setar, Kedah for a tenure of one year commencing from 1 March 2022 to 28 February 2023 with the same monthly rental;*

(ii) in respect of the tenancy agreement dated 1 March 2019 which was subsequently renewed by the letter of extension dated 28 February 2021 and 4 January 2022 between DXN Pharma and DXN Global for the rental of premise known as GM 1613, Lot 2269, Tempat Bukit Tok Iting, Mukim Binjal, Daerah Kubang Pasu, Kedah, the tenure of the tenancy is for one year commencing from 1 March 2022 to 28 February 2023. The monthly rental rate is RM10,500;

(iii) in respect of the tenancy agreement dated 8 July 2020 which was subsequently renewed by the letter of extension dated 30 June 2021 and renewal tenancy agreement dated 14 February 2022 between DXN Pharma and Yiked for the rental of the premise at Nos. 232 – 235, Jalan BSG 10, Bandar Stargate, Lebuhraya Sultanah Bahiyah, 05400 Alor Setar, Kedah, the tenure of the tenancy is for eight months commencing from 1 March 2022 to 28 February 2023. The monthly rental rate is RM5,200;

(iv) in respect of the tenancy agreement dated 16 January 2020 which was subsequently renewed by the letters of extension dated 14 December 2020 and 28 February 2021, and renewal tenancy agreement dated 14 February 2022 between DXN Industries and Yiked for the rental of the premise at Ground Floor of Nos. 115 and 116, Jalan BSG 2, Bandar Stargate, Lebuhraya Sultanah Bahiyah, 05400 Alor Setar, Kedah, the tenure of the tenancy is for one year commencing from 1 March 2022 to 28 February 2023. The monthly rental rate is RM2,500;

(v) in respect of the tenancy agreement dated 12 October 2015 which was subsequently renewed by the letters of extension dated 2 October 2017, 9 October 2019, 14 December 2020 and 28 February 2021, and a renewal tenancy agreement dated 14 February 2022 between DXN Marketing and Yiked for the rental of the premise at Ground Floor of Nos. 112, 113 and 114, Jalan BSG 2, Bandar Stargate, Lebuhraya Sultanah Bahiyah, 05400 Alor Setar, Kedah, the tenure of the tenancy is for one year commencing from 1 March 2021 to 28 February 2022. The monthly rental rate is RM11,800;

(vi) in respect of the tenancy agreement dated 7 August 2020 which was subsequently renewed by the letter of extension dated 31 May 2021 between DXN Biotech and Yiked for the rental of the premise at Nos. 230 & 231, Jalan BSG 10, Bandar Stargate, Lebuhraya Sultanah Bahiyah, 05400 Alor Setar, Kedah, the tenure of the tenancy is for 1 year commencing from 1 June 2021 to 28 February 2022. The monthly rental rate is RM2,500. We ended the tenancy of this premise starting from August 2021;

(vii) in respect of the tenancy agreement dated 12 April 2021 which was subsequently renewed by the tenancy agreement dated 14 February 2022 between DXN Food Tech and Yiked for the rental of the premise at No. 228, Jalan BSG 9, Bandar Stargate, Lebuhraya Sultanah Bahiyah, 05400 Alor Setar, Kedah, the tenure of the tenancy is for one year commencing from 1 March 2022 to 28 February 2023. The monthly rental rate is RM2,500; and

*(viii) in respect of the tenancy agreement dated 5 April 2021 between DXN Café and Yiked for the rental of the premise at Ground Floor of Nos. 109 and 110, Jalan BSG 2, Bandar Stargate, Lebuhraya Sultanah Bahiyah, 05400 Alor Setar, Kedah ("**Lot 109 and 110**"), the tenure of the tenancy is for one year commencing from 1 March 2021 to 28 February 2022. The monthly rental rate is RM2,500. Subsequently, DXN Cafe entered into a tenancy agreement with Yiked dated 14 February 2022 for the renewal of the rental for Lot 109 and 110 and the inclusion of the rental of the premise at Ground Floor of No. 111, Jalan BSG 2, Bandar Stargate, Lebuhraya Sultanah Bahiyah, 05400 Alor Setar, Kedah ("**Lot 111**"), both for a tenure of one year commencing from 1 March 2022 to 28 February 2023. The monthly rental rate for Lot 109 and 110 remains the same while the monthly rental rate for the Lot 111 is RM600.*

(6) In respect of the tenancy agreement dated 15 March 2019 which was subsequently renewed by a tenancy agreement dated 21 December 2021 between DXN Marketing and DLSJ for the rental of the premise at Unit F1-002, Happy Apartment, Jalan 17/22, 46400, Petaling Jaya, Selangor, the tenure is for three years commencing from 1 November 2021 to 31 October 2024. The monthly rental rate is RM2,500.

(7) The relationship and RPT between DXN Biogreen and DLBL are as follows:

(a) DLBL is our major shareholder by virtue of her interest in DXN Global and her beneficial ownership representing approximately 26.0% equity interest in our Company that is held on trust by DXN Global. DLBL is also the spouse of DLSJ and the sister-in-law of DLBY, our Non-Independent Executive Chairman and Non-Independent Non-Executive Director respectively.

(b) The salient terms of the tenancy agreements between our Group and DLBL are as follows:

(i) in respect of the tenancy agreement dated 3 September 2019 between DXN Biogreen and DLBL for the rental of the 3-storey shop office having postal address at 189, Jalan BSG 5, Bandar Stargate, Lebuhraya Sultanah Bahiyah, 05400 Alor Setar, Kedah, the tenure of the tenancy is for three years commencing from 20 August 2019. The monthly rental rate is RM2,500; and

(ii) in respect of the tenancy agreement dated 3 September 2019 between DXN Biogreen and DLBL for the rental of the 3-storey shop office having postal address at 190, Jalan BSG 5, Bandar Stargate, Lebuhraya Sultanah Bahiyah, 05400 Alor Setar, Kedah, the tenure of the tenancy is for three years commencing from 20 August 2019. The monthly rental rate is RM1,800.

(8) Datin Wan Illiyyin Binti Wan Mohd Nazi is the director and shareholder holding 100.0% equity interest in Tropica Paradise Sdn Bhd. Datin Wan Illiyyin Binti Wan Mohd Nazi is the spouse of our Non-Independent Executive Chairman, DLSJ and the sister in-law to our Non-Independent Non-Executive Director, DLBY. DLSJ is also our major shareholder by virtue of his interest in DXN Global and his beneficial ownership representing approximately 0.3% equity interest in our Company that is held on trust by DXN Global.

(9) DLSJ is our Non-Independent Executive Chairman and our major shareholder by virtue of his interest in DXN Global and his beneficial ownership representing approximately 0.3% equity interest in our Company that is held on trust by DXN Global. He is also the director and shareholder of Daehsan Biotech holding 95.0% equity interest in Daehsan Biotech.

(10) DLSJ is our Non-Independent Executive Chairman and our major shareholder by virtue of his interest in DXN Global and his beneficial ownership representing approximately 0.3% equity interest in our Company that is held on trust by DXN Global. He was a director and shareholder holding 98.0% equity interest in Sunyatee but has since resigned on 13 March 2022 and has on the same date, obtained Sunyatee's board of directors' approval to transfer his shares to a third party. The transfer of shares has not been completed as at the LPD.

(11) DLSJ is our Non-Independent Executive Chairman and our major shareholder by virtue of his interest in DXN Global and his beneficial ownership representing approximately 0.3% equity interest in our Company that is held on trust by DXN Global. He is also the director and shareholder of Zaman Biotech holding 40.0% equity interest in Zaman Biotech.

(12) DLSJ is our Non-Independent Executive Chairman and our major shareholder by virtue of his interest in DXN Global and his beneficial ownership representing approximately 0.3% equity interest in our Company that is held on trust by DXN Global. He is also the shareholder of DXN Eco Lodge PLC holding 90.0% equity interest in DXN Eco Lodge PLC.

(13) DLBY is our Non-Independent Non-Executive Director and brother of DLSJ, our Non-Independent Executive Chairman and our major shareholder. DLBY and Datin Kee Yew Oi, the spouse of DLBY, are the directors and shareholders of DXN Development holding 85.0% and 15.0% equity interest respectively in DXN Development.

(14) DLSJ is our Non-Independent Executive Chairman and our major shareholder by virtue of his interest in DXN Global and his beneficial ownership representing approximately 0.3% equity interest in our Company that is held on trust by DXN Global. He is also a director and shareholder holding 30.0% equity interest in DXN Plantation as at the LPD.

As shown in the table, we have entered into multiple tenancy agreements with the related parties of our Company to rent properties for our Group's operations. After having considered the basis of arriving at the respective rentals (which had taken into account, among others, the rental rates of comparable units located in the vicinity of the relevant property) and the salient terms of the tenancy agreements, our Directors are of the view that the tenancy agreements entered into by our Group with the related parties are transacted on arm's length basis and on normal commercial terms that are generally available to third parties. The renewal terms of such tenancy agreements will be reviewed by the Audit Committee and if the related parties (landlords) revise and charge rental rate that are materially higher than those that would be generally available to third parties, we have the option of relocating the operations in these properties to other places.

Our Directors confirm that all the above related party transactions were transacted on an arm's length basis and on normal commercial terms which were not more favourable to the related parties than those generally available to third parties and were not detrimental to our non-interested shareholders.

Our Directors also confirm that there are no other material related party transactions that have been entered by our Group that involve the interest, direct or indirect, of our Directors, major shareholders and/or persons connected to them but not yet effected up to the date of this Prospectus.

After our Listing, we will be required to seek our shareholders' approval each time we enter into a material related party transaction in accordance with the Listing Requirements. However, if the related party transactions can be deemed as recurrent related party transactions, we may seek a general mandate from our shareholders (which mandate would typically be renewed as required at each AGM of our Company) to enter into such recurrent transactions without having to seek separate shareholders' approval each time we wish to enter into such recurrent related party transactions during the validity period of the mandate.

In addition, to safeguard the interest of our Group and non-interested shareholders, and to mitigate any potential conflict of interest situation, our Audit Committee will, among others, supervise and monitor any recurrent transaction and the terms thereof and report to our Board for further action, as set out in Section 10.2.1 of this Prospectus.

10.1.2 Related party transactions entered into that are unusual in their nature or conditions

There are no transactions that are unusual in their nature or conditions, involving goods, services, tangible or intangible assets to which we were a party in respect of the past three FYEs 28 February 2019, 29 February 2020 and 28 February 2021, FPE 31 December 2021 and up to the LPD.

10.1.3 Material outstanding loans and/or financial assistance (including guarantees of any kind)

(i) Material outstanding loans and/or financial assistance (including guarantees of any kind) made to or for the benefit of related parties

Save as disclosed below, there are no material outstanding loans or financial assistance (including guarantees of any kind) made by our Group to or for the benefit of our related parties in respect of the past three FYEs 28 February 2019, 29 February 2020 and 28 February 2021, FPE 31 December 2021 and up to the LPD:

No.	Name of related party and nature of relationship	Name of our subsidiary extending the loan	Nature of transaction	FYE 28 / 29 February			FPE 31 December	From 1 January 2022 up to the LPD
				2019	2020	2021	2021	
				RM'000	RM'000	RM'000	RM'000	RM'000
1.	Daehsan Biotech DLSJ is the director and shareholder of Daehsan Biotech holding 95.0% equity interest in Daehsan Biotech	Daxen Agritech	The loan was extended to Daehsan Biotech by Daxen Agritech for the purpose of setting up Daehsan Biotech's manufacturing facility and operating expenses. The loan is unsecured, bearing interest of 9% per annum.	Balance outstanding as at end of financial year/period				
				10,224	11,212	6,354	176	-
				Interest income for financial year/ period				
				737	948	687	209	-
2.	Bulgano Ltd DLSJ is the shareholder of Bulgano Ltd holding 70.0% equity interest in Bulgano Ltd	DXN Bulgaria	The loan was extended to Bulgano Ltd by DXN Bulgaria for working capital and investment purposes. The loan is unsecured, bearing interest of 4.82% per annum.	Balance outstanding as at end of financial year/period				
				-	17	267	330	-
				Interest income for financial year/ period				
				-	Negligible	7	12	5

The above unsecured loans extended to Daehsan Biotech and Bulgano Ltd have been fully repaid as at the LPD. The unsecured loans were provided on an arm's length basis and on normal commercial terms that are generally available to third parties as the interest rate charged to Daehsan Biotech and Bulgano Ltd was determined after taking into consideration the interest rate published by the State Bank of India and Bulgarian National Bank, respectively at that point of time.

10. RELATED PARTY TRANSACTIONS *(Cont'd)*

(ii) Material outstanding loans and/or financial assistance (including guarantees of any kind) made by related parties for the benefit of our Group

Save as disclosed below, there are no material outstanding loans or financial assistance (including guarantees of any kind) made by related parties for the benefit of our Group in respect of the past three FYEs 28 February 2019, 29 February 2020 and 28 February 2021, FPE 31 December 2021 and up to the LPD:

Related party	Name of entities receiving the advances	Date and amount of advances obtained	Nature of transaction and terms of the advances	Amount outstanding as at the latest financial period
Our Director and major shareholder DLSJ	DXN Biotechnology Ningxia	For the FYE 28 February 2019 / RMB8.0 million	The amount was extended by our Non-Independent Executive Chairman, DLSJ to DXN Biotechnology Ningxia to fund the set-up of the business. Non-trade in nature, unsecured, interest-free and repayable on demand.	RMB8.0 million (equivalent to RM5.3 million) as at 31 December 2021. The advances will be fully repaid prior to our Listing.
	Florin Fujian	For the FYE 28 February 2021 / RMB3.9 million For the FYE 31 December 2021 / RMB0.069 million	The amount was extended by our Non-Independent Executive Chairman, DLSJ to Florin Fujian to fund the operations and business development of the company. Non-trade in nature, unsecured, interest-free and repayable on demand.	RMB4.0 million (equivalent to RM2.6 million) as at 31 December 2021. The advances will be fully repaid prior to our Listing.
	DXN Corporation Ningxia	Prior to the FYE 28 February 2019 / RMB0.450 million	The amount was extended by our Non-Independent Chairman, DLSJ to DXN Corporation Ningxia to fund the operations and business development of the company. Non-trade in nature, unsecured, interest-free and repayable on demand	RMB0.449 million (equivalent to RM0.297 million) as at 31 December 2021. The advances will be fully repaid prior to our Listing.

10. RELATED PARTY TRANSACTIONS *(Cont'd)*

Related party	Name of entities receiving the advances	Date and amount of advances obtained	Nature of transaction and terms of the advances	Amount outstanding as at the latest financial period
	DXN	For the FYE 28 February 2019 / RM0.254 million	The amount was extended by our Non-Independent Executive Chairman, DLSJ to our Company to advance funds for the purchase of office assets. Non-trade in nature, unsecured, interest-free and repayable on demand.	RM0.071 million as at 31 December 2021. The advances will be fully repaid prior to our Listing.
	DXN Marketing	Prior to the FYE 28 February 2019 / RM0.015 million For FYE 28 February 2019 / RM1.5 million	The amount was extended by our Non-Independent Executive Chairman, DLSJ to DXN Marketing to advance funds for the company's operating expenses. Non-trade in nature, unsecured, interest-free and repayable on demand.	Nil as at 31 December 2021. The advances had been fully repaid in the FYE 28 February 2021.
	DXN Marketing India	Prior to the FYE 28 February 2019 / INR4.9 million	The amount was extended by our Non-Independent Executive Chairman, DLSJ to DXN Marketing India to fund the set-up of the business. Non-trade in nature, unsecured, interest-free and repayable on demand.	Nil as at 31 December 2021. The advances had been fully repaid in the FPE 31 December 2021.
	DXN Nigeria	For the FYE 28 February 2021 / NGN0.056 million	The amount was extended by our Non-Independent Executive Chairman, DLSJ to DXN Nigeria to fund the set-up of the business. Non-trade in nature, unsecured, interest-free and repayable on demand.	NGN0.056 million (equivalent to RM578) as at 31 December 2021. The advances will be fully repaid prior to our Listing.

10. RELATED PARTY TRANSACTIONS *(Cont'd)*

Related party	Name of entities receiving the advances	Date and amount of advances obtained	Nature of transaction and terms of the advances	Amount outstanding as at the latest financial period
Our Director DLBY	DXN	Prior to the FYE 28 February 2019 / RM0.007 million	The amount was by our Non-Independent Non-Executive Director, DLBY to our Company to advance funds for our Company's operating expenses. Non-trade in nature, unsecured, interest-free and repayable on demand.	Nil as at 31 December 2021. The advances had been fully repaid in the FYE 29 February 2020.

The above advances by Directors to our Group are unsecured, interest-free and repayable on demand and therefore not on an arm's length basis and not on normal commercial terms. Our Directors are of the opinion that these advances are not unfavourable to our Group.

10.2 MONITORING AND OVERSIGHT OF RELATED PARTY TRANSACTIONS

10.2.1 Audit Committee review

Our Audit Committee reviews related party transactions and conflicts of interest situations that may arise within our Company or Group. Our Audit Committee also reviews any transaction, procedure or course of conduct that raises questions of management integrity including our related party transactions. In reviewing the related party transactions, the following, amongst other things will be considered:

(i) the rationale and the cost/benefit to our Company is first considered;

(ii) where possible, comparative quotes will be taken into consideration;

(iii) that the transactions are based on normal commercial terms and not more favourable to the related parties than those generally available to third parties dealing on an arm's length basis; and

(iv) that the transactions are not detrimental to our Company's non-interested shareholders.

All reviews by our Audit Committee are reported to our Board for its further action.

10.2.2 Our Group's policy on related party transactions

Related party transactions by their very nature, involve conflicts of interests between our Group and the related parties with whom our Group has entered into such transactions. Some of the officers and the Directors of our Group are also officers, directors and in some cases, shareholders of the related parties of our Group, as disclosed in this Prospectus and, with respect to these related party transactions, may individually and in aggregate have conflicts of interest. It is the policy of our Group that all related party transactions are carried out on normal commercial terms which are not more favourable to the related parties than those generally available to the third parties dealing on arm's length basis with our Group and are not to the detriment of our non-interested shareholders.

In addition, we plan to adopt a comprehensive corporate governance framework that meets best practice principles to mitigate any potential conflict of interest situations and intend for the framework to be guided by the Listing Requirements and MCCG upon our Listing. The procedures which may form part of the framework include, among others, the following:

(i) our Board shall ensure that majority of our Board's members are Independent Directors and will undertake an annual assessment of our Independent Directors;

(ii) our Directors will be required to immediately make full disclosure of any direct or indirect interest that they may have in any business enterprise that is engaged in or proposed to be engaged in a transaction with our Group, whether or not they believe it is a material transaction. Upon such disclosure, the interested Director shall be required to abstain from deliberation and voting on any resolution related to the related party transaction; and

(iii) all existing or potential related party transactions would have to be disclosed by the interested party for management reporting. Our management will propose the transactions to our Audit Committee for evaluation and assessment who would in turn, make a recommendation to our Board.

11. CONFLICTS OF INTEREST

11.1 INTEREST IN ENTITIES WHICH CARRY ON A SIMILAR TRADE AS THAT OF OUR GROUP OR WHICH ARE OUR CUSTOMERS OR SUPPLIERS

11.1.1 Involvement of our Directors and substantial shareholders in entities which carry on a similar trade as that of our Group

As at the LPD, save as disclosed below, our Directors and substantial shareholders do not have any interest, direct or indirect, in any entities which are carrying on a similar trade as that of our Group:

No.	Entity	Director and/or substantial shareholder	Nature	Principal activity	Nature of interest
1.	Daehsan Biotech	**Substantial shareholder and Director** DLSJ	Similar trade as that of our Group	Manufacturing, trading, export and import and dealing in Ganoderma mushroom, Cordyceps mushroom and similar mushroom products and producing RG and GL capsules and powder	DLSJ is a director and shareholder holding 95.0% equity interest in Daehsan Biotech

Our Board is of the view that any potential conflict of interest situation which may arise through the interest of DLSJ in Daehsan Biotech has been mitigated on the basis that:

(i) the business and operations of Daehsan Biotech are not in direct competition with the business and operations of our Group given that:

(a) as at the LPD, Daehsan Biotech is principally involved in the production of ready to be consumed RG and GL capsules and powders (collectively referred to as "**RG and GL capsules/powders**") which are then solely sold as finished goods to our subsidiary, DXN Marketing India in India;

(b) the business and operations of Daehsan Biotech are relatively small and Daehsan Biotech does not have the necessary machineries and resources to produce and market other products apart from RG and GL capsules/powders. As such, Daehsan Biotech is not able to offer the same range of products as our Group and hence, does not compete with our Group; and

(c) Daehsan Biotech is not involved in trading and distribution of wellness consumer products including food and beverages, food supplements and consumer products. Accordingly, Daehsan Biotech does not compete with our direct selling business;

(ii) all sales and purchases between our Group and Daehsan Biotech are transacted on an arm's length basis and on normal commercial terms which are not more favourable to them than those generally available to third parties; and

(iii) our Group is not dependent on Daehsan Biotech for their products (being the RG and GL capsules/powders) as our subsidiary, Daxen Agritech is also involved in the manufacturing of RG and GL capsules/powders. Our Group is also in the process of expanding DXN Manufacturing India's facility in Telangana which is expected to commence operations in the fourth quarter of 2022.

11.1.2 Involvement of our Directors and substantial shareholders in entities which are our customers or suppliers

Save as disclosed below, as at the LPD, our Directors and substantial shareholders do not have any interest, direct or direct, in any entities which are our customers or suppliers:

No.	Entity	Director and/or substantial shareholder	Nature of transaction	Principal activity	Nature of interest
1.	DXN Development	**Director** DLBY	Customer of computer hardware	Construction and property development and trading in construction materials	DLBY is a director and shareholder holding 85.0% equity interest in DXN Development
2.	Daehsan Biotech	**Substantial shareholder and Director** DLSJ	Customer of GL powder, empty vegetable capsules and machineries Supplier of finished foods being RG and GL 90 and 30 capsules and powders, high-density polyethylene containers and machineries	Manufacturing, trading, export and import and dealing in Ganoderma mushroom, Cordyceps mushroom and similar mushroom products and producing RG and GL capsules and powder	DLSJ is a director and shareholder holding 95.0% equity interest in Daehsan Biotech
3.	DXN Comfort Tours	**Director** DLBY	Supplier of air tickets and related travel services	Travel agents and tour operators which provides flights and hotel booking services as well as inbound and outbound tour packages	DLBY is a director and shareholder holding 10.0% equity interest in DXN Comfort Tours

No.	Entity	Director and/or substantial shareholder	Nature of transaction	Principal activity	Nature of interest
4.	Sunyatee	**Substantial shareholder and Director** DLSJ	Supplier of face masks, bamboo toothbrushes and bamboo ear buds	Charitable organisation established for amongst others, improving living standards of farmers and reducing malnutrition among children in the agricultural society in India	DLSJ is a shareholder holding 98.0% equity interest in Sunyatee
5.	Zaman Biotech	**Substantial shareholder and Director** DLSJ	Customer of white oyster mushroom bag log	General trading	DLSJ is a director and shareholder holding 40.0% equity interest in Zaman Biotech

Our Board is of the view that any potential conflict of interest situation which may arise through the interests of our Directors and substantial shareholder in entities which are our customers or suppliers (collectively to be referred as "**Related Customers**" and/or "**Related Suppliers**") has been mitigated due to the following:

(i) all sales and purchases with the Related Customers and Related Suppliers are transacted on an arm's length basis and on normal commercial terms which are not more favourable to them than those generally available to third parties;

(ii) our Group is not dependent on any of the Related Customers and Related Suppliers. For the FYE 28 February 2019, FYE 29 February 2020, FYE 28 February 2021 and FPE 31 December 2021, the total sales to the Related Customers represent less than 1.0% of our Group's revenue whereas the total purchases from the Related Suppliers (excluding rental payable by our Group) represent less than 8.1% of our Group's total purchases;

(iii) in addition, the involvement of our Directors in the Related Customers and Related Suppliers does not affect their contributions to our Group as:

(a) DLSJ, our Non-Independent Executive Chairman is not involved in the day-to-day operations of any of the Related Customers and/or the Related Suppliers (collectively, "**Related Entities**") as the Related Entities are managed by the respective management of the Related Entities. DLSJ only attends board and shareholder meetings of the Related Entities to discharge his principal role and duty as a shareholder/non-executive director as well as provide advice from governance and industrial experience perspective; and

(b) DLBY is holding a non-executive role in our Group and thus is not involved in the day-to-day operations of our Group.

As set out in Section 10.2.1 of this Prospectus, our Audit Committee will review any conflict of interest situation that may arise within our Company or our Group including any transaction, procedure or course of conduct that raises questions on management integrity. Our Audit Committee will also ensure that any such transactions are carried out on terms that are not detrimental to our Group.

Notwithstanding the above, the interests that are held by our Directors and substantial shareholders and the interests that may be held by our Directors and substantial shareholders in the future in other businesses or corporations which carry on a similar trade as that of our Group or which are our customers or suppliers may give rise to a conflict of interest situation with our business. Where such interests give rise to a conflict of interest situation, our Directors and substantial shareholders and persons connected to them shall abstain from deliberating and voting on the resolutions relating to these matters or transactions that require the approval of our shareholders in respect of their direct or indirect interests. Such transactions will be carried out on arm's length basis and on normal commercial terms.

11.2 DECLARATION BY ADVISERS ON CONFLICTS OF INTEREST

11.2.1 Declaration by Maybank IB

Maybank IB, being the Principal Adviser, Joint Global Coordinator, Joint Bookrunner, Joint Managing Underwriter and Joint Underwriter for our IPO, and its related and associated companies ("**Maybank Group**") form a diversified financial group and are engaged in a wide range of investment and commercial banking, brokerage, securities trading, assets and funds management and credit transaction services businesses. The Maybank Group has engaged and may in the future, engage in transactions with and perform services for our Company and/or our affiliates, in addition to the roles set out in this Prospectus. In addition, in the ordinary course of business, any member of the Maybank Group may at any time offer or provide its services to or engage in any transaction (on its own account or otherwise) with any member of our Group, our shareholders and/or our affiliates and/or any other entity or person, hold long or short positions in securities issued by our Company and/or our affiliates, and may trade or otherwise effect transactions for its own account or the account of its customers in debt or equity securities or senior loans of any member of our Group and/or our affiliates. This is a result of the businesses of the Maybank Group generally acting independently of each other, and accordingly, there may be situations where parts of the Maybank Group and/or its customers now have or in the future, may have interest or take actions that may conflict with the interest of our Group. Nonetheless, the Maybank Group is required to comply with applicable laws and regulations issued by the relevant authorities governing its advisory business, which require, among others, segregation between dealing and advisory activities and Chinese wall between different business divisions.

As at the LPD, Malayan Banking Berhad, the holding company of Maybank IB, and Maybank Islamic Berhad, a subsidiary of Malayan Banking Berhad, have extended credit facilities to our Group in their ordinary course of business. None of the proceeds raised from our Public Issue will be used to repay the borrowing owing to the Maybank Group. The credit facilities granted to our Group do not impose any condition in relation to our IPO and/or Listing.

In addition, Edwin Gerungan, an Independent Non-Executive Director of Malayan Banking Berhad and a Commissioner of PT Bank Maybank Indonesia Tbk, a subsidiary of Malayan Banking Berhad, is also is a member of KV Asia Capital's International Advisory Committee. As at the LPD, he also holds 239,836 preference shares (0.5%) in Gano Global, which in turn is our substantial shareholder. Edwin Gerungan is not involved in the operations of our Group via Gano Global as he merely holds preference shares in Gano Global.

Maybank IB is of the view that the abovementioned does not give rise to a conflict of interest situation in its capacity as Principal Adviser, Joint Global Coordinator, Joint Bookrunner, Joint Managing Underwriter and Joint Underwriter for our IPO due to the following:

(i) Malayan Banking Berhad and Maybank Islamic Berhad are a licensed commercial bank and Islamic bank respectively, and the extension of credit facilities to our Group arose in their ordinary course of business;

(ii) the conduct of the Maybank Group in its banking business is strictly regulated by, among others, the Financial Services Act, 2013, Islamic Financial Services Act, 2013 and its own internal controls and checks;

(iii) the total aggregate outstanding amount owed by our Group to the Maybank Group of about RM5.5 million as at the LPD is not material when compared to the audited NA of the Maybank Group as at 31 December 2021 of RM85.8 billion;

(iv) Edwin Gerungan is not involved in the operations of our Group;

(v) Edwin Gerungan's preference shares in Gano Global are plain vanilla with preference as to dividends and on liquidation or winding-up but with no conversion rights or other special rights attached; and

(vi) Edwin Gerungan is not involved in the mandate for Maybank IB to act as Principal Adviser, Joint Global Coordinator, Joint Bookrunner, Joint Managing Underwriter and Joint Underwriter for our IPO.

Accordingly, Maybank IB confirms that there is no conflict of interest situation in its capacity as Principal Adviser, Joint Global Coordinator, Joint Bookrunner, Joint Managing Underwriter and Joint Underwriter for our IPO.

11.2.2 Declaration by CIMB

CIMB and its affiliated, related and associated companies, as well as its holding company, CIMB Group Holdings Berhad, and the subsidiaries and associated companies of its holding company ("**CIMB Group**") form a diversified financial group and are engaged in a wide range of businesses relating to amongst others, retail banking, investment banking, commercial banking, brokerage, securities trading, asset and funds management and credit transaction services business. The CIMB Group has engaged and may in the future, engage in transactions with and perform services for our Company and/or our affiliates.

In addition, in the ordinary course of business, any member of the CIMB Group may at any time offer or provide its services to or engage in any transactions (on its own account or otherwise) with our Company and/or our affiliates, any other entity or person, hold long or short positions in securities issued by our Company and/or our affiliates, make investment recommendations and/or publish or express independent research views on such securities, and may trade or otherwise effect transactions for its own account or the account of its other customers in debt or equity securities or senior loans of our Company and/or our affiliates. This is a result of the business of the CIMB Group generally acting independent of each other, and accordingly, there may be situations where parts of the CIMB Group and/or its customers now have or in the future, may have interest or take actions that may conflict with the interest of our Company and/or our affiliates

As at the LPD, the CIMB Group has not extended credit facilities to our Group in its ordinary course of business.

CIMB confirms that there is no conflict of interest situation in its capacity as Joint Global Coordinator, Joint Bookrunner, Joint Managing Underwriter and Joint Underwriter for our IPO.

11.2.3 Declaration by CLSA

In the ordinary course of business, CLSA and/or its affiliated companies ("**CLSA Group**"), may engage in transactions with and perform services for our Company and/or our affiliates. Subject to the laws and regulations in the relevant jurisdictions, members of the CLSA Group engage in investment banking transactions including, without limitation, corporate finance, mergers and acquisitions, merchant banking, equity and fixed income sales, trading and research, derivatives, foreign exchange, futures, asset management, custody, clearance and securities lending in their ordinary course of business with our Company and/or our affiliates. Further, and subject to the laws and regulations in the relevant jurisdictions, any member of the CLSA Group may at any time offer or provide its services to, or engage in any transactions (on its own account or otherwise) with our Company and/or our affiliates, hold long or short positions, and may trade or otherwise effect transactions for its own account or the accounts of its other customers in debt or equity securities or senior loans of our Company and/or our affiliates.

As at the LPD, CLSA is of the view that there is no conflict of interest situation, in accordance with its internal compliance policies, in its capacity as Joint Global Coordinator and Joint Bookrunner for our IPO.

11.2.4 Declaration by RHB IB

RHB IB and its related and associated companies ("**RHB Banking Group**"), form a diversified financial group and engage in private banking, commercial banking and investment banking transactions which include, among others, brokerage, securities trading, assets and fund management as well as credit transaction services. The RHB Banking Group has engaged and may in the future engage in transactions with and perform services for our Group, in addition to the roles set out in this Prospectus.

In addition, any member of the RHB Banking Group may at any time, in the ordinary course of business, offer to provide its services or to engage in any transaction (on its own account or otherwise) with any member of our Group, our shareholders, our affiliates and/or any other entity or person, hold long or short positions in securities issued by our Company and/or our affiliates, and may trade or otherwise effect transactions for its own account or the account of its customers in debt or equity securities or senior loans of any member of our Group and/or our affiliates. This is a result of the businesses of the RHB Banking Group generally acting independently of each other and accordingly, there may be situations where parts of the RHB Banking Group and/or its customers now have or in the future, may have interest or take actions that may conflict with the interests of our Group. The related companies of RHB IB may also bid for our Shares to be offered under the Institutional Offering.

As at the LPD, the RHB Banking Group has not extended credit facilities to our Group in its ordinary course of business.

RHB IB confirms that it is not aware of any circumstance that exists or is likely to exist to give rise to a conflict of interest situation in its capacity as Joint Bookrunner and Joint Underwriter for our IPO.

11.2.5 Declaration by KPMG PLT

KPMG PLT confirms that there is no existing or potential conflict of interest situation in its capacity as Auditors and Reporting Accountants to our Company in relation to our IPO.

11.2.6 Declaration by Albar & Partners

Albar & Partners confirms that there is no conflict of interest situation in its capacity as the legal adviser to our Company as to Malaysian law in relation to our IPO.

11.2.7 Declaration by Clifford Chance Pte Ltd

Clifford Chance Pte Ltd confirms that there is no conflict of interest situation in its capacity as the legal adviser to our Company as to United States federal securities law and English law in relation to our IPO.

11.2.8 Declaration by Adnan Sundra & Low

Adnan Sundra & Low confirms that there is no conflict of interest situation in its capacity as the legal adviser to the Joint Global Coordinators, Joint Bookrunners, Joint Managing Underwriters and Joint Underwriters as to Malaysian law in relation to our IPO.

11.2.10 Declaration by Allen & Overy LLP

Allen & Overy LLP confirms that there is no conflict of interest situation in its capacity as the legal adviser to the Joint Global Coordinators and Joint Bookrunners as to United States federal securities law and English law in relation to our IPO.

11.2.11 Declaration by Frost & Sullivan

Frost & Sullivan confirms that there is no conflict of interest situation in its capacity as the IMR in relation to our IPO.

12. FINANCIAL INFORMATION

12.1 HISTORICAL FINANCIAL INFORMATION

The historical consolidated financial information for the FYEs 28 February 2019, 29 February 2020 and 28 February 2021, and the FPEs 31 December 2020 and 31 December 2021 presented below have been extracted from the Accountants' Report included in Section 13 of this Prospectus (the "**Consolidated Financial Statements**"). Our Consolidated Financial Statements are prepared in accordance with MFRS and IFRS.

Our subsidiaries' historical financial statements have been prepared in accordance with MFRS and/or IFRS, save for the following:

No.	Subsidiary	Accounting standards
(1)	Daehsan Hungary	Provisions of Act C of 2000 on Accounting
(2)	Daehsan Indonesia	Indonesian Financial Accounting Standards
(3)	Daxen Agritech	Indian Accounting Standards
(4)	Daxen Indonesia	Indonesian Financial Accounting Standards
(5)	Daxen KJP	Indonesian Financial Accounting Standards
(6)	DIPL	Malaysian Private Entities Reporting Standard
(7)	DIPL Philippines Branch	Philippine Financial Reporting Standard
(8)	DXN Agrotech Ningxia	Accounting Standards for Business Enterprises
(9)	DXN Biotechnology Ningxia	Accounting Standards for Business Enterprises
(10)	DXN Bolivia	Bolivia Generally Accepted Accounting Standards
(11)	DXN Clinics	Indian Accounting Standards
(12)	DXN Colombia	IFRS for Small and Medium-Sized Entities
(13)	DXN Corporation Ningxia	Accounting Standards for Business Enterprises
(14)	DXN HK	Hong Kong Financial Reporting Standard for Private Entities
(15)	DXN Manufacturing India	Indian Accounting Standards
(16)	DXN Marketing India	Indian Accounting Standards
(17)	DXN Pakistan	IFRS for Small and Medium-Sized Entities
(18)	DXN Peru	Peru Generally Accepted Accounting Standards
(19)	DXN Singapore	Singapore Financial Reporting Standards
(20)	DXN Thailand	Thai Financial Reporting Standards
(21)	DXN Trading Ningxia	Accounting Standards for Business Enterprises
(22)	Esen Lifesciences	Indian Accounting Standards
(23)	Golden Health Trading	Hong Kong Small and Medium-sized Entity Financial Reporting Standard

The historical results for any prior financial years or interim periods are not necessarily indicative of results to be expected for a full financial year or interim period or any future financial year or interim period.

The following selected historical consolidated financial information should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Section 12.2 of this Prospectus and the Accountants' Report in Section 13 of this Prospectus.

Selected financial information from the consolidated statements of profit or loss and other comprehensive income

	FYE 28/29 February			FPE 31 December	
	Audited			Unaudited	Audited
	2019	2020	2021	2020	2021
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	907,222	1,104,608	1,050,205	879,915	1,015,711
Other income	13,871	26,337	35,284	31,870	17,039
Changes in work-in-progress and manufactured inventories	44,867	6,751	28,126	12,681	52,510
Raw materials used and trading inventories sold	(158,341)	(162,856)	(162,978)	(129,527)	(188,047)
Depreciation and amortisation	(19,402)	(25,129)	(31,026)	(25,406)	(30,540)
Employee benefits expense	(92,987)	(102,253)	(113,836)	(89,782)	(106,641)
Net gain/(loss) on impairment of financial assets	32	680	(3,724)	135	(367)
Other expenses	(379,902)	(503,180)	(519,219)	(439,628)	(489,632)
Results from operating activities	**315,360**	**344,958**	**282,832**	**240,258**	**270,033**
Interest income	8,944	6,874	6,923	6,114	2,315
Finance costs	(4,329)	(3,993)	(2,488)	(2,061)	(1,714)
PBT	319,975	347,839	287,267	244,311	270,634
Tax expense	(101,108)	(92,591)	(86,383)	(77,472)	(94,273)
Profit for the year/period	**218,867**	**255,248**	**200,884**	**166,839**	**176,361**
Profit for the year/period attributable to:					
Owners of our Company	209,973	241,671	191,572	158,244	174,742
Non-controlling interests	8,894	13,577	9,312	8,595	1,619
Profit for the year/period	**218,867**	**255,248**	**200,884**	**166,839**	**176,361**

	FYE 28/29 February			FPE 31 December	
	2019	2020	2021	2020	2021
	RM'000	RM'000	RM'000	RM'000	RM'000
Other selected financial data					
Cost of goods sold(1)(2)	145,672	191,488	179,886	150,390	183,389
Gross profit(1)	761,550	913,120	870,319	729,525	832,322
Gross profit margin (%)(3)	83.9	82.7	82.9	82.9	81.9
EBITDA(4)	334,762	370,087	313,858	265,664	300,573
EBITDA margin (%)(5)	36.9	33.5	29.9	30.2	29.6
PBT margin (%)(6)	35.3	31.5	27.4	27.8	26.6
PATAMI margin (%)(7)	23.1	21.9	18.2	18.0	17.2
Effective tax rate (%)(8)	31.6	26.6	30.1	31.7	34.8
Basic and diluted EPS (sen)(9)	4.21	4.85	3.84	3.17	3.51

Notes:

(1) Our consolidated statements of profit or loss and other comprehensive income disclose our expenses based on the natural classification of expenses, where our expenses are grouped by nature instead of function. As such, our consolidated statements of profit or loss and other comprehensive income do not disclose the expense line items for cost of goods sold and gross profit. The cost of goods sold and gross profit disclosed in this Prospectus have been derived from our consolidated management accounts.

(2) Comprises changes in work-in-progress and manufactured inventories, raw materials used and trading inventories sold, depreciation and amortisation, and employee benefits expense. The following table sets out the cost of goods sold for the financial years/periods indicated below:

	FYE 28/29 February			FPE 31 December	
	Audited			Unaudited	Audited
	2019	**2020**	**2021**	**2020**	**2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Changes in work-in-progress and manufactured inventories	44,867	6,751	28,126	12,681	52,510
Raw materials used and trading inventories sold..	(158,341)	(162,856)	(162,978)	(129,527)	(188,047)
Depreciation and amortisation.......	(5,174)	(6,213)	(7,536)	(6,177)	(9,256)
Employee benefits expense............	(27,024)	(29,170)	(37,498)	(27,367)	(38,596)
Cost of goods sold	**(145,672)**	**(191,488)**	**(179,886)**	**(150,390)**	**(183,389)**

(3) Computed based on gross profit divided by revenue.

(4) EBITDA is calculated as profit for the year/period plus (i) tax expense; (ii) finance costs; and (iii) depreciation and amortisation, less (iv) interest income. The following table reconciles our profit for the year/period to EBITDA for the financial years/periods indicated below:

	FYE 28/29 February			FPE 31 December	
	Audited			Unaudited	Audited
	2019	**2020**	**2021**	**2020**	**2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Profit for the year/period.........	218,867	255,248	200,884	166,839	176,361
Add/(Less):					
Tax expense.........	101,108	92,591	86,383	77,472	94,273
Finance costs	4,329	3,993	2,488	2,061	1,714
Interest income.....	(8,944)	(6,874)	(6,923)	(6,114)	(2,315)
Depreciation and amortisation	19,402	25,129	31,026	25,406	30,540
EBITDA	**334,762**	**370,087**	**313,858**	**265,664**	**300,573**

(5) Computed based on EBITDA divided by revenue.

(6) Computed based on PBT divided by revenue.

(7) Computed based on profit for the year/period attributable to owners of our Company divided by revenue.

(8) Computed based on tax expense divided by PBT.

(9) Computed based on profit for the year/period attributable to owners of our Company divided by the enlarged issued Shares of 4,985,000,000 upon our Listing.

Selected financial information from the consolidated statements of financial position

	As at 28/29 February			As at 31 December
	Audited			
	2019	2020	2021	2021
	RM'000	RM'000	RM'000	RM'000
Total non-current assets	354,738	550,361	526,540	678,925
Total current assets	486,353	619,393	793,118	749,933
Total assets	**841,091**	**1,169,754**	**1,319,658**	**1,428,858**
Total non-current liabilities	34,054	30,499	37,267	59,633
Total current liabilities	299,191	428,564	652,701	617,093
Total liabilities	**333,245**	**459,063**	**689,968**	**676,726**
NA	507,846	710,691	629,690	752,132
Net current assets	187,162	190,829	140,417	132,840
Share capital	60,191	60,191	60,191	60,191
Translation reserve	(6,977)	(3,219)	(8,956)	(2,513)
Retained earnings	431,692	618,363	529,935	644,677
Equity attributable to owners of our Company	484,906	675,335	581,170	702,355
Non-controlling interests	22,940	35,356	48,520	49,777
Total equity	**507,846**	**710,691**	**629,690**	**752,132**

	As at 28/29 February			As at 31 December
	2019	2020	2021	2021
Other selected financial data				
Total borrowings (excluding lease liabilities) (RM'000)	73,932	156,319	257,863	249,464
Net debt (RM'000)[(1)]	(116,541)	(96,170)	(68,115)	(145,420)
Gearing ratio (times)[(2)]	0.1	0.2	0.4	0.3
Net gearing ratio (times)[(3)]	(0.2)	(0.1)	(0.1)	(0.2)

Notes:

(1) Computed based on total borrowings (excluding lease liabilities) less cash and cash equivalents as at the end of the financial year/period.

(2) Computed based on total borrowings (excluding lease liabilities) over total equity as at the end of the financial year/period.

(3) Computed based on total borrowings (excluding lease liabilities) less cash and cash equivalents over total equity as at the end of the financial year/period.

12.2 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our Group's financial condition and results of operations should be read in conjunction with the Accountants' Report included in Section 13 of this Prospectus.

There are no accounting policies that are peculiar to our Group because of the nature of our business and industry in which we operate. For further details on the accounting policies of our Group, see Note 2 of the Accountants' Report as set out in Section 13 of this Prospectus.

12.2.1 Overview

We are a global health-oriented and wellness direct selling company. We have a portfolio of 291 SKUs of health-oriented and wellness consumer products that we manufacture in-house and a distribution footprint (including our branches and distributors) in 50 countries as at the LPD. As at the LPD, we have 77 sales branches to distribute goods to our Members and we partner with 14 exclusive external distribution agencies. We have over 12.7 million registered and 2.8 million active Members in more than 180 countries as at the LPD. We were ranked among the top 10 players based on total sales in the direct selling industry in Peru and Bolivia in 2021 according to Frost & Sullivan.

Our portfolio of health-oriented and wellness consumer products consists of FFB, HDS, PCC and other goods. We also have other business offerings in third party laboratory-testing, lifestyle products, and food and beverages, which accounted for 1.4% of our gross revenue for the FYE 28 February 2021. Based on total retail sales of FFB via direct selling, we ranked among the top three players in Bolivia and Peru and among the top five players in the Philippines in 2021 according to Frost & Sullivan. In the same year, we also ranked among the top 10 players, based on retail sales of HDS via direct selling in the Philippines according to Frost & Sullivan.

From the FYE 28 February 2019 to the FYE 28 February 2021, our revenue increased by a CAGR of 7.6% from RM907.2 million to RM1,050.2 million, our EBITDA decreased by a CAGR of -3.2% from RM334.8 million to RM313.9 million, and our profit for the year decreased by a CAGR of -4.2% from RM218.9 million to RM200.9 million.

From the FPE 31 December 2020 to the FPE 31 December 2021, our revenue increased by a CAGR of 15.4% from RM879.9 million to RM1,015.7 million, our EBITDA increased by a CAGR of 13.1% from RM265.7 million to RM300.6 million, and our profit for the period increased by a CAGR of 5.8% from RM166.8 million to RM176.4 million.

See Section 7 of this Prospectus for more details on our business.

12.2.2 Significant factors affecting our financial condition and results of operations

Our financial condition and results of operations have been, and are expected to be affected by a number of factors, including those set out below:

(i) Market demand for our products

According to Frost & Sullivan, the demand for health-oriented and wellness and other products via direct selling is growing fast. It continues to be driven, among other factors, by the growing ageing population, urbanisation trend, rising household income, changing consumer preferences towards natural herbal products that are safe to consume and have attributed health benefits, and the increasing propensity to self-medicate and adopt preventive solutions. Our revenue and profitability are primarily affected by the number of products we sell, the price and demand for such products, the number of jurisdictions we sell and market our products in and sufficient production capacity to fulfil demand. This will also depend on our ability to launch new products in our existing markets and our ability to expand into new markets. Sales performance of our proprietary products depends on market demand and the success of our sales and marketing activities.

Our results from operating activities as a percentage of revenue was 34.8% for the FYE 28 February 2019, 31.2% for the FYE 29 February 2020, 26.9% for the FYE 28 February 2021, 27.3% for the FPE 31 December 2020 and 26.6% for the FPE 31 December 2021. Our margins for results from operating activities over the last three years have generally been influenced by an increase in sales, introduction of new products and an increase in product prices, offset by a general increase in operating expenses, limited product availability compared to demand

and shipment and logistics costs and constraints related to the COVID-19 pandemic.

(ii) Pricing of our products

We manage the pricing of our products across product groups and geographies with the strategy of generally maintaining our gross profit margins throughout all parts of our business as our production costs fluctuate and change.

We track our revenue from sales of our products both from our subsidiaries (including our online sales) and via our distributors through our internal systems. Our shipping department emails sales invoices and/or delivery orders, as applicable, to our accounts team every 10 days. Our accounts team checks the invoices and delivery orders for completeness and verifies the nature of the goods sold, the quantities and the unit prices and quotations given to customers. Once these items are confirmed, the transactions are recorded in our accounting system as revenue.

Similarly, we track our production costs internally in our management system. While our consolidated statements of profit or loss and other comprehensive income disclose our expenses by nature instead of function and do not present line items for cost of goods sold or gross profit, we record our direct costs and our gross profit and gross profit margins in our management accounts. These direct costs include the costs of raw materials and other materials used in the cultivation and production of our products, changes in inventory, employee benefits expense and other direct costs. Our direct costs are denominated primarily in USD and RM, and fluctuations in the exchange rates of the local currencies in markets where we sell our products can affect the RM-denominated revenues we record in our consolidated statements of profit or loss and other comprehensive income as well as our gross profit margins. See Section 12.2.2(viii) of this Prospectus for further details.

We typically revise the prices of our products on an annual basis, pursuant to discussions among our management and our finance and marketing teams, while ensuring our product pricing competitiveness in the market. Any price revision will also take into account inflation in direct costs (including the cost of raw materials). In exceptional circumstances, such as high inflation in a particular market or strong foreign exchange movements of a particular local currency, we may adjust our prices by larger increments and more often than annually. While we may pass on part of the increases in our direct costs to our customers through price adjustments, there is a time lag as we only adjust our prices once a year. Our gross profit margins may be subject to movements in direct costs (including the cost of raw materials), foreign exchange fluctuations, inflationary pressures and other changes in costs during the course of a particular year. We do not adjust our prices for all movements in our costs as some of these movements (for example, foreign exchange movements) may also reverse in subsequent financial periods.

Our revenue is generally driven by our sales volumes and to a lesser extent, the price of our products. Changes in exchange rate of RM against other foreign currencies that we are exposed to and the annual price increase of our products do not typically have a material impact on our sales volumes and our revenue.

By way of illustration, the following table shows the movements in unit price and sales volumes in the relevant local currency and corresponding revenue in RM, for our three top-selling SKUs (by volume) in each of our five largest markets and Malaysia for the financial years/periods indicated:

	FYE 28/29 February							
	2020 compared to 2019				2021 compared to 2020			
	Change in units sold[(1)]	Change in average unit price[(2)]	Change in average foreign exchange against RM[(3)]	Change in gross revenue in RM terms[(4)]	Change in units sold[(1)]	Change in average unit price[(2)]	Change in average foreign exchange against RM[(3)]	Change in gross revenue in RM terms[(4)]
Lingzhi Coffee 3-in-1								
Malaysia	10.7%	4.7%	-	15.9%	4.7%	2.7%	0.0%	7.5%
Mexico	12.1%	13.1%	(2.6)%	30.2%	13.8%	3.1%	11.8%	5.0%
Peru	13.8%	4.1%	(0.9)%	19.6%	(3.2)%	3.8%	5.0%	(4.2)%
Bolivia	20.1%	(3.8)%	(2.2)%	18.2%	22.7%	(0.3)%	(1.2)%	23.9%
Philippines	(8.5)%	3.5%	(4.5)%	(0.8)%	(19.0)%	6.2%	(5.6)%	(8.8)%
Indonesia	43.8%	1.4%	(3.7)%	51.4%	(3.8)%	-	2.7%	(6.4)%
Lingzhi Black Coffee								
Malaysia	(0.1)%	3.9%	-	3.8%	(30.3)%	2.8%	-	(28.3)%
Peru	29.9%	4.1%	(0.9)%	36.4%	(14.3)%	3.8%	5.0%	(15.3)%
Mexico	6.2%	13.1%	(2.6)%	23.3%	4.0%	3.7%	11.8%	(3.6)%
Bolivia	26.5%	(3.8)%	(2.2)%	24.4%	(2.2)%	(0.1)%	(1.2)%	(1.1)%
Colombia	30.5%	8.4%	8.3%	30.5%	(3.1)%	4.8%	10.9%	(8.4)%
Mongolia	16.8%	5.1%	3.4%	18.8%	24.5%	8.8%	2.5%	32.2%
Cocozhi								
Malaysia	20.6%	6.5%	-	28.5%	(10.6)%	1.7%	-	(9.1)%
Peru	19.1%	3.5%	(0.9)%	24.4%	(15.6)%	3.2%	5.0%	(17.0)%
Mexico	8.3%	10.0%	(2.6)%	22.4%	7.7%	0.6%	11.8%	(3.1)%
India	14.4%	-	(0.6)%	15.1%	(5.7)%	0.7%	4.3%	(9.0)%
Bolivia	41.0%	(2.8)%	(2.2)%	40.0%	(25.9)%	(0.1)%	(1.2)%	(25.0)%
Colombia	24.8%	9.9%	8.3%	26.6%	2.6%	4.8%	10.9%	(3.1)%

12. FINANCIAL INFORMATION *(Cont'd)*

	FPE 31 December 2021 compared to 2020			
	Change in units sold[(1)]	Change in average unit price[(2)]	Change in average foreign exchange against RM[(3)]	Change in gross revenue in RM terms[(4)]
Lingzhi Coffee 3-in-1				
Malaysia	0.3%	4.9%	-	5.2%
Mexico	5.1%	0.8%	(6.5)%	13.2%
Peru	17.7%	2.4%	12.9%	6.7%
Bolivia	5.3%	2.8%	1.3%	6.8%
Philippines	(18.3)%	4.0%	1.5%	(16.2)%
Indonesia	(8.6)%	3.5%	(1.3)%	(4.1)%
Lingzhi Black Coffee				
Malaysia	(26.2)%	4.4%	-	(23.0)%
Peru	14.3%	2.7%	12.9%	4.0%
Mexico	2.9%	3.1%	(6.5)%	13.4%
Bolivia	6.8%	5.1%	1.3%	10.8%
Colombia	(5.3)%	5.5%	2.1%	(2.1)%
Mongolia	(7.0)%	6.7%	1.8%	(2.5)%
Cocozhi				
Malaysia	(5.7)%	4.3%	-	(1.6)%
Peru	42.2%	4.2%	12.9%	31.2%
Mexico	3.7%	(5.4)%	(6.5)%	4.9%
India	15.7%	4.1%	0.7%	19.6%
Bolivia	68.8%	4.6%	1.3%	74.2%
Colombia	(13.5)%	9.8%	2.1%	(6.9)%

Notes:

(1) Computed based on the units sold in the financial year or period divided by that in the preceding financial year or period.

(2) Computed based on average unit price for the financial year or period divided by that for the preceding financial year or period. The average unit price is computed based on the gross revenue divided by the units sold in the financial year or period.

(3) Computed based on the average foreign exchange for the financial year or period divided by that for the preceding financial year or period.

(4) Computed based on the gross revenue for the financial year or period divided by that for the preceding financial year or period.

Our three top-selling SKUs by volume, namely Lingzhi Coffee 3-in-1, Lingzhi Black Coffee and Cocozhi, contributed 14.1%, 10.7% and 7.5% of our gross revenue respectively for the FPE 31 December 2021. Changes in our gross revenue for these SKUs in each of our five largest markets where these SKUs are sold and Malaysia for the FPE 31 December 2021 were primarily driven by changes in the sales volumes of these SKUs.

For the FYE 28 February 2021, our sales performance was primarily impacted by the movement restrictions imposed in response to the COVID-19 pandemic by the local governments of our core markets in Latin America, South Asia and Southeast Asia. Generally, lower sales volumes and unfavourable exchange rates offset the higher average unit prices, resulting in lower gross revenue for the FYE 28 February 2021.

For the FYE 29 February 2020, we generally recorded a higher gross revenue for these SKUs across our five largest markets and Malaysia, primarily driven by increases in sales volumes and average unit prices, in addition to a general weakening of RM against other foreign currencies.

(iii) Regulatory environment relating to our industry

We operate in a regulated industry. Government policies, regulations and their implementation and enforcement have historically had and we expect will continue to have an impact on the availability of our products in the countries in which we manufacture and/or sell our products as well as on our competitive environment and compliance costs. Our ability to successfully register or maintain registration of our products in each such country will affect our revenue.

The regulatory environment with regard to direct selling in emerging and developing markets where we distribute our products is evolving and government officials in such locations often exercise broad discretion in interpreting and applying relevant regulations. We may be subject to government inquiries, reviews, investigations and other legal or regulatory proceedings which may lead to fines, penalties, interruptions to our business, termination of necessary licences and permits and modification to our business practices.

See Section 7.26 of this Prospectus for further details on the governing laws and regulations that affect our business.

(iv) Competition relating to our industry

We operate in a competitive industry. We primarily compete with other direct selling companies for member relationships and with other companies that offer health-oriented and wellness consumer products on product quality, price and brand reputation. According to Frost & Sullivan, the direct selling market of FFB, HDS, and PCC products is highly fragmented. It comprises both small localised and large multinational companies, with different product offerings and geographical presence. In this fragmented market, we have positioned ourselves with innovative differentiated products which are manufactured in-house with a level of capital expenditure similar to that of comparable direct selling companies. Our ability to compete successfully with current and future competitors would have an impact on our business and results of operations.

(v) Our ability to maintain and manage our marketing and distribution network

Our ability to maintain and grow our business will depend on our ability to maintain and manage our distribution network of Members and external distribution agencies. In addition, our strategies contemplate that we will seek to, among others, expand our distribution network and scale our presence in markets in which we are currently present and expand to new geographical markets, which will require us to maintain and establish relationships with existing and new distributors, respectively. The quality and size of our distribution network will affect our distribution capacity and, accordingly, sales volumes and revenues.

(vi) Prices and availability of raw materials

The table below sets out the total cost of raw materials that we used for the production of our products as a percentage of our cost of goods sold for the financial years/periods indicated:

	FYE 28/29 February			FPE 31 December	
	2019	**2020**	**2021**	**2020**	**2021**
Total cost of raw materials (RM'000)...	96,134	105,656	108,200	72,238	116,505
Cost of goods sold (RM'000)	145,672	191,488	179,886	150,390	183,389
Total cost of raw materials / Cost of goods sold (%).........	66.0	55.2	60.1	48.0	63.5

The primary raw materials that we use are coffee powder, non-dairy creamer, sugar, cocoa powder and wheat cereal powder, which are ingredients that we use to produce our finished products, and the packaging materials we use include aluminium foil, empty capsules, labels and plastic containers. For details on the cost of our primary raw materials as a percentage of purchases of our raw materials and finished goods, see Section 7.12 of this Prospectus. The prices and availability of raw materials are influenced by various factors, including global supply and demand conditions, global and regional economic conditions (including the ongoing COVID-19 pandemic and geopolitical tensions), negotiations with our suppliers and environmental factors that reduce cultivation output and increase cost of raw materials. We offset any increases in our costs by increasing our selling prices annually and we seek to stabilise our raw material costs by purchasing raw materials well in advance. As a result, increases in the prices of raw materials had not contributed to material increases in our costs in the past.

(vii) COVID-19 pandemic

The COVID-19 pandemic has impacted various aspects of our business, including logistics, production and supply chain, all of which have affected our profitability, particularly since April 2020.

Since the outbreak of the COVID-19 pandemic in 2020, we have had to comply with government directives aimed at controlling the pandemic in the various countries in which we operate, including lockdowns and other restrictions on the movement of people and goods, social distancing and workplace safety measures. As a result of these restrictions, we faced labour shortages, logistical disruptions in the shipment of our products and cessations in our operations which have led to loss in productivity and cost overruns. Further, movement and social distancing restrictions have impacted the ability of our Members to make sales. Such restrictions primarily had an impact on our results of operations from April to June 2020. We have continued to encounter intermittent shipment delays up to the LPD although the situation has gradually improved since the second half of 2020 and has not had a material impact on our operations.

Between May to July 2021, we suspended some of our coffee and juice production facilities in Malaysia for 15 days due to employees at such facilities testing positive for COVID-19, as required by the MOH.

For more information on the effects of the COVID-19 pandemic on our operations, see Section 5.1.8 of this Prospectus.

(viii) Foreign currency fluctuations

Fluctuations in currencies between RM and foreign currencies in which we transact may directly impact our financial condition and results of operations as our cost of goods sold are predominantly denominated in one currency while our sales are made in multiple currencies.

The currencies to which we are exposed through sales or borrowings in addition to RM are PEN, MXN, BOB, INR, USD and EUR, while the majority of our purchases are primarily denominated in RM and USD. Further, our labour costs and other operating expenses are generally denominated in the respective local currencies of the place of operations, which both diversifies our costs and enables us to use local currency earned from sales in that jurisdiction to pay for local operating costs.

The table below sets out the percentage exposure of our revenue denominated in the indicated currencies as a proportion of our revenue for the financial years/periods indicated:

	FYE 28/29 February			FPE 31 December	
	2019	**2020**	**2021**	**2020**	**2021**
	%(1)	**%(1)**	**%(1)**	**%(1)**	**%(1)**
PEN	20.4	22.6	21.6	22.0	22.7
MXN	12.5	13.3	14.2	14.0	13.9
BOB	11.4	12.1	12.0	11.3	14.4
INR	13.5	12.8	11.5	11.4	11.0
RM	11.8	10.2	9.2	9.4	8.4
USD	9.3	8.5	8.3	8.7	5.7
EUR	2.7	2.8	3.6	3.5	3.0

Note:

(1) Calculated based on our revenue derived from the indicated foreign currency divided by our revenue.

In addition, the accounting records for our Group are maintained in their respective functional currencies, reflecting the primary economic environment in which the respective entities operate. The presentation currency for the Consolidated Financial Statements is RM.

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.

In preparing the Consolidated Financial Statements, 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 in equity.

For further details on the risks that we face in relation to foreign currency fluctuations, see Section 5.1.24 of this Prospectus.

(ix) Registration of Members

Registration of new Members may directly impact our financial condition and results of operations, as our long-term sales growth depends on the growth of our Members.

The table below sets out the total number of our registered Members and our 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) as at the end of the last three calendar years and as at the LPD:

	As at 31 December			As at the LPD
	2019	**2020**	**2021**	**2022**
Registered Members .	9,323,151	10,567,626	12,015,291	12,694,778
Registered Members year-on-year growth	16.3%	13.3%	13.7%	5.7%
Active Members.........	2,860,718(1)	3,197,074(2)	3,388,367(3)	2,787,685(4)
Active Members year-on-year growth........	30.3%	11.8%	6.0%	(17.7)% (5)

Notes:

(1) Active Members as at 31 December 2019 are registered Members who have purchased a product from 1 January 2018 to 31 December 2019, and newly registered Members who joined our Group from 1 January 2018 to 31 December 2019.

(2) Active Members as at 31 December 2020 are registered Members who have purchased a product from 1 January 2019 to 31 December 2020, and newly registered Members who joined our Group from 1 January 2019 to 31 December 2020.

(3) Active Members as at 31 December 2021 are registered Members who have purchased a product from 1 January 2020 to 31 December 2021, and newly registered Members who joined our Group from 1 January 2020 to 31 December 2021.

(4) Active Members as at the LPD are registered Members who have purchased a product from 1 January 2021 to the LPD, and newly registered Members who joined our Group from 1 January 2021 up to the LPD.

(5) Active Members count at the end of each calendar year is more than the beginning of each year as membership validity is terminated at the end of each calendar year and memberships are renewed or added throughout the year.

(x) Capacity and utilisation

Our production volumes and results of operations are affected by the capacity and utilisation of our cultivation facilities to cultivate our natural ingredients and our manufacturing facilities to manufacture and process our direct-selling products. Based on gross revenue contribution, approximately 90.6% of our products were manufactured in-house in the FYE 28 February 2021. As at the LPD, we operate five cultivation facilities and nine manufacturing facilities across Malaysia, China, India, Indonesia and Mexico. See Section 7.13 of this Prospectus for further details on the production capacities of our production facilities. Any reduction in our production capacities and utilisation rates, whether due to scheduled maintenance, machinery and equipment breakdown, or unforeseen events, may cause production downtime and delays. For example, we experience frequent electricity power cuts in our cultivation facility in Odisha, India as is typical for the area during the summer period, during which we rely on more costly alternative power sources such as diesel for our irrigation and other production activities. See Section 5.1.12 of this Prospectus for further details.

We plan to increase our production capacity to meet growing demand for our products. See Section 7.13.5 of this Prospectus for further details. We believe that any expansion in production capacity needs to be managed carefully in tandem with the growth in demand for our products. If our expansion in production capacity outpaces the growth in demand, or demand for our products decreases, our results of operations and utilisation rates of our manufacturing facilities may be affected.

(xi) Material tax matters

Our financial condition and results of operations may be affected by the outcomes of tax disputes between us and the tax authorities of the jurisdictions where we operate. Any adverse rulings from the relevant authorities or adverse changes to the relevant laws and regulations and tax policies may increase our effective tax rate and negatively impact our PATAMI margin and financial condition. See Section 5.1.21 of this Prospectus for further details.

A summary of the material tax matters of our Group as at the LPD is as follows:

No.	Entity	Description of tax matter	Year of assessment ("YA")
1.	DXN Mexico	Closed tax dispute in relation to DXN Mexico's underpayment of value added tax ("**VAT**") for the importation of algae Spirulina tablets. DXN Mexico paid the additional VAT including penalties of MXN14.34 million (equivalent to RM2.87 million) for the period from February 2016 to July 2019 and MXN10.47 million (equivalent to RM2.11 million) for August 2019 to May 2021.	YA2016 to YA2021
2.	DXN Peru	Closed tax dispute in relation to certain of DXN Peru's sales commission that were disallowed as a deductible expense for tax computation purposes and imposition of additional taxes and penalties. DXN Peru paid the additional taxes and penalties of PEN0.4 million (equivalent to RM0.4 million) and recognised a provision of PEN5.4 million (equivalent to RM6.8 million) in the event the Superintendencia Nacional de Administration Tributaria Peru raises a demand for additional taxes and penalties.	YA2016 to YA2021
3.	DXN Mexico	Ongoing tax dispute in relation to certain of DXN Mexico's expenses that were non-deductible and that there was an omission of taxable income in respect of the reversal of certain excess provisions.	YA2013
4.	DXN Marketing India	Ongoing tax dispute in relation to DXN Marketing India's application of GST rates for the classification of RG and GL powder capsules, Spirulina powder capsules and Neeli hair oil.	YA2018 to YA2022
5.	Daxen Agritech	Ongoing tax dispute in relation to the ineligibility of Daxen Agritech for a tax deduction on its profits and gains under Section 80-IC of the Income Tax Act, 1961 of India.	YA2012 to YA2019
6.	Daxen Agritech	Ongoing tax dispute in relation to the custom duty paid by DXN Agritech for the import of RG and GL powders in respect of the years 2012 to 2018.	YA2012 to YA2018
7.	DXN Manufacturing India	Ongoing tax disputes in relation to ineligibility of DXN Manufacturing India for tax deductions on its profits under Section 80-IB of the Income Tax Act, 1961 of India.	YA2004 to YA 2012
8.	DXN Manufacturing India	Ongoing tax dispute in relation to the additional excise duty payable in respect of RG and GL capsules.	YA2002

We have made accounting provisions of RM35.4 million for these material tax matters as well as other potential penalties and high risk tax exposures arising from the tax authorities' assessment of the tax payable by our Group from the FYE 28 February 2018 up to the LPD. For further details on these material tax matters, see Note 36 of the Accountants' Report included in Section 13 of this Prospectus.

12.2.3 Critical accounting estimates and judgements

The preparation of the Consolidated Financial Statements in accordance with MFRS and IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities as at the reporting date. Actual results may differ from these estimates.

We review our estimates and underlying assumptions periodically. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

We believe that there are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in our Consolidated Financial Statements, other than those as set out below. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future:

(a) *Impairment loss on property, plant and equipment:*

During the FPE 31 December 2021 and the FPE 31 December 2020, there was no impairment loss.

During the FYE 28 February 2021, we recognised an impairment loss of RM10.7 million based on a valuation conducted by independent valuers using the comparison and depreciated replacement cost approach with respect to the property where we currently operate Boulder Valley, our lifestyle resort. Widespread containment measures, travel restrictions and lockdown measures by governments globally to curb the outbreak of COVID-19 caused significant disruptions in business and leisure travels, resulting in a substantial drop in the occupancy rate and revenue of the resort. The impairment loss is recognised as other expenses in our consolidated statements of profit or loss and other comprehensive income. During the FYE 28 February 2019, we recognised an impairment loss of RM3.6 million in respect of one of our aircrafts which was under repair and maintenance, and not in operational condition presented under capital work-in-progress. The impairment loss which represents the entire carrying amount of such aircraft was recognised as other expenses in our consolidated statements of profit or loss and other comprehensive income.

(b) *Extension options and incremental borrowing rate in relation to leases:*

Certain leases of agriculture land, factory buildings, warehouses, hostels for employees and offices contain extension options up to five years exercisable by our Group before the end of the non-cancellable contract period. Where applicable, we seek to include extension options in new leases to provide operational flexibility.

The extension options held are exercisable only by our Group and not by the lessors. We assess at lease commencement whether it is reasonably certain to exercise the extension options, and reassess whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within our control.

We apply significant judgement in our assessment at lease commencement as to whether it is reasonably certain to exercise the applicable extension options, considering all facts and circumstances including past practice and any cost that will be incurred to change the asset in the event that a lease extension option is not exercised, to help determine the lease term.

We also apply judgement and assumptions in determining the incremental borrowing rate of the respective leases. We first determine 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.

(c) *Fair value information of investment properties:*

The fair value of investment properties is based on our 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 leasehold land for the acquisition of land in Gua Musang, Malaysia was previously determined by independent valuers. The leasehold land was deconsolidated during the FYE 28 February 2021 upon the disposal of DXN Plantation Sdn. Bhd.

Our Directors estimate the fair value of our remaining investment properties (comprising freehold land, residential properties, shop lots and shop offices) by comparing our investment properties with similar properties that were published for sale within the same locality or other comparable localities. The most significant input is the price per square foot which would increase or decrease the estimated fair value if the price per square foot is higher or lower.

(d) *Deferred tax assets and liabilities:*

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 that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

See Note 1(d) of the Accountants' Report included in Section 13 of this Prospectus for further details.

12.2.4 New accounting pronouncement applicable in the preparation of the financial statements

We adopted the following new standards and amendments to standards and interpretations, which were effective for annual periods beginning on or after 1 January 2018:

(i) MFRS 15, *Revenue from Contracts with Customers*;

(ii) MFRS 9, *Financial Instruments*; and

(iii) MFRS 16, *Leases*.

MFRS 15 provides a single model for accounting for revenue arising from contracts with customers, focusing on the identification and satisfaction of performance obligation. The standard specifies that revenue is to be recognised when control over the goods and services is transferred to the customers, moving from the transfer of risks and rewards. The following are the changes arising from the adoption of MFRS 15 by our Group:

- We provide group effort-related performance bonus and personal effort-related performance bonus to customers. Upon the adoption of MFRS 15, we account for consideration paid or payable to customers as a reduction of the transaction price under the revenue recognition process unless the payment to the customer is in exchange for a distinct good or service that the customer transfers to our Group.

- The personal effort-related performance bonus paid and payable by our Group to customers are accounted as a reduction of the transaction price under the revenue recognition process. Group effort-related performance bonus is not accounted as a reduction of the transaction price as the consideration paid or payable to customers are for distinct goods or services provided by our Group.

The effects arising from the above changes have been reflected in the consolidated financial statements of our Company for the FYE 28 February 2019 and have been consistently applied in the subsequent financial years/period. MFRS 16 replaces the guidance in MFRS 117, Leases, IC Interpretation 4, Determining whether an Arrangement contains a Lease, IC Interpretation 115, Operating Leases – Incentives and IC Interpretation 127, Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognised a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard which continues to be classified as finance or operating lease.

On transition to MFRS 16, we elected to apply the practical expedient to grandfather the assessment of which transactions are leases. MFRS 16 was applied only to contracts that were previously identified as leases. Contracts that were not identified as leases under MFRS 117 and IC Interpretation 4, Determining whether an Arrangement contains a Lease were not reassessed. Therefore, the definition of a lease under MFRS 16 has been applied only to contracts entered into or changed on or after 1 March 2018.

Where our Group was a lessee, our Group applied the requirements of MFRS 16 retrospectively with the cumulative effect of initial application, if any as an adjustment to the retained earnings as at 1 March 2018.

The adoption of MFRS 9 did not have a material impact on our Consolidated Financial Statements.

We have not adopted in advance the following accounting standards and amendments that have been issued by the Malaysian Accounting Standards Board but have not been adopted by our Group:

(i) MFRSs and amendments effective for annual periods beginning on or after 1 April 2021: Amendment to MFRS 16, Leases - *COVID-19-Related Rent Concessions beyond 30 June 2021*

(ii) MFRSs and amendments effective for annual periods beginning on or after 1 January 2022:

   (a) Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018-2020)*

   (b) Amendments to MFRS 3, *Business Combinations - Reference to the Conceptual Framework*

   (c) Amendments to MFRS 9, *Financial Instruments (Annual Improvements to MFRS Standards 2018-2020)*

   (d) Amendments to *Illustrative Examples accompanying MFRS 16, Leases (Annual Improvements to MFRS Standards 2018-2020)*

   (e) Amendments to MFRS 116, *Property, Plant and Equipment - Proceeds before Intended Use*

(f) Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts - Cost of Fulfilling a Contract*

(g) Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018-2020)*

(iii) MFRSs and amendments effective for annual periods beginning on or after 1 January 2023:

(a) MFRS 17, Insurance Contracts

(b) Amendments to MFRS 17, *Insurance Contracts - Initial application of MFRS 17 and MFRS 9 - Comparative Information*

(c) Amendments to MFRS 101, *Presentation of Financial Statements - Classification of Liabilities as Current or Non-current and Disclosures of Accounting Policies*

(d) Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates*

(e) Amendments to MFRS 112, *Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

(iv) 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*

We plan to apply the abovementioned amendments, where applicable, in the respective financial years when the abovementioned amendments become effective.

We 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 our Group.

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 our Group.

12.2.5 Results of operations

The principal components of our consolidated statements of profit or loss and other comprehensive income are as follows:

(i) Revenue

We derive our revenue from the sale of FFB, HDS, PCC and other products and our other business activities including laboratory testing services to third parties, provision of lifestyle products and a café, less the consideration payable to our customers.

The following table sets out our revenue from major products and services for the financial years/periods indicated:

	FYE 28/29 February						31 December 2021			
	Audited						Unaudited		Audited	
	2019		2020		2021		2020		2021	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
FFB	603,596	61.9	759,385	64.0	726,896	62.1	606,864	62.0	698,953	65.3
HDS	261,703	26.9	286,981	24.2	306,773	26.2	255,860	26.1	259,556	24.3
PCC	72,553	7.4	90,863	7.7	92,243	7.9	77,007	7.9	68,727	6.4
Other products[(1)]	24,167	2.5	33,022	2.8	28,558	2.4	25,166	2.6	25,155	2.4
Other business activities[(2)]	12,697	1.3	15,404	1.3	16,679	1.4	14,285	1.4	17,427	1.6
Gross revenue before consideration payable to customers	974,716	100.0	1,185,655	100.0	1,171,149	100.0	979,182	100.0	1,069,818	100.0
Less: Consideration due/paid to customers[(3)]										
Personal effort-related performance bonus	(12,611)	(1.3)	(13,274)	(1.1)	(12,925)	(1.1)	(10,879)	(1.1)	(11,762)	(1.1)
Service centre commission	(54,883)	(5.6)	(67,773)	(5.7)	(66,450)	(5.7)	(56,057)	(5.7)	(42,345)	(4.0)
100% promotion redemption[(4)]	-	-	-	-	(41,569)	(3.5)	(32,331)	(3.3)	-	-
	(67,494)	(6.9)	(81,047)	(6.8)	(120,944)	(10.3)	(99,267)	(10.1)	(54,107)	(5.1)
Revenue	**907,222**		**1,104,608**		**1,050,205**		**879,915**		**1,015,711**	

Notes:

(1) Consists of products including starter kits, raw materials, promotional packages, household products, home appliances, and water filtration systems.

(2) Other business activities that primarily serve to support our core business include laboratory testing services for third parties, provision of lifestyle products, and a café.

(3) Consideration due/paid to customers comprises personal effort-related performance bonus and service centre commission, netted against gross revenue in accordance with presentation consistent with MFRS 15.

(4) This refers to the 10.0% Discount Promotion. Each qualified Member's total discount was limited to the amount of their purchases made in April 2020 and May 2020. For accounting purposes, the discount was fully accrued in the FYE 28 February 2021.

We sell our products directly to Members or to external distribution agencies which on-sell our products to our Members. Our primary geographical markets are South America, Asia and North America.

12. FINANCIAL INFORMATION *(Cont'd)*

The following table sets out a breakdown of our revenue by geographical markets, in absolute terms in RM and as a proportion of our gross revenue for the financial years/periods indicated:

	FYE 28/29 February						FPE 31 December			
	2019		2020		2021		2020		2021	
	Revenue (RM million)	% of gross revenue	Revenue (RM million)	% of gross revenue	Revenue (RM million)	% of gross revenue	Revenue (RM million)	% of gross revenue	Revenue (RM million)	% of gross revenue
Revenue of health-oriented and wellness consumer products										
Malaysia	102.5	10.5	105.3	8.9	91.3	7.8	77.9	8.0	72.0	6.7
Overseas										
Peru...............................	198.8	20.4	268.1	22.6	252.6	21.6	215.3	22.0	243.3	22.7
Mexico	121.6	12.5	158.1	13.3	166.6	14.2	136.1	13.9	148.5	13.9
India...............................	132.2	13.6	152.0	12.8	134.4	11.5	112.1	11.4	117.6	11.0
Bolivia............................	111.1	11.4	143.2	12.1	140.7	12.0	110.9	11.3	153.5	14.4
Philippines	75.5	7.7	91.8	7.7	100.3	8.6	85.2	8.7	81.6	7.6
Middle East(1).................	55.0	5.6	68.3	5.8	68.3	5.8	59.7	6.1	26.6	2.5
United States.................	28.8	3.0	31.4	2.6	35.0	3.0	29.3	3.0	28.4	2.7
Thailand.........................	29.8	3.1	27.0	2.3	21.9	1.9	19.1	1.9	15.8	1.5
Colombia	14.6	1.5	18.7	1.6	17.5	1.5	14.7	1.5	14.1	1.3
Other markets(2).............	92.1	9.4	106.4	9.0	125.8	10.7	104.6	10.7	151.0	14.1
Total revenue of health-oriented and wellness consumer products	**962.0**	**98.7**	**1,170.3**	**98.7**	**1,154.4**	**98.6**	**964.9**	**98.5**	**1,052.4**	**98.4**
Other business activities(3)..................	12.7	1.3	15.4	1.3	16.7	1.4	14.3	1.5	17.4	1.6
Gross revenue	**974.7**	**100.0**	**1,185.7**	**100.0**	**1,171.1**	**100.0**	**979.2**	**100.0**	**1,069.8**	**100.0**
Less: Consideration due/paid to customers…...	(67.5)		(81.1)		(120.9)(4)		(99.3)(4)		(54.1)	
Revenue	**907.2**		**1,104.6**		**1,050.2**		**879.9**		**1,015.7**	

Notes:

(1) Revenue from the Middle East is based on the imported value of the products distributed by the external distribution agency in the Middle East region.

(2) Other markets include Australia, Bangladesh, Bulgaria, Canada, China, Czech Republic, Ecuador, Ethiopia, Germany, Greece, Hong Kong, Hungary, Indonesia, Italy, Kenya, Korea, Mauritania, Mauritius, Mongolia, Morocco, Myanmar, Nepal, Nigeria, Pakistan, Panama, Singapore, Slovakia, South Africa, Spain, Sri Lanka, Sudan, Turkey and Uzbekistan. We ceased direct dealings with the Sudan market post FYE 28 February 2019. Revenue recognised from markets in which we do not have a presence is based on sales by our subsidiary, sales branch or external distribution agency to Members with registered addresses in such markets.

(3) Refers to our other business activities that primarily serve to support our core business, consisting of laboratory testing services for third parties, lifestyle products and a café.

(4) Includes the 10.0% Discount Promotion. Each qualified Member's total discount was limited to the amount of their purchases made in April 2020 and May 2020. For accounting purposes, the discount was fully accrued in the FYE 28 February 2021.

12. FINANCIAL INFORMATION *(Cont'd)*

For illustrative purposes only, the following table sets out the breakdown of the average purchase per Member for our health-oriented and wellness consumer products ("**Average Purchase per Member**")**(1)** by geographical markets, in absolute terms in RM for the financial years/period indicated:

	FYE 28/29 February			**FPE 31 December**
	2019	**2020**	**2021**	**2021**
	Average Purchase per Member (RM)(1)			
Health-oriented and wellness consumer products				
Malaysia	840	900	1065	1223
Overseas				
Peru	1,293	1,422	1,563	1,529
Mexico	1,923	2,158	2,137	1,983
India	415	424	418	383
Bolivia	1,602	1,759	1,956	1,884
Philippines	815	915	1,158	1,063
Middle East(2)	233	237	292	144
United States	3,442	4,058	4,862	4,686
Thailand	1,421	1,532	1,568	1,404
Colombia	1,045	1,077	1,143	1,086
Other markets(3)	725	745	871	768
Average Purchase per Member – All markets	**785**	**840**	**946**	**900**

Notes:

(1) Computed based on the revenue of health-oriented and wellness consumer products divided by the number of Members who have purchased a product during the relevant financial year/period. The number of Members who have purchased at least one (1) of our products during the relevant financial year/period by geographical market are as follows:

	FYE 28/29 February			***FPE 31 December***
	2019	***2020***	***2021***	***2021***
Malaysia	*121,972*	*116,974*	*85,733*	*58,860*
Overseas				
Peru......................	*153,714*	*188,589*	*161,599*	*159,142*
Mexico..................	*63,250*	*73,275*	*77,957*	*74,885*
India	*318,610*	*358,126*	*321,382*	*307,086*
Bolivia...................	*69,349*	*81,433*	*71,949*	*81,473*
Philippines	*92,607*	*100,288*	*86,595*	*76,791*
Middle East...........	*236,270*	*288,744*	*234,296*	*184,572*
United States.........	*8,367*	*7,737*	*7,199*	*6,061*
Thailand................	*20,976*	*17,625*	*13,971*	*11,256*
Colombia	*13,972*	*17,358*	*15,313*	*12,980*
Other markets........	*127,062*	*142,904*	*144,430*	*196,561*
Total	***1,226,149***	***1,393,053***	***1,220,424***	***1,169,667***

(2) Computed based on the imported value of the products distributed by the external distribution agency in the Middle East divided by the number of Members in the Middle East who have purchased a product during the relevant financial year/period.

(3) Other markets include Australia, Bangladesh, Bulgaria, Canada, China, Czech Republic, Ecuador, Ethiopia, Germany, Greece, Hong Kong, Hungary, Indonesia, Italy, Kenya, Korea, Mauritania, Mauritius, Mongolia, Morocco, Myanmar, Nepal, Nigeria, Pakistan, Panama, Singapore, Slovakia, South Africa, Spain, Sri Lanka, Sudan, Turkey and Uzbekistan. We ceased direct dealings in Sudan after the FYE 28 February 2019.

As shown in the table above, the Average Purchase per Member for our health-oriented and wellness consumer products ranges from approximately RM233 (in the Middle East) to RM4,862 (in the United States) for the three (3) financial years from the FYE 28 February 2019 to the FYE 28 February 2021 and for the FPE 31 December 2021. Factors that cause the Average Purchase per Member to vary across our top 10 markets include the following:

(a) Type of products sold and its average selling price

The average selling price of our HDS products is generally higher than that of our FFB products and the demand for our HDS products in Thailand is relatively higher as compared to the demand for our other products. Accordingly, the Average Purchase per Member in Thailand is higher than the Average Purchase per Member for all markets.

	Average Purchase per Member during the financial years and period under review
Thailand	Between RM1,404 to RM1,568
All markets	Between RM785 to RM946

(b) Pricing of our products

The prices of our products vary between the countries where we have a distribution footprint after taking into account, among others, the costs of production, transportation charges and inflation rate of the respective countries. The prices of our products in countries such as the United States, Peru, Mexico and Bolivia are generally higher as compared to our other markets, thus resulting in a higher Average Purchase per Member in these countries.

	Average Purchase per Member during the financial years and period under review
United States, Peru, Mexico and Bolivia	Between RM1,293 to RM4,862
All markets	Between RM785 to RM946

The prices our products in India are generally lower as compared to our other markets as the products are manufactured locally in India at a lower labour cost. Accordingly, the Average Purchase per Member in India is lower than the Average Purchase per Member for all markets.

	Average Purchase per Member during the financial years and period under review
India	Between RM383 to RM424
All markets	Between RM785 to RM946

(c) Exchange rate differences

The Average Purchase per Member in RM is substantially higher in the United States after conversion of sales in USD to RM due to the higher currency differential between USD and RM as compared to the currencies in our other top 10 markets.

(d) Personal purchase by Members

Members in the United States and Latin American countries such as Peru, Mexico and Bolivia have a higher Average Purchase per Member as they purchase a higher volume of our products for their own consumption as well as to on-sell these products to non-Members. Conversely in India, the consumers of our products are predominantly our Members who purchase our products for their own consumption. Hence, the Average Purchase per Member in India is lower as compared to the United States, Peru, Mexico and Bolivia.

(e) The Middle East uses an external distribution agency structure which affects our gross revenue reported from the Middle East

The Middle East uses an external distribution agency structure where our products are sold to the external distribution agency at an intermediate price based on a cost-plus structure. Accordingly, our revenue from the Middle East is derived from the imported value of the products distributed by the external distribution agency in the Middle East, being the intermediate price, which is lower than the distributor price of our products as certain costs, such as the payment of bonuses and incentives to our Members in the Middle East is borne by the external distribution agency. As a result, the Average Purchase per Member in the Middle East is among the lowest in our top 10 markets.

(ii) Other income

Other income consists primarily of bonus processing income which is levied on Members as a service charge for processing Member bonuses, system consultancy fees which are levied on external distribution agencies for marketing and business development services, gain on foreign exchange and other miscellaneous income.

	FYE 28/29 February			FPE 31 December	
	Audited			Unaudited	Audited
	2019	2020	2021	2020	2021
	RM'000	RM'000	RM'000	RM'000	RM'000
Bonus processing income..................	1,029	714	554	451	446
Income from insurance claims....	-	-	13,121	13,121	2,625
Unrealised gain on foreign exchange...	-	1,495	-	-	-
Realised gain on foreign exchange ...	-	-	-	878	-
Fair value gain on biological assets.....	-	-	-	586	-
Gain on disposal of investment in subsidiaries............	-	-	1,655	-	-
Gain on disposal of property, plant and equipment.............	-	106	44	-	387
Rental income..........	353	333	309	253	216

	FYE 28/29 February			FPE 31 December	
	Audited			Unaudited	Audited
	2019	2020	2021	2020	2021
	RM'000	RM'000	RM'000	RM'000	RM'000
System consultancy fees	8,099	10,087	9,943	8,904	6,749
Bargain purchase gain on business combination	-	5,267	-	-	-
Government grant	-	-	3,586	3,434	1,927
Miscellaneous income[(1)]	4,390	8,335	6,072	4,243	4,689
Other income	**13,871**	**26,337**	**35,284**	**31,870**	**17,039**

Note:

(1) Primarily comprises sales of marketing event tickets, fees charged to external distribution agencies, handling and other incidental charges for shipment, scrap sales income, income from insurance rebate and other non-recurring income.

(iii) Changes in work-in-progress and manufactured inventories, and raw materials used and trading inventories sold

Our cost of goods sold can be broadly categorised into change in work-in-progress and manufactured inventories, raw materials used and trading inventories sold, depreciation and amortisation, and employee benefits expense.

The following table sets out the components of our cost of goods sold and the percentage these costs represent as a proportion of our cost of goods sold for the financial years/periods indicated:

	FYE 28/29 February					
	2019		2020		2021	
	RM'000	%	RM'000	%	RM'000	%
Changes in work-in-progress and manufactured inventories	44,867	(30.8)	6,751	(3.5)	28,126	(15.6)
Raw materials used and trading inventories sold	(158,341)	108.7	(162,856)	85.0	(162,978)	90.6
Depreciation and amortisation	(5,174)	3.5	(6,213)	3.3	(7,536)	4.2
Employee benefits expense	(27,024)	18.6	(29,170)	15.2	(37,498)	20.8
Cost of goods sold	**(145,672)**	**100.0**	**(191,488)**	**100.0**	**(179,886)**	**100.0**

	FPE 31 December 2020		FPE 31 December 2021	
	RM'000	%	RM'000	%
Changes in work-in-progress and manufactured inventories	12,681	(8.4)	52,510	(28.6)
Raw materials used and trading inventories sold	(129,527)	86.1	(188,047)	102.6
Depreciation and amortisation	(6,177)	4.1	(9,256)	5.0
Employee benefits expense	(27,367)	18.2	(38,596)	21.0
Cost of goods sold	**(150,390)**	**100.0**	**(183,389)**	**100.0**

Changes in work-in-progress and manufactured inventories

Our changes in work-in-progress and manufactured inventories consist of the difference in the work-in-progress and manufactured inventories between financial years or periods, as measured at the end of the financial years or periods. The following table sets out our work-in-progress inventories and manufactured inventories for the financial years/periods indicated:

	FYE 28/29 February			FPE 31 December	
	2019	**2020**	**2021**	**2020**	**2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Work-in-progress inventories					
Closing balance	2,285	7,682	6,502	7,197	9,553
Less: Opening balance	3,131	2,285	7,682	7,682	6,502
	(846)	5,397	(1,180)	(485)	3,051
Manufactured inventories.............					
Closing balance	63,120	64,474	93,780	77,640	143,239
Less: Opening balance	17,407	63,120	64,474	64,474	93,780
	45,713	1,354	29,306	13,166	49,459
Total changes in work-in-progress and manufactured inventories...........	**44,867**	**6,751**	**28,126**	**12,681**	**52,510**

Our inventories consist of FFB, HDS, PCC, household products, water filtration systems and home appliances.

Raw materials used and trading inventories sold

Our raw materials used and trading inventories sold consist primarily of raw materials consumed and factory overhead, including upkeep of factory, upkeep of plant and machinery, factory rental, tools, consumables and utilities expenses.

Depreciation and amortisation

Depreciation and amortisation consists of depreciation of factory, plant and machinery, tools and equipment.

Employee benefits expense

Our employee benefits expense consists of employees' salaries, wages and bonus, contribution to state plan, contract workers, medical expenses, staff welfare, staff training and uniform.

(iv) Depreciation and amortisation

Our depreciation and amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of buildings, farms, plant and machinery, furniture, fittings and office equipment, motor vehicles and aircraft.

The following table sets out our depreciation and amortisation for the financial years/periods indicated:

12. FINANCIAL INFORMATION *(Cont'd)*

	FYE 28/29 February			FPE 31 December	
	Audited			Unaudited	Audited
	2019	2020	2021	2020	2021
	RM'000	RM'000	RM'000	RM'000	RM'000
Depreciation of property, plant and equipment	12,956	15,319	20,633	17,407	22,976
Depreciation of right-of-use assets	5,655	8,014	8,882	6,755	7,292
Depreciation of investment properties	448	1,479	1,393	1,147	197
Amortisation of intangible assets...	343	317	118	97	75
Depreciation and amortisation........	**19,402**	**25,129**	**31,026**	**25,406**	**30,540**

(v) Employee benefits expense

Our employee benefits expense includes wages and salaries as well as contributions to our employees' provident funds, state insurance and state-specific labour welfare funds for our Board as well as other personnel (including directors of our subsidiaries). The following table sets out our employee benefits expense for the financial years/periods indicated:

	FYE 28/29 February			FPE 31 December	
	Audited			Unaudited	Audited
	2019	2020	2021	2020	2021
	RM'000	RM'000	RM'000	RM'000	RM'000
Wages and salaries.	86,070	94,759	105,625	83,247	99,813
Contribution to state plan	6,917	7,494	8,211	6,535	6,828
Employee benefits expense..............	**92,987**	**102,253**	**113,836**	**89,782**	**106,641**

(vi) Net gain or loss on impairment of financial assets

Our net gain or loss on impairment of financial assets consists primarily of reversal of impairment loss or impairment loss on trade and other receivables, impairment loss on amount owing from associate, bad debts written off and bad debts recovered. The following table sets out our net gain or loss on impairment of financial assets for the financial years/periods indicated:

	FYE 28/29 February			FPE 31 December	
	Audited			Unaudited	Audited
	2019	2020	2021	2020	2021
	RM'000	RM'000	RM'000	RM'000	RM'000
Impairment loss/(Reversal of impairment loss) on:					
- Trade and other receivables.........	(480)	2,189	-	2	167
- Amount owing from joint venture	-	-	-	-	432
- Amount owing from associate....	-	-	3,875	-	255
Bad debts written off	466	336	10	25	-

	FYE 28/29 February			FPE 31 December	
	Audited			Unaudited	Audited
	2019	2020	2021	2020	2021
	RM'000	RM'000	RM'000	RM'000	RM'000
Bad debts recovered	(18)	(3,205)	(161)	(162)	(487)
Net gain/(loss) on impairment of financial assets	**32**	**680**	**(3,724)**	**135**	**(367)**

(vii) Other expenses

Other expenses consist primarily of professional fees, office and administrative expenses such as impairment loss on property, plant and equipment and provision for indirect tax contingency, motor vehicle expenses, marketing, selling and distribution expenses including Member benefits such as travel seminar incentives and group effort-related performance bonuses, and planting expenses such as for upkeep of farms, Ganoderma sheds, Spirulina ponds, machinery, tools and consumables as well as utilities. The following table sets out our other expenses for the financial years/periods indicated:

	FYE 28/29 February			FPE 31 December	
	Audited			Unaudited	Audited
	2019	2020	2021	2020	2021
	RM'000	RM'000	RM'000	RM'000	RM'000
Professional fees	7,139	16,222	8,921	7,622	12,050
Office and administrative expenses	61,040	57,128	100,007	74,541	62,173
Motor vehicle expenses	4,757	5,935	4,213	3,785	3,320
Marketing, selling and distribution expenses	304,479	421,050	401,581	349,889	409,806
Planting expenses	2,487	2,845	4,497	3,791	2,283
Other expenses	**379,902**	**503,180**	**519,219**	**439,628**	**489,632**

12. FINANCIAL INFORMATION *(Cont'd)*

The table below sets out the group effort-related performance bonus and incentives provided to Members, which form part of our marketing, selling and distribution expenses, as a percentage of gross revenue, for the financial years/periods indicated:

	FYE 28/29 February						FPE 31 December			
	Audited						Unaudited		Audited	
	2019		2020		2021		2020		2021	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Group effort-related performance bonus	263,901	27.1	366,137	30.9	353,174	30.2	310,165	31.7	355,137	33.2
Travel seminar incentives	6,562	0.7	14,152	1.2	10,944	0.9	11,417	1.2	7,365	0.7
Total	**270,463**	**27.8**	**380,289**	**32.1**	**364,118**	**31.1**	**321,582**	**32.9**	**362,502**	**33.9**

(viii) Interest income

Interest income consists primarily of income from short-term bank deposits and short-term investment funds.

Our interest income for the FYEs 28 February 2019, 29 February 2020 and 28 February 2021 was RM8.9 million, RM6.9 million and RM6.9 million, respectively, whereas our interest income for the FPEs 31 December 2020 and 31 December 2021 was RM6.1 million and RM2.3 million, respectively.

(ix) Finance costs

Finance costs comprise interest expense on both lease liabilities and financial liabilities not measured at fair value through profit or loss, less interest expense capitalised to property, plant and equipment. The following table sets out a breakdown of our finance costs for the financial years/periods indicated:

	FYE 28/29 February			FPE 31 December	
	2019	**2020**	**2021**	**2020**	**2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Interest expense on:					
Lease liabilities	736	979	826	688	783
Financial liabilities not measured at fair value through profit or loss	3,593	3,014	3,482	2,891	3,285
Less: Capitalised to property, plant and equipment	-	-	(1,820)	(1,518)	(2,354)
Finance costs........	**4,329**	**3,993**	**2,488**	**2,061**	**1,714**

(x) Tax expense

Tax expense comprises current and deferred tax.

We calculate current tax at the statutory tax rate of the estimated assessable profit for the year/period on an entity basis in each jurisdiction.

Our deferred tax expense primarily provides for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases.

See Note 25 of the Accountants' Report included in Section 13 of this Prospectus for further details.

The following table sets out our tax expense for the financial years/periods indicated:

	FYE 28/29 February			FPE 31 December	
	2019	**2020**	**2021**	**2020**	**2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Current tax	106,026	95,971	89,205	80,501	105,516
Deferred tax	(4,918)	(3,380)	(2,822)	(3,029)	(11,243)
Tax expense	**101,108**	**92,591**	**86,383**	**77,472**	**94,273**

12.2.6 Review of performance for the FPE 31 December 2021 compared to FPE 31 December 2020

The following table presents selected information from our consolidated statements of profit or loss and other comprehensive income, in absolute terms and as a percentage of revenue, and the percentage changes for the financial periods indicated:

	FPE 31 December 2020		FPE 31 December 2021		
	RM'000	**% of revenue**	**RM'000**	**% of revenue**	**% change**
Revenue	879,915	100.0	1,015,711	100.0	15.4
Other income	31,870	3.6	17,039	1.7	(46.5)
Changes in work-in-progress and manufactured inventories.	12,681	1.4	52,510	5.2	314.1
Raw materials used and trading inventories sold....	(129,527)	(14.7)	(188,047)	(18.5)	45.2
Depreciation and amortisation	(25,406)	(2.9)	(30,540)	(3.0)	23.0
Employee benefits expense	(89,782)	(10.2)	(106,641)	(10.5)	18.8
Net gain/(loss) on impairment of financial assets	135	*	(367)	*	(371.9)
Other expenses	(439,628)	(50.0)	(489,632)	(48.2)	11.2
Results from operating activities	**240,258**	**27.3**	**270,033**	**26.6**	**12.4**
Interest income	6,114	0.7	2,315	0.2	(62.1)
Finance costs	(2,061)	(0.2)	(1,714)	(0.2)	(16.8)
PBT	**244,311**	**27.8**	**270,634**	**26.6**	**10.8**
Tax expense	(77,472)	(8.8)	(94,273)	(9.3)	21.7
Profit for the year..............	**166,839**	**18.9**	**176,361**	**17.4**	**5.7**

***Note*:**
* *Negligible.*

(i) Revenue

Our revenue increased by 15.4% from RM879.9 million for the FPE 31 December 2020 to RM1,015.7 million for the FPE 31 December 2021 primarily due to an increase in sales in Bolivia, Mexico, India, Peru and Morocco and improvements in general economic conditions amidst the COVID-19 pandemic, which had affected our sales for the FPE 31 December 2020.

(a) Our FFB revenue increased by 15.2% from RM606.9 million for the FPE 31 December 2020 to RM699.0 million for the FPE 31 December 2021 primarily due to organic growth and generally strong demand for our core products in Latin America.

(b) Our HDS revenue increased by 1.4% from RM255.9 million for the FPE 31 December 2020 to RM259.6 million for the FPE 31 December 2021 primarily due to an increase in sales in Morocco, one of our emerging markets, partially offset by a decrease in sales in the Middle East.

(c) Our PCC revenue decreased by 10.8% from RM77.0 million for the FPE 31 December 2020 to RM68.7 million for the FPE 31 December 2021 primarily due to a decrease in sales in the Middle East due to the impact of the COVID-19 pandemic on demand for PCC products, which are discretionary in nature and subject to greater impact from the pandemic.

(d) Our revenue from other products and business activities increased by 7.8% from RM39.5 million for the FPE 31 December 2020 to RM42.6 million for the FPE 31 December 2021 primarily due to an increase in sales of laboratory testing services.

(ii) Other income

Our other income decreased by 46.5% from RM31.9 million for the FPE 31 December 2020 to RM17.0 million for the FPE 31 December 2021. This was primarily due to higher insurance claims in the FPE 31 December 2020 in relation to a fire in September 2020 that occurred in one of our warehouses in our manufacturing facility in Kedah, Malaysia and a decrease in system consultation fee in the FPE 31 December 2021.

(iii) Changes in work-in-progress and manufactured inventories

Our changes in work-in-progress and manufactured inventories increased by 314.1% from RM12.7 million for the FPE 31 December 2020 to RM52.5 million for the FPE 31 December 2021. This was primarily due to an increase in manufactured inventories to provide for a higher stock buffer in Latin America to cope with shipment delays due to the COVID-19 pandemic.

(iv) Raw materials used and trading inventories sold

Our raw materials used and trading inventories sold increased by 45.2% from RM129.5 million for the FPE 31 December 2020 to RM188.0 million for the FPE 31 December 2021 primarily due to increased production resulting from a 15.4% increase in revenue and the decision to increase our buffer of stock.

(v) Gross profit and gross profit margin

The following table sets out our gross profit and gross profit margin and the percentage change for the financial periods indicated:

	FPE 31 December		
	2020	**2021**	**% change**
Gross profit (RM'000)	729,525	832,322	14.1
Gross profit margin (%)............	82.9	81.9	(1.0)

Our gross profit increased by 14.1% from RM729.5 million for the FPE 31 December 2020 to RM832.3 million for the FPE 31 December 2021 as a result of the reasons described above. However, our gross profit margin decreased by 1.0 percentage point from 82.9% for the FPE 31 December 2020 to 81.9% for the FPE 31 December 2021. This is partially due to the deterioration of currency, primarily of PEN against EUR, which is the base currency for purchases by DXN Peru, the largest single contributor to our revenue, from DXN Industries. DXN Peru converts its purchases from EUR to PEN based on the local exchange rate for domestic reporting purposes. Subsequently, for consolidation of our Group's accounts, such purchases are converted from PEN to RM. Revenue from sales by DXN Industries to DXN Peru are converted from EUR to RM, resulting in different RM amounts reported for DXN Peru as compared to DXN Industries. The amount to be eliminated upon consolidation is the amount that is recorded in DXN Industries' accounting records. The balance that is not eliminated is the exchange rate difference which is reflected in cost of goods sold. The deterioration of PEN against EUR for this period increased our purchase costs of finished goods from DXN Industries. Gross profit margin decreased also as a result of higher overhead costs incurred in relation to our new cultivation and production facilities in Telangana, India.

(vi) Depreciation and amortisation

Our depreciation and amortisation increased by 20.1% from RM25.4 million for the FPE 31 December 2020 to RM30.5 million for the FPE 31 December 2021. This was primarily due to an increase in property, plant and equipment that occurred as a result of continued facilities and business expansion activities.

(vii) Employee benefits expense

Our employee benefits expense increased by 18.8% from RM89.8 million for the FPE 31 December 2020 to RM106.6 million for the FPE 31 December 2021. This was primarily due to an increase in employees from 2,778 in December 2020 to 2,912 in December 2021 as well as the outsourcing of production by DXN Industries due to the fire in September 2020 that occurred in one of our warehouses in our manufacturing facility in Kedah, Malaysia, as well as to cope with an increase in sales.

(viii) Net gain or loss on impairment of financial assets

We recorded a net gain on impairment of financial assets of RM0.1 million for the FPE 31 December 2020, compared to a net loss of RM0.4 million for the FPE 31 December 2021. This was primarily due to impairment loss made for debts due from a sundry debtor, associate and joint venture.

(ix) Other expenses

Our other expenses increased by 11.4% from RM439.6 million for the FPE 31 December 2020 to RM489.6 million for the FPE 31 December 2021. This was primarily due to an increase in Member bonus which was in line with increased sales, increase in transportation and shipping charges and a higher foreign exchange loss.

(x) Results from operating activities

As a result of the foregoing, our results from operating activities increased by 12.4% from RM240.3 million for the FPE 31 December 2020 to RM270.0 million for the FPE 31 December 2021.

(xi) Interest income

Our interest income decreased by 62.1% from RM6.1 million for the FPE 31 December 2020 to RM2.3 million for the FPE 31 December 2021. This was primarily due to a decrease in short-term deposits as a result of increased capital requirements for our facilities in Telangana, India; Cyberjaya, Malaysia; and generally in China and Mexico.

(xii) Finance costs

Our finance costs decreased by 16.8% from RM2.1 million for the FPE 31 December 2020 to RM1.7 million for the FPE 31 December 2021. This was primarily due to an increase in capitalisation of finance costs to property, plant and equipment, partially offset by an increase in term loans interest.

(xiii) PBT

Our PBT increased by 10.8% from RM244.3 million for the FPE 31 December 2020 to RM270.6 million for the FPE 31 December 2021. This was largely due to the reasons set out above.

Our PBT margin decreased from 27.8% for the FPE 31 December 2020 to 26.6% for the FPE 31 December 2021.

(xiv) Tax expense

Our tax expense increased by 21.7% from RM77.5 million in the FPE 31 December 2020 to RM94.3 million for the FPE 31 December 2021 largely due to higher tax expense as a result of higher profit before tax and a one-off prosperity tax of 33.0% imposed on DXN Industries in Malaysia in the FPE 31 December 2021.

(xv) Profit for the period, PATAMI and PATAMI margin

As a result of the foregoing, our profit for the period increased by 5.7% from RM166.8 million for the FPE 31 December 2020 to RM176.4 million for the FPE 31 December 2021.

Our PATAMI increased by 10.4% from RM158.2 million for the FPE 31 December 2020 to RM174.7 million for the FPE 31 December 2021. Our PATAMI margin decreased from 18.0% for the FPE 31 December 2020 to 17.2% for the FPE 31 December 2021.

12.2.7 Review of performance for the FYE 28 February 2021 compared to FYE 29 February 2020

The following table presents selected information from our consolidated statements of profit or loss and other comprehensive income, in absolute terms and as a percentage of revenue, and the percentage changes for the financial years indicated:

	FYE 29 February 2020		**FYE 28 February 2021**		
	RM'000	**% of revenue**	**RM'000**	**% of revenue**	**% change**
Revenue	1,104,608	100.0	1,050,205	100.0	(4.9)
Other income	26,337	2.4	35,284	3.4	34.0
Changes in work-in-progress and manufactured inventories	6,751	0.6	28,126	2.7	316.6
Raw materials used and trading inventories sold	(162,856)	14.7	(162,978)	15.5	0.1
Depreciation and amortisation	(25,129)	2.3	(31,026)	3.0	23.5
Employee benefits expense	(102,253)	9.3	(113,836)	10.8	11.3
Net gain/(loss) on impairment of financial assets	680	0.1	(3,724)	0.4	(647.6)
Other expenses	(503,180)	45.6	(519,219)	49.4	3.2
Results from operating activities	**344,958**	**31.2**	**282,832**	**26.9**	**(18.0)**
Interest income	6,874	0.6	6,923	0.7	0.7
Finance costs	(3,993)	0.4	(2,488)	0.2	(37.7)
PBT	**347,839**	**31.5**	**287,267**	**27.4**	**(17.4)**
Tax expense	(92,591)	8.4	(86,383)	8.2	(6.7)
Profit for the year	**255,248**	**23.1**	**200,884**	**19.1**	**(21.3)**

(i) Revenue

Our revenue decreased by 4.9% from RM1,104.6 million for the FYE 29 February 2020 to RM1,050.2 million for the FYE 28 February 2021 primarily due to movement restrictions imposed in response to the COVID-19 pandemic by the local governments of our core markets in Latin America, South Asia and South

East Asia where we operate during the FYE 28 February 2021 which saw reduced product sales during the first half of the FYE 28 February 2021.

Our Group recorded gross revenue of RM555.2 million in the first half of the FYE 28 February 2021, which was a decrease of RM21.0 million compared to the first half of the FYE 29 February 2020 of RM576.2 million. This was partially offset by a gradual recovery in the second half of the FYE 28 February 2021, where gross revenue increased to RM615.9 million, which was an increase of RM6.5 million compared to the second half of the FYE 29 February 2020 of RM609.4 million. This gradual recovery in the second half of the FYE 28 February 2021 was attributable to, among others, our introduction of a 10.0% promotional discount from June 2020 to May 2021 that incentivised Members to maintain monthly purchases of our products through the end of the year to stimulate sales during the COVID-19 pandemic and which was netted off against gross revenue when presenting our revenue in the Consolidated Financial Statements.

(a) Our FFB revenue decreased by 4.3% from RM759.4 million for the FYE 29 February 2020 to RM726.9 million for the FYE 28 February 2021 primarily due to economic effects of the COVID-19 pandemic, including income, salary and job uncertainties, which led to a general reduction in discretionary purchasing of non-essential items as well as a decrease in sales activities.

(b) Our HDS revenue increased by 6.9% from RM287.0 million for the FYE 29 February 2020 to RM306.8 million for the FYE 28 February 2021 primarily due to an increase in consumer demand for immunity-boosting products as a result of the COVID-19 pandemic.

(c) Our PCC revenue increased by 1.4% from RM90.9 million for the FYE 29 February 2020 to RM92.2 million for the FYE 28 February 2021 primarily due to an increase in sales in Peru.

(d) Our revenue from other products and business activities decreased by 6.6% from RM48.4 million for the FYE 29 February 2020 to RM45.2 million for the FYE 28 February 2021 primarily due to a reduction in sales of starter kits because of a decline in registration of new Members as a result of movement restrictions that governments imposed as a result of the COVID-19 pandemic.

(ii) Other income

Our other income increased by 34.0% from RM26.3 million for the FYE 29 February 2020 to RM35.3 million for the FYE 28 February 2021. This was primarily due to the receipt of RM13.1 million for a fire insurance claim in relation to a fire in September 2020 that occurred in one of our warehouses in our manufacturing facility in Kedah, Malaysia.

(iii) Changes in work-in-progress and manufactured inventories

We recorded positive changes in work-in-progress and manufactured inventories for the FYEs 29 February 2020 and 28 February 2021, which increased by 316.6% from RM6.8 million for the FYE 29 February 2020 to RM28.1 million for the FYE 28 February 2021. This was primarily due to an increase in production output towards the end of the FYE 28 February 2021 to prevent an inventory shortage following a fire in September 2020 that occurred in one of our warehouses in our manufacturing facility in Kedah, Malaysia and an increase in manufactured inventories to provide for a higher stock buffer in Latin America to cope with potential shipment delays due to the COVID-19 pandemic.

(iv) Raw materials used and trading inventories sold

Our raw materials used and trading inventories sold increased marginally by 0.1% from RM162.9 million for the FYE 29 February 2020 to RM163.0 million for the FYE 28 February 2021 primarily due to slight increase in factory overhead expenses.

(v) Gross profit and gross profit margin

The following table sets out our gross profit and gross profit margin and the percentage change for the financial years indicated:

	FYE 28/29 February		
	2020	**2021**	**% change**
Gross profit (RM'000) ..	913,120	870,319	(4.7)
Gross profit margin (%)	82.7	82.9	0.2

Our gross profit decreased by 4.7% from RM913.1 million for the FYE 29 February 2020 to RM870.3 million for the FYE 28 February 2021 as a result of the reasons described above. Our gross profit margin increased from 82.7% for the FYE 29 February 2020 to 82.9% for the FYE 28 February 2021, in part, due to an increase in sales of HDS in the FYE 28 February 2021, which commands a higher gross profit margin than FFB.

(vi) Depreciation and amortisation

Our depreciation and amortisation increased by 23.5% from RM25.1 million for the FYE 29 February 2020 to RM31.0 million for the FYE 28 February 2021. This was primarily due to (i) an increase in property, plant and equipment that occurred as a result of continued expansion in manufacturing facilities in Malaysia, China and Indonesia in anticipation of growth in our sales and to introduce new products in our direct selling; and (ii) a change in our depreciation policy that reduced the useful lives of our aircrafts from 25 years to five years and our resort, Boulder Valley's buildings from 50 years to 20 years to better present the cost and carrying amount of those assets based on their nature and pattern of use.

(vii) Employee benefits expense

Our employee benefits expense increased by 11.3% from RM102.3 million for the FYE 29 February 2020 to RM113.8 million for the FYE 28 February 2021. This was primarily due to an increase in the number of employees from 2,514 to 2,778 and outsourcing charges of RM4.8 million incurred in connection with the fire in September 2020 that occurred in one of our warehouses in our manufacturing facility in Kedah, Malaysia.

(viii) Net gain or loss on impairment of financial assets

We recorded a net gain on impairment of financial assets for the FYE 28 February 2021 of RM3.7 million compared to a net gain of RM0.7 million for the FYE 29 February 2020. This was primarily due to the impairment on RM3.9 million owing from our associate, Box Park Management for the funding of the Tanjung Chali project, a tourism project held by Box Park Management which was put on hold due to the COVID-19 pandemic.

(ix) Other expenses

Our other expenses increased by 3.2% from RM503.2 million for the FYE 29 February 2020 to RM519.2 million for the FYE 28 February 2021. This was primarily due to impairment loss on property, plant and equipment of RM10.7 million, losses incurred in connection with a fire in September 2020 that occurred in one of our warehouses in our manufacturing facility in Kedah, Malaysia resulting in property, plant and equipment and inventories of RM17.6 million collectively being written off, and a provision for indirect tax contingency in the FYE 28 February 2021 of RM18.0 million.

(x) Results from operating activities

As a result of the foregoing, our results from operating activities decreased by 18.0% from RM345.0 million for the FYE 29 February 2020 to RM282.8 million for the FYE 28 February 2021.

(xi) Interest income

Our interest income increased by 0.7% from RM6.9 million for the FYE 29 February 2020 to RM6.9 million for the FYE 28 February 2021. This was primarily due to interest income accumulated on our cash and bank balances.

(xii) Finance costs

Our finance costs decreased by 37.7% from RM4.0 million for the FYE 29 February 2020 to RM2.5 million for the FYE 28 February 2021. This was primarily due to the capitalisation of interest for certain work-in-progress construction relating to the construction of DXN's new headquarters, DXN Cyberville in Cyberjaya, Malaysia, and manufacturing and cultivation facilities in India, China and Mexico.

(xiii) PBT

Our PBT decreased by 17.4% from RM347.8 million for the FYE 29 February 2020 to RM287.3 million for the FYE 28 February 2021. This was largely due to the reasons set out above.

Our PBT margin decreased from 31.5% for the FYE 29 February 2020 to 27.4% for the FYE 28 February 2021.

(xiv) Tax expense

Our tax expense decreased by 6.7% from RM92.6 million for the FYE 29 February 2020 to RM86.4 million for the FYE 28 February 2021 largely due to our lower PBT and a tax reversal amounting to RM2.9 million for Bio Synergy as a result of being granted a pioneer status tax exemption by the Malaysian Investment Development Authority.

(xv) Profit for the year, PATAMI and PATAMI margin

As a result of the foregoing, our profit for the year decreased by 21.3% from RM255.2 million for the FYE 29 February 2020 to RM200.9 million for the FYE 28 February 2021.

Our PATAMI decreased by 20.7% from RM241.7 million for the FYE 29 February 2020 to RM191.6 million for the FYE 28 February 2021. Our PATAMI margin decreased from 21.9% for the FYE 29 February 2020 to 18.2% for the FYE 28 February 2021.

12.2.8 Review of performance for the FYE 29 February 2020 compared to FYE 28 February 2019

The following table presents selected information from our consolidated statements of profit or loss and other comprehensive income, in absolute terms and as a percentage of revenue, and the percentage changes for the financial years indicated:

	FYE 28 February 2019		**FYE 29 February 2020**		
	RM'000	**% of revenue**	**RM'000**	**% of revenue**	**% change**
Revenue	907,222	100.0	1,104,608	100.0	21.8
Other income	13,871	1.5	26,337	2.4	89.9
Changes in work-in-progress and manufactured inventories	44,867	5.0	6,751	0.6	(85.0)
Raw materials used and trading inventories sold.....	(158,341)	17.5	(162,856)	14.7	2.9
Depreciation and amortisation	(19,402)	2.1	(25,129)	2.3	29.5
Employee benefits expense	(92,987)	10.3	(102,253)	9.3	10.0
Net gain/(loss) on impairment of financial assets	32	*	680	0.1	2,025.0
Other expenses	(379,902)	41.9	(503,180)	45.6	32.4
Results from operating activities	**315,360**	**34.8**	**344,958**	**31.2**	**9.4**
Interest income	8,944	1.0	6,874	0.6	(23.1)
Finance costs	(4,329)	0.5	(3,993)	0.4	(7.8)
PBT	**319,975**	**35.3**	**347,839**	**31.5**	**8.7**
Tax expense	(101,108)	11.2	(92,591)	8.4	(8.4)
Profit for the year...	**218,867**	**24.1**	**255,248**	**23.1**	**16.6**

Note:

* *Negligible.*

(i) Revenue

Our revenue increased by 21.8% from RM907.2 million for the FYE 28 February 2019 to RM1,104.6 million for the FYE 29 February 2020 primarily due to sales increases across our core markets in Latin America, South Asia and South East Asia.

(a) Our FFB revenue increased by 25.8% from RM603.6 million for the FYE 28 February 2019 to RM759.4 million for the FYE 29 February 2020 primarily due to increased demand in Peru, Bolivia and Mexico due to organic growth, strong demand for our core products, including our coffee products in Latin America, expansion in our existing markets and entry into a new market in Uzbekistan.

(b) Our HDS revenue increased by 9.7% from RM261.7 million for the FYE 28 February 2019 to RM287.0 million for the FYE 29 February 2020 primarily due to increased sales in Peru, Mexico, India and the Philippines as a result of organic growth as well as the introduction of the HDS, Mycovita, in Bolivia.

(c) Our PCC revenue increased by 25.2% from RM72.6 million for the FYE 28 February 2019 to RM90.9 million for the FYE 29 February 2020 primarily due to increased sales in India, including strong demand for Ganozhi soap, as well as the introduction in Malaysia of the Miracle Marine series which are Korean cosmetic products that were originally launched in several countries in Europe, Mongolia, and Hong Kong in December 2018.

(d) Our revenue from other products and business activities increased by 31.4% from RM36.9 million for the FYE 28 February 2019 to RM48.4 million for the FYE 29 February 2020 primarily due to increased sales of promotional packages, the provision of marketing and operating services to a stockist on Uzbekistan, and a one-time sale of machines by our subsidiary, Golden Health Trading. Such sale was made to Florin Fujian and Anxi Gande Foluohua, which later became our subsidiaries.

(ii) Other income

Our other income increased by 89.9% from RM13.9 million for the FYE 28 February 2019 to RM26.3 million for the FYE 29 February 2020. This was primarily due to recognition of a gain of RM5.3 million from the acquisition of Amazing Discovery, gain on foreign exchange amounting to RM1.5 million and an increase of RM2.0 million in income from system consultancy fees paid to our Group from our external distribution agency in Dubai.

(iii) Changes in work-in-progress and manufactured inventories

Our changes in work-in-progress and manufactured inventories decreased by 85.0% from RM44.9 million for the FYE 28 February 2019 to RM6.8 million for the FYE 29 February 2020. This was primarily due to a marginal change in the opening and closing stock levels of manufactured inventories in the FYE 29 February 2020 as compared to the FYE 28 February 2019 as a result of us keeping a higher level of manufactured inventory buffer at the end of the FYE 29 February 2020 to cater for the sales demand in Latin America.

(iv) Raw materials used and trading inventories sold

Our raw materials used and trading inventories sold increased by 2.9% from RM158.3 million for the FYE 28 February 2019 to RM162.9 million for the FYE 29 February 2020 in line with an increase in our revenue.

(v) Gross profit and gross profit margin

The following table sets out our gross profit and gross profit margin and the percentage change for the financial years indicated:

	FYE 28/29 February		
	2019	**2020**	**% change**
Gross profit (RM'000)	761,551	913,120	19.9
Gross profit margin (%).......	83.9	82.7	(1.2)

Our gross profit increased by 19.9% from RM761.6 million for the FYE 28 February 2019 to RM913.1 million for the FYE 29 February 2020 as a result of the reasons described above. However, our gross profit margin decreased by 1.2 percentage points from 83.9% for the FYE 28 February 2019 to 82.7% for the FYE 29 February 2020 due to a higher increase in the sales of FFB in the FYE 29 February 2020 than HDS since FFB has a lower gross profit margin than HDS.

(vi) Depreciation and amortisation

Our depreciation and amortisation increased by 29.5% from RM19.4 million for the FYE 28 February 2019 to RM25.1 million for the FYE 29 February 2020. This was primarily due to an increase in depreciation of property, plant and equipment of RM2.4 million as a result of the increase in property, plant and equipment from RM157.1 million for the FYE 28 February 2019 to RM346.2 million for the FYE 29 February 2020, increase in depreciation of investment property of RM1.0 million primarily due to the acquisition of land in Gua Musang, Malaysia in the FYE 29 February 2020 and an increase in the depreciation of right-of-use assets amounting to RM2.3 million.

(vii) Employee benefits expense

Our employee benefits expense increased by 10.0% from RM93.0 million for the FYE 28 February 2019 to RM102.3 million for the FYE 29 February 2020. This was primarily due to an increase in employees from 2,161 for the FYE 28 February 2019 to 2,514 for the FYE 29 February 2020 to support increased market demand as well as an increase in salaries from RM86.1 million for the FYE 28 February 2019 to RM94.8 million for the FYE 29 February 2020.

(viii) Net gain or loss on impairment of financial assets

We recorded a net gain on impairment of financial assets for the FYE 29 February 2020 of RM0.7 million, compared to a RM32,000 gain for the FYE 28 February 2019. This was primarily due to the recovery of bad debts amounting to RM3.2 million in India which was partially offset by impairment on the amount due from other debtors amounting to RM2.1 million.

(ix) Other expenses

Our other expenses increased by 32.4% from RM379.9 million for the FYE 28 February 2019 to RM503.2 million for the FYE 29 February 2020. This was primarily due to a larger reversal of provision for Member bonus in the FYE 28 February 2019 by RM19.2 million as compared with the FYE 29 February 2020 as well as a non-recurring professional fee of RM6.6 million for a due diligence exercise in the FYE 29 February 2020 and higher operating and marketing expenses as a result of higher sales in the FYE 29 February 2020.

(x) Results from operating activities

As a result of the foregoing, our results from operating activities increased by 9.4% from RM315.4 million for the FYE 28 February 2019 to RM345.0 million for the FYE 29 February 2020.

(xi) Interest income

Our interest income decreased by 23.1% from RM8.9 million for the FYE 28 February 2019 to RM6.9 million for the FYE 29 February 2020. This was primarily due to a decrease in our investments in short-term deposits as a result of increased capital requirements for our headquarters, DXN Cyberville in Cyberjaya, Malaysia and our new manufacturing and cultivation facilities in India, China and Mexico.

(xii) Finance costs

Our finance costs decreased by 7.8% from RM4.3 million for the FYE 28 February 2019 to RM4.0 million for the FYE 29 February 2020. This was primarily due to a decrease in revolving credit interest expense as a result of lower interest rates offered by banks.

(xiii) PBT

Our PBT increased by 8.7% from RM320.0 million for the FYE 28 February 2019 to RM347.8 million for the FYE 29 February 2020. This was largely due to the reasons set out above.

However, our PBT margin decreased from 35.3% for the FYE 28 February 2019 to 31.5% for the FYE 29 February 2020.

(xiv) Tax expense

Our tax expense decreased by 8.4% from RM101.1 million in the FYE 28 February 2019 to RM92.6 million for the FYE 29 February 2020 largely due to provision for tax dispute cases in India and Peru in the FYE 28 February 2019 and reversal of income tax in India in the FYE 29 February 2020.

(xv) Profit for the year, PATAMI and PATAMI margin

As a result of the foregoing, our profit for the year increased by 16.6% from RM218.9 million for the FYE 28 February 2019 to RM255.2 million for the FYE 29 February 2020.

Our PATAMI increased by 15.1% from RM210.0 million for the FYE 28 February 2019 to RM241.7 million for the FYE 29 February 2020. However, our PATAMI margin decreased from 23.1% for the FYE 28 February 2019 to 21.9% for the FYE 29 February 2020.

12.2.9 Liquidity and capital resources

(i) Working capital

Our working capital is funded through cash generated from our operating activities, cash and bank balances, and credit facilities.

As at 31 December 2021, we had short-term investments of RM38.8 million, deposits with licensed banks of RM21.7 million, cash and bank balances of RM373.2 million and multi-currency trade facilities comprising term loan facilities, revolving credit facilities, overdraft facilities and other trade financings with a combined limit of RM557.9 million, of which RM250.3 million was drawn and RM307.6 million was undrawn.

As at 31 December 2021, our working capital, calculated as current assets minus current liabilities, was RM132.8 million.

Based on our cash generated from our operating activities, cash and bank balances, credit facilities and the gross proceeds of approximately RM[●] million that we expect to raise from our Public Issue, our Board believes that we have sufficient working capital for a period of 12 months from the date of this Prospectus.

(ii) Cash flows

The following table sets out a summary of our consolidated statements of cash flows for the financial years/periods indicated:

	FYE 28/29 February			FPE 31 December	
	2019	**2020**	**2021**	**2020**	**2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Net cash from operating activities	173,713	307,393	250,408	209,257	198,677
Net cash (used in)/from investing activities.....	17,817	(242,686)	(183,458)	(149,956)	6,390
Net cash (used in)/from financing activities.....	(145,755)	(3,750)	12,616	17,570	(135,004)
Net increase/ (decrease) in cash and cash equivalents	45,775	60,957	79,566	76,871	70,063
Foreign exchange translation differences	(1,608)	1,708	(7,348)	(8,643)	(1,471)
Cash and cash equivalents at beginning of the financial year/period..	144,303	188,470	251,135	251,135	323,353
Cash and cash equivalents at end of the financial year/period...............	**188,470**	**251,135**	**323,353**	**319,363**	**391,945**

Most of our cash and cash equivalents are held in RM, PEN, BOB, INR, MXN, EUR and USD. With the exception of restrictions on repatriation of dividends from two of our subsidiaries in India that are due to errors in the registration of shareholding of our Indian subsidiaries, there are no legal, financial or economic restrictions on our subsidiaries' ability to transfer funds to our Company in the form of cash dividends, subject to the availability of distributable reserves, loans or advances in compliance with any applicable financial covenants.

Net cash from operating activities

FPE 31 December 2021

Our net cash from operating activities was RM198.7 million for the FPE 31 December 2021. Our PBT was RM270.6 million, which was adjusted for non-cash and other items of RM31.5 million and further adjusted for working capital changes which primarily comprised:

(a) an increase in inventories of RM52.0 million for the FPE 31 December 2021 due to an increase in stock buffer levels in Latin America to cope with potential shipment delays; and

(b) a decrease in contract liabilities of RM8.3 million for the FPE 31 December 2021 following the redemption or reversal of the points awarded to Members at the end of the 10.0% Discount Promotion in May 2021,

which was partially offset by:

(i) a decrease in trade and other receivables of RM11.4 million for the FPE 31 December 2021 due to the receipt of an insurance claim receivable in the FPE 31 December 2021 in relation to a fire in September 2020 that occurred in one of our warehouses in our manufacturing facility in Kedah, Malaysia; and

(ii) an increase in trade and other payables of RM35.7 million for the FPE 31 December 2021 due to an increase in Member bonus payables as a result of an increase in sales.

We paid RM90.0 million in income tax for the FPE 31 December 2021.

FPE 31 December 2020

Our net cash from operating activities was RM209.3 million for the FPE 31 December 2020. Our PBT was RM244.3 million, which was adjusted for non-cash and other items of RM29.0 million and further adjusted for working capital changes which primarily comprised:

(a) an increase of inventories of RM26.4 million for the FPE 31 December 2020 due to an increase in stock buffer levels in Latin America to cope with potential shipment delays, an increase in production output to prevent an inventory shortage following a fire in September 2020 that occurred in one of our warehouses in our manufacturing facility in Kedah, Malaysia; and

(b) an increase in trade and other receivables of RM15.8 million for the FPE 31 December 2020 due to an insurance claim receivable in relation to a fire in September 2020 that occurred in one of our warehouses in our manufacturing facility in Kedah, Malaysia,

which was partially offset by an increase in trade and other payables of RM60.1 million for the FPE 31 December 2020 due to increase in trade payables as a result of higher purchase of raw materials to rebuild inventory after the fire in September 2020 that occurred in one of our warehouses in our manufacturing facility in Kedah, Malaysia, an increase in Member bonus payables, and an increase in provision for travel seminar incentives due to an increase in sales.

We paid RM81.1 million in income tax for the FPE 31 December 2020.

FYE 28 February 2021

Our net cash from operating activities was RM250.4 million for the FYE 28 February 2021. Our PBT was RM287.3 million, which was adjusted for non-cash and other items of RM44.8 million and further adjusted for working capital changes which primarily comprised:

(a) an increase in inventories of RM43.0 million for the FYE 28 February 2021 due to our decision to increase our stock buffer to cater for market demand and to cope with potential shipment delays; and

(b) an increase in trade and other receivables of RM14.4 million for the FYE 28 February 2021 primarily due to an insurance claim receivable amounting to RM10.1 million in the FYE 28 February 2021 in connection with a fire in September 2020 that occurred in one of our warehouses in our manufacturing facility in Kedah, Malaysia,

which was partially offset by:

(i) an increase in trade and other payables of RM66.6 million for the FYE 28 February 2021 due to a dividend of RM52.7 million declared in the FYE 28 February 2021 and paid after the FYE 28 February 2021 as well as a provision for indirect tax contingency of RM18.0 million in the FYE 28 February 2021; and

(ii) an increase in contract liabilities of RM8.3 million for the FYE 28 February 2021 due to the full accrual of the points awarded to Members in relation to the 10.0% Discount Promotion.

We paid RM98.6 million in income tax for the FYE 28 February 2021.

FYE 29 February 2020

Our net cash from operating activities was RM307.4 million for the FYE 29 February 2020. Our PBT was RM347.8 million, which was adjusted for non-cash and other items of RM21.6 million and further adjusted for working capital changes which primarily comprised:

(a) an increase in inventories of RM5.8 million due to growth in sales in Latin America requiring a higher volume of stock buffer to cater for market demand,

which was partially offset by:

(i) a decrease in trade and other receivables of RM4.1 million due to the reclassification of a deposit paid for a piece of land in Pahang to right of use in the FYE 29 February 2020 and a decrease in indirect tax receivables; and

(ii) an increase in trade and other payables of RM43.7 million due to an increase in Member bonus payables in the FYE 29 February 2020 and an increase in provision for travel seminar incentives as a result of an increase in sales.

We paid RM103.4 million in income tax for the FYE 29 February 2020.

FYE 28 February 2019

Our net cash generated from operating activities was RM173.7 million for the FYE 28 February 2019. Our PBT was RM320.0 million, which was adjusted for non-cash and other items of RM22.1 million and further adjusted for working capital changes which primarily comprised:

(a) an increase in inventories of RM63.0 million due to growth in sales in Latin America;

(b) an increase in trade and other receivables of RM23.3 million due to a deposit of RM6.0 million paid for a piece of land in Pahang and an increase in indirect tax receivables; and

(c) a decrease in trade and other payables of RM5.6 million due to a reversal of provision for Member bonuses in the FYE 28 February 2019 from the accumulation of long outstanding amounts from prior years as part of an ongoing review by our management in assessing whether Member bonuses accrued are still probable to be claimed by Members, with FYE 28 February 2019 being the first year when such a reversal was made. The accumulation of long outstanding amounts stems from the fact that most of the bonuses that are not paid out belong to Members who are purely consumers of our products. As they become inactive over time, the bonus accrued becomes outstanding amounts.

We paid RM76.4 million in income tax for the FYE 28 February 2019.

Net cash from/used in investing activities

FPE 31 December 2021

Our net cash from investing activities was RM6.4 million for the FPE 31 December 202, which primarily comprised withdrawal of short term investment of RM154.9 million and interest income from short-term deposits, investment funds and advances of RM2.3 million, partially offset by purchases of property, plant and equipment of RM152.1 million relating to construction work-in-progress for DXN Cyberville in Cyberjaya, Malaysia, and cultivation and manufacturing facilities in India, China and Mexico, purchase of plant and machinery for the facilities in India, Malaysia and China and purchase of laboratory equipment in Malaysia, as well as other building costs, purchase of furniture and fittings, and motor vehicles and vessels.

FPE 31 December 2020

Our net cash used in investing activities was approximately RM150.0 million for the FPE 31 December 2020, which primarily comprised purchases of property, plant and equipment of RM100.1 million, acquisition of subsidiaries, net of cash and cash equivalents of RM8.4 million, and placement of short term investments of RM46.7 million, partially offset by interest income from short-term deposits, investment funds and advances of RM6.1 million.

FYE 28 February 2021

Our net cash used in investing activities was RM183.5 million for the FYE 28 February 2021, which primarily comprised:

(i) purchases of property, plant and equipment of RM140.1 million including capital work-in-progress amounting to RM109.8 million for our headquarters, DXN Cyberville in Cyberjaya, Malaysia and cultivation and manufacturing facilities in India, China and Malaysia, purchase of plant and machinery amounting to RM19.9 million for our facilities in India, Malaysia and China and purchase of laboratory equipment in Malaysia, building costs, purchase of motor vehicles, purchase of aircraft as well as furniture and fittings;

(ii) acquisition of subsidiaries, net of cash and cash equivalents, of RM8.4 million for our cultivation facility and manufacturing facility in Anxi, China; and

(iii) placement of short-term investments in fixed income trusts and funds amounting to RM41.0 million,

partially offset by interest income from short-term deposits, investment funds and advances of RM6.9 million.

FYE 29 February 2020

Our net cash used in investing activities was RM242.7 million for the FYE 29 February 2020, which primarily comprised:

(i) purchases of property, plant and equipment of RM146.1 million, including capital work-in-progress amounting to RM106.1 million for our headquarters, DXN Cyberville in Cyberjaya, Malaysia and cultivation and manufacturing facilities in India, China, Mexico, Malaysia and Indonesia, building costs amounting to RM19.0 million for a shop building in Thailand, warehouse in Malaysia and manufacturing facility in China, purchase of plant and machinery amounting to RM7.7 million for our facilities in Malaysia and Indonesia and purchase of laboratory equipment in

Malaysia, purchase of land in Mexico amounting to RM3.7 million for use as a production facility, motor vehicles amounting to RM2.4 million as well as furniture and fittings amounting to RM5.9 million; and

(ii) purchase of investment properties of RM37.3 million in Gua Musang, Malaysia for the expansion of our cultivation facilities,

partially offset by interest income from short-term deposits, investment funds and advances of RM6.9 million.

FYE 28 February 2019

Our net cash from investing activities was RM17.8 million for the FYE 28 February 2019, which primarily comprised:

(i) purchase of investment property of RM61.8 million relating to the payment of deposit for the purchase of land in Gua Musang, Malaysia; and

(ii) purchase of property, plant and equipment of RM47.4 million relating to the purchase of a manufacturing facility in Telangana, India amounting to RM6.0 million, purchase of aircraft amounting to RM7.9 million, purchase of property in Spain and Malaysia for sales and administrative offices amounting to RM4.3 million and the expansion of plant and machinery for a cultivation facility in China amounting to RM3.8 million and a laboratory business in Malaysia amounting to RM2.8 million,

partially offset by the withdrawal of short-term investments in fixed income trust and funds placed with financial institutions amounting to RM120.2 million and interest income from short-term deposits, investment funds and advances of RM8.9 million.

Net cash from/used in financing activities

FPE 31 December 2021

Our net cash used in financing activities was RM135.0 million for the FPE 31 December 2021, which primarily comprised dividends paid to our shareholders of RM112.7 million, repayment of revolving credit of RM32.5 million, repayment of interest of RM4.1 million and repayment of lease liabilities of RM8.6 million, partially offset by drawdown of term loans of RM23.7 million.

FYE 28 February 2021

Our net cash from financing activities was RM12.6 million for the FYE 28 February 2021, which primarily comprised drawdown of revolving credits and term loans of RM96.6 million and RM4.9 million respectively, partially offset by dividends paid to our shareholders of RM80.0 million, repayment of interest of RM4.3 million and repayment of lease liabilities of RM8.6 million.

FYE 29 February 2020

Our net cash used in financing activities was RM3.8 million for the FYE 29 February 2020, which primarily comprised dividends paid to our shareholders of RM55.0 million, repayment of term loans of RM20.7 million, repayment of lease liabilities of RM7.1 million and repayment of interest of RM4.0 million, partially offset by drawdown of revolving credits of RM85.2 million.

FYE 28 February 2019

Our net cash used in financing activities was RM145.8 million for the FYE 28 February 2019, which primarily comprised dividends paid to our shareholders of RM94.0 million, repayment of revolving credit of RM42.1 million, repayment of lease liabilities of RM5.3 million and repayment of interest of RM4.3 million.

(iii) Borrowings

As at 31 December 2021, our total borrowings, all of which were interest bearing, amounted to RM249.5 million as set out in the table below:

	RM'000	Contractual interest rate %
Non-current		
Hire purchase liabilities	1,506	1.71 – 3.54
Term loans, secured	33,345	2.00 – 7.00
	34,851	
Current		
Hire purchase liabilities	912	1.71 – 3.54
Term loans, secured	11,089	2.00 – 7.00
Revolving credits, secured	197,549	1.06 – 1.60
Revolving credits, unsecured	5,063	1.06 – 1.60
	214,613	
Total loans and borrowings	**249,464**	

	RM'000
Currency profile of borrowings:	
USD	154,670
EUR	90,611
RM	4,180
PHP	3
Total	**249,464**
Gearing ratio (times)[(1)]	0.3
Net gearing ratio (times)[(2)]	(0.2)

Notes:

(1) Calculated based on total borrowings (excluding lease liabilities) divided by total equity.

(2) Computed based on total borrowings (excluding lease liabilities) less cash and cash equivalents divided by total equity.

Our term loans and revolving credits as at 31 December 2021 are secured by way of legal charges over lands and buildings of our Group, inventories, short term deposits and land held for property development owned by our former subsidiary, Yiked-DXN Stargate Sdn Bhd ("**Yiked Lands**") which was disposed of in February 2021. As at the LPD, we have engaged a legal counsel for the discharge of the Yiked Lands and to replace the charge over the Yiked Lands with a property owned by Amazing Discovery.

The maturity profile of our borrowings as at 31 December 2021 is set out below:

	On demand or within one year	Within one year to five years	Over five years	Total
		RM'000		
Hire purchase liabilities	912	1,506	-	2,418
Term loans	11,089	32,914	431	44,434
Revolving credits	202,612	-	-	202,612
Total	**214,613**	**34,420**	**431**	**249,464**

As at 31 December 2021, our loans and borrowings are denominated in RM, USD, EUR, and PHP and are subject to both fixed and floating rates.

For more information on our borrowings, see Note 18 of the Accountants' Report included in Section 13 of this Prospectus.

We have not been in default of either interest or principal for any of our borrowings during the FYEs 28 February 2019, 29 February 2020 and 28 February 2021, the FPE 31 December 2021 and from 1 January 2022 up to and including the LPD. As at the LPD, we are not in breach of the terms and conditions or covenants associated with our borrowings which would materially affect our financial position and results of operations or the investment in our Shares.

(iv) Key financial ratios

The following table sets out certain of our key financial ratios for the financial years/period indicated:

	FYE 28/29 February			FPE 31 December
	2019	2020	2021	2021
Trade receivables turnover (days)[(1)]	5	4	5	5
Trade payables turnover (days)[(2)]	17	16	26	20
Inventory turnover (days)[(3)]	210	227	293	321
Current ratio (times)[(4)]	1.6	1.4	1.2	1.2
Gearing ratio (times)[(5)]	0.1	0.2	0.4	0.3
Net gearing ratio (times)[(6)]	(0.2)	(0.1)	(0.1)	(0.2)

***Notes**:*

(1) Computed based on average trade receivables as at the beginning and end of the financial year/period divided by revenue for such financial year/period, multiplied by number of days in the financial year/period.

(2) Computed based on average trade payables as at the beginning and end of the financial year/period divided by cost of goods sold for such year/period, multiplied by number of days in the financial year/period.

(3) Computed based on average inventories (excluding land held for property development and developed properties) as at the beginning and end of the financial year divided by cost of goods sold for such financial year/period, multiplied by number of days in the financial year/period.

(4) Computed based on current assets over current liabilities as at the end of the financial year/period.

(5) Computed based on total borrowings (excluding lease liabilities) over total equity as at the end of the financial year/period.

(6) 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/period.

(a) **Trade receivables turnover**

Our sales to Members are through financial institutions providing retail credit services such as credit cards, through online payment channels and payments made using Member bonuses with cash and ePoints.

For external distribution agencies and other third parties such as customers of our laboratory testing services, we allow payment by letters of credit or credit terms ranging from 30 to 90 days. These credit terms are determined on a case-by-case basis, taking into consideration factors such as our business relationship with the external distribution agency, customer creditworthiness and historical payment trends as well as transaction volume and value before approving customer credit applications.

Our trade receivables turnover period for the FYEs 28 February 2019, 29 February 2020 and 28 February 2021 and the FPE 31 December 2021 has remained within the normal credit terms that we impose on our customers.

Our trade receivables turnover period has been stable for the FYEs 28 February 2019, 29 February 2020 and 28 February 2021 and the FPE 31 December 2021, at five days and below.

The following table sets out the aging analysis for our trade receivables as at 31 December 2021:

		Past due			
	Current	1-30 days	31-120 days	More than 120 days	Total
		(RM'000, except percentages)			
As at 31 December 2021					
Trade receivables..	8,360	5,152	1,033	2,457	17,002
% of total trade receivables	49.2	30.3	6.1	14.4	100.0
As at the LPD:					
- Trade receivables settled................	7,799	4,648	821	1,532	14,800
- Trade receivables settled (% of total trade receivables)	45.9	27.3	4.8	9.0	87.0
- Trade receivables outstanding.........	561	504	212	925	2,202

As at 31 December 2021, our total trade receivables were approximately RM17.0 million, of which RM8.6 million or 50.8% of our trade receivables are past due. The trade receivables that are past due are mainly amounts due from a stockist holding certain slow moving products, where we have arranged for collection of payment on actual sales, as well as advanced stock to stockists for new market development.

As at the LPD, we have collected RM14.8 million or 87.0% of our total outstanding trade receivables as at 31 December 2021. Out of the remaining trade receivables of approximately RM2.2 million, a provision of RM0.5 million has been made in February 2022 on the amount owed from the said stockist, RM0.2 million will be collectible by way of bonus deduction for the said stockist and the collection of RM0.5 million has been postponed for a customer who is in the midst of changing bank authorisation signatory. We actively communicate and follow-up for collection of outstanding trade receivables exceeding our credit period.

(b) **Trade payables turnover**

Our trade payables relate to transactions with third party suppliers. The credit period given by our trade creditors generally ranges between 30 to 60 days. Our trade payables turnover period for the FYEs 28 February 2019, 29 February 2020 and 28 February 2021 and the FPE 31 December 2021 has remained within the normal credit period that our trade creditors extend to us.

Our trade payables turnover period has remained stable in the FYE 28 February 2019 and the FYE 29 February 2020 at 17 days and 16 days, respectively.

Our trade payables turnover period increased from 16 days for the FYE 29 February 2020 to 26 days for the FYE 28 February 2021 primarily due to higher purchase volumes of raw materials due to a need to restock some inventories due to losses from a fire in September 2020 that occurred in one of our warehouses in our manufacturing facility in Kedah, Malaysia.

Our trade payables turnover period decreased from 26 days for the FYE 28 February 2021 to 20 days for the FPE 31 December 2021 primarily due to lower purchase volumes of raw materials as the stock has achieved the required stock buffer level.

The following table sets out the aging analysis for our trade payables as at 31 December 2021:

		Past due			
	Current	**1-30 days**	**31-120 days**	**More than 120 days**	**Total**
		(RM'000, except percentages)			
As at 31 December 2021					
Trade payables......	6,831	73	5	1,023	7,932
% of total trade payables............	86.1	0.9	0.1	12.9	100.0
As at the LPD:					
- Trade payables settled................	6,805	73	5	1	6,884
- Trade payables settled (% of total trade payables)...	85.8	0.9	0.1	*	86.8
- Trade payables outstanding.........	26	-	-	1,022	1,048

Note:

* *Negligible.*

As at 31 December 2021, our total trade payables were approximately RM7.9 million, with RM1.1 million or 13.9% of our trade payables past due. The trade payables that are past due are primarily due to the RM1.0 million amount outstanding owed by our subsidiary, DXN Healthtech, to a supplier of household electrical products.

As at the LPD, we have paid approximately RM6.9 million or 86.8% of our total outstanding trade payables as at 31 December 2021. We do not intend to settle the outstanding amount due to the said supplier, pending the resolution of our legal dispute over amounts owed by the same supplier to DXN Biotechnology Ningxia and DXN Corporation Ningxia.

(c) **Inventory turnover**

Our inventory comprises raw materials, work-in-progress and finished products. The table below sets out a summary breakdown of our inventories for the financial years/period indicated:

	FYE 28/29 February			**FPE 31 December**
	2019	**2020**	**2021**	**2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Raw materials	49,041	50,852	65,763	65,283
Work-in-progress products	2,285	7,682	6,502	9,553
Finished products	63,411	64,608	93,861	143,304
Closing inventory[(1)]	**114,737**	**123,142**	**166,126**	**218,140**
Cost of goods sold	145,672	191,488	179,886	183,389
Inventory turnover (days)[(2)]	210	227	293	321
Inventory turnover for raw materials and work-in-progress products (days)[(2)]	108	105	132	123
Inventory turnover for finished products (days)[(2)]	102	122	161	198

Notes:

(1) This excludes land held for development (non-current assets) and developed properties (current assets) since that is not our core business and that land and properties have been disposed of in the FYE 28 February 2021.

(2) Computed as an average of the opening and closing inventory for the financial year/period divided by cost of goods sold for such financial year/period, multiplied by number of days in the financial year/period.

Generally, while our inventory turnover period depends on the expected demand from our customers for the type of products and also the value of inventories during the period, we aim to keep inventory levels of raw materials, work-in-progress and finished products of six to nine months of stock to protect against shortages from sudden spikes in demand.

Our inventory turnover period for raw materials and work-in-progress products decreased from 108 days for the FYE 28 February 2019 to 105 days for the FYE 29 February 2020. Our inventory turnover period for finished products increased from 102 days for the FYE 28 February 2019 to 122 days for the FYE 29 February 2020 primarily due to completion of a new warehouse in Kedah, Malaysia in 2019 that enabled us to keep higher stock levels.

Our inventory turnover period for raw materials and work-in-progress products increased from 105 days for the FYE 29 February 2020 to 132 days for the FYE 28 February 2021, while our inventory turnover period for finished products increased from 122 days for the FYE 29 February 2020 to 161 days for the FYE 28 February 2021. This was due to our decision to increase our stock buffer from three to six months to better protect against shortages, in response to a fire in September 2020 that occurred in one of our warehouses in our manufacturing facility in Kedah, Malaysia and shipment delays affecting global supply chains due to the COVID-19 pandemic.

Our inventory turnover period for raw materials and work-in-progress products decreased from 132 days for the FYE 28 February 2021 to 123 days for the FPE 31 December 2021 as more of our raw materials and work-in-progress products were used to produce finished goods, and there was a delay in restocking raw materials due to the COVID-19 pandemic. Our inventory turnover period for finished products increased from 161 days for the FYE 28 February 2021 to 198 days for the FPE 31 December 2021 due to an increase in stock buffer in our core markets to prevent shortages and manage longer shipment durations due to the COVID-19 pandemic.

Our raw materials have varying shelf lives depending on their nature, ranging mainly from two to three years, and our work-in-progress and finished products have an average shelf life of three years. Our Board is of the view that no material impairment is required for our inventory as at the LPD as the raw materials, work-in-progress and finished products are within their respective shelf life period.

(d) **Current ratio**

Our current ratio decreased from 1.6 times as at 28 February 2019 to 1.4 times as at 29 February 2020 primarily due to an increase in revolving credit by RM85.2 million to fund our working capital requirements to support our increase in sales in the FYE 29 February 2020.

Our current ratio decreased from 1.4 times as at 29 February 2020 to 1.2 times as at 28 February 2021 primarily due to an increase in our revolving credit by RM96.6 million to fund our working capital requirements to build up the inventory loss due to a fire in September 2020 that occurred in one of our warehouses in our manufacturing facility in Kedah, Malaysia as well as dividend payable of RM52.7 million that was paid after the FYE February 2021.

Our current ratio remained stable at 1.2 times as at 31 December 2021.

(e) **Gearing ratio**

Our gearing ratio increased from 0.1 times as at 28 February 2019 to 0.2 times as at 29 February 2020 primarily due to the drawdown of revolving credit to fund our working capital requirements in the FYE 29 February 2020.

Our gearing ratio increased from 0.2 times as at 29 February 2020 to 0.4 times as at 28 February 2021 primarily due to an increase in revolving credit by RM96.6 million to fund our working capital requirements to build up the inventory loss due to a fire in September 2020 that occurred in one of our warehouses in our manufacturing facility in Kedah, Malaysia as well as our investment in production facilities in India and China and drawdown of a new term loan for the construction of DXN Cyberville in the FYE 28 February 2021.

Our gearing ratio decreased from 0.4 times as at 28 February 2021 to 0.3 times as at 31 December 2021 primarily due to the increase in retained earnings in the FPE 31 December 2021.

(v) Capital expenditure

The following table sets out our capital expenditure for the financial years/periods indicated:

	FYE 28/29 February			FPE 31 December	1 January 2022 up to and including the LPD
	2019	2020	2021	2021	
	RM'000	RM'000	RM'000	RM'000	RM'000
Expansion of cultivation and manufacturing facilities	25,736	118,798	108,260	104,466	13,976
Lifestyle offering projects	551	33,148	30,801	31,855	7,308
Others[(1)]	6,450	7,506	760	682	18,470
Total	**32,736**	**159,452**	**139,821**	**137,003**	**39,754**

Note:

(1) Others comprise of a café, third party laboratory testing services business and purchase of office buildings.

Our capital expenditure increased by 387.1% from RM32.7 million for the FYE 28 February 2019 to RM159.5 million for the FYE 29 February 2020 primarily due to: (i) construction of manufacturing and cultivation facilities in Telangana, India; (ii) construction of a new beverage factory in Ningxia, China; and (iii) expansion of various cultivation and manufacturing facilities in Malaysia. Our capital expenditure in the FYE 28 February 2021 marginally decreased by 12.3% from RM159.5 million for the FYE 29 February 2020 to RM139.8 million for the FYE 28 February 2021, which was mainly incurred in relation to (i) construction of manufacturing and cultivation facilities in Telangana, India; (ii) acquisition of Florin Fujian and subsequent expansion of its cultivation facility in Anxi, China; and (iii) construction of the new beverage factory in Ningxia, China.

The majority of our capital expenditure incurred in the past were in connection with the expansion of our cultivation and manufacturing facilities, including the following:

(i) expansion of a research facility, cultivation facility and two manufacturing facilities in Kedah, Malaysia, and two manufacturing facilities in Pondicherry, India and West Java, Indonesia;

(ii) construction and subsequent expansion of a research facility to conduct research related to FFB, edible fungi, Spirulina and fermentation, a cultivation facility to cultivate Spirulina powder and a manufacturing facility to manufacture food and fortified beverages and Spirulina tablets in Ningxia, China;

(iii) acquisition of Florin Fujian and subsequent expansion of its cultivation facility to cultivate tea trees as well as a manufacturing facility to manufacture tea products in Anxi, China;

(iv) construction and subsequent expansion of a cultivation facility in Pondicherry, India to cultivate Spirulina and Noni, and a cultivation facility Odisha, India to cultivate Ganoderma, Lion’s Mane mushroom and Cordyceps;

(v) construction and subsequent expansion of three manufacturing facilities in: (i) Himachal Pradesh, India to manufacture RG and GL capsules, and fortified beverages; (ii) Tlaxcala, Mexico to manufacture fortified beverages; and (iii) South Kalimantan, Indonesia to manufacture virgin coconut oil;

(vi) construction of a cultivation and manufacturing facilities in Telangana, India to cultivate Ganoderma and Spirulina, and produce fortified beverages, food supplements and cosmetics;

(vii) acquisition of Esen Lifesciences that owns one facility in Pondicherry, India;

(viii) construction of a cultivation and manufacturing facilities in Ningxia, China to cultivate Spirulina, Lion's Mane mycelium, Cordyceps mycelium and other mycelia of edible fungi, and produce carbonated beverage products, as well as to serve as a distribution centre for our products to our Group; and

(ix) construction of a manufacturing facility in Tlaxcala, Mexico to produce FFB, including premixed coffee, premixed cocoa and juices, and food supplements products, including capsules and tablets.

See Section 6.1.3 of this Prospectus for further details on our investments in our production facilities.

Our capital expenditure incurred in relation to our lifestyle offering projects are for Boulder Valley and DXN Cyberville.

Boulder Valley is a lifestyle resort in Penang, Malaysia, that consists of tented accommodations and space for small parties and events. In April 2019, we acquired 100% of the shares in Amazing Discovery, which owns Boulder Valley, for RM2.4 million. We funded this using cash from internally generated funds.

DXN Cyberville is our new headquarters. We commenced construction of this project in Cyberjaya, Malaysia in 2019 and have incurred RM83.5 million as at the LPD. It is a three-storey wellness and retreat centre with a 10-storey apartment and two-storey recreational space that includes a sales counter, branch office, stockist sales counter, VIP lounges, convention hall and helipad. We intend for this space to offer Members a space to receive Ganotherapy and other natural health treatments using DXN products, including as part of group retreats. We have completed the first phase of construction for the three-storey wellness and retreat centre, which includes the DXN experiential gallery and training rooms for accommodating over 1,500 visitors, with the remaining construction to be completed in the third quarter of 2022.

We completed our acquisition of an 82.8% equity interest in Florin Fujian in China (with the remaining 17.2% equity interest held by Fujian Anxi Jinjiang Source Tea Technology Co., Ltd.) in the FYE 28 February 2021 for a total cost of RM24.1 million using internal funds from operations.

The general purpose of the capital expenditure throughout the financial years/periods above was to expand into other business activities that primarily serve to support our core businesses in terms of production, marketing or delivering services to Members. Our sources of funding for these capital expenditures were internal funds from operations and bank borrowings. We used term loans to finance the purchase of land and construction of building for DXN Cyberville.

The following table sets out our capital expenditure by geographical location for the financial years/periods indicated:

	FYE 28/29 February			FPE 31 December	1 January 2022 up to and including the LPD
	2019	**2020**	**2021**	**2021**	
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Malaysia..................	13,904	49,215	51,586	45,496	28,704
China	7,610	24,623	36,754	40,606	6,282
India........................	7,867	61,724	47,561	43,695	3,421
Mexico	194	10,096	2,481	6,806	1,153
Others(1)	3,161	13,794	1,439	400	194
Total	**32,736**	**159,452**	**139,821**	**137,003**	**39,754**

Note:

(1) Others comprise Indonesia, Spain and Thailand.

(vi) Material investments and divestitures

Saved as disclosed in Section 12.2.9(v) of this Prospectus and below, we have not undertaken any material investments or divestitures during the FYEs 28 February 2019, 29 February 2020 and 28 February 2021, the FPE 31 December 2021 and up to and including the LPD:

(i) in April 2019, we acquired the entire equity interest in Amazing Discovery in Malaysia for a total cash consideration of RM2.4 million using internal funds from operations.

(ii) in February 2021, we disposed of the following subsidiaries located in Malaysia to DXN Global, our substantial shareholder:

(a) entire equity interest in DXN Plantation Sdn. Bhd. for a total cash consideration for RM2.6 million;

(b) entire equity interest in DXN Land Sdn. Bhd. including its subsidiaries Yiked Lands, Richmont Sapphire Sdn. Bhd. and Bio Synergy Engineering Sdn. Bhd. for a total cash consideration amounting to of RM5.5 million; and

(c) redeemable preference shares held directly by our Company in Yiked Lands for a total cash consideration amounting to RM39.0 million.

The total cash consideration of RM47.1 million from the above divestments was set off against our dividends payable to DXN Global.

In conjunction with the above divestments, DXN Global also agreed to set off the dividends payable by our Company amounting to RM100.2 million against the amount owing by the disposed subsidiaries to our Company.

(vii) Capital commitments and contractual obligations

Capital commitments

Our capital commitments as at the LPD are as follows:

	As at 31 December 2021	As at the LPD
	RM'000	RM'000
Contracted but not provided for:		
Property, plant and equipment	82,377	68,548
Total	**82,377**	**68,548**

Our contracted but not provided for capital commitments as at the LPD primarily comprise RM25.8 million for the construction of DXN Cyberville, RM20.5 million for the construction of a manufacturing facility in Telangana, India, RM15.3 million for the construction of cultivation and manufacturing facilities in China, RM6.4 million for purchase of machineries and equipment as well as RM0.5 million for the purchase of lab equipment. We plan to meet our capital commitments through our cash and cash equivalents, cash generated from our operations and funding from other financing activities (if required).

Save as disclosed above, as at the LPD, we do not have any other material capital commitments incurred or known to be incurred by us that may have a material adverse effect on our financial results.

Other contractual obligations

Our contractual obligations (excluding capital expenditure commitments) as at 31 December 2021 comprise primarily of repayment obligations under our leases and in respect of our borrowings.

The following table sets out the maturity profile of our contractual cash repayment obligations under our leases as at 31 December 2021:

	As at 31 December 2021
	RM'000
Payments due by period	
Not later than one year	9,159
Later than one year and not later than five years	15,160
Later than five years	1,749
Total	**26,068**

The following table sets out the maturity profile of our contractual cash repayment obligations in respect of our borrowings as at 31 December 2021:

	As at 31 December 2021
	RM'000
Payments due by period	
Not later than one year	115,545
Later than one year and not later than five years	134,478
Later than five years	2,656
Total	**252,679**

We plan to meet our contractual cash obligations through our cash and cash equivalents on hand, as well as cash generated from future operations and funding from other financing activities (if required).

(viii) Contingent liabilities

Save for our undertaking to provide financial support to our associate, Box Park Management, and our joint venture, DNC Food Industries to enable them to continue operating as a going concern, as disclosed below, we do not have any other contingent liabilities as at the LPD which, upon becoming enforceable, may have a material adverse effect on our results of operations or financial position:

	Total balance (gross) as at 31 December 2021	Total balance (net) as at 31 December 2021(3)
	RM'000	RM'000
Amounts due from		
Box Park Management(1)	4,130	-
DNC Food Industries(2)	2,682	2,250

Notes:

(1) Financial support was provided to Box Park Management for the funding of the Tanjung Chali project, a tourism project undertaken by Box Park Management. As at the LPD, the project is on hold due to the COVID-19 pandemic.

(2) Financial support was provided to DNC Food Industries for the joint purchase of industrial land in collaboration with our joint venture partner, CSC Food Industries Sdn. Bhd, with the intention of building a factory. Due to a change in our strategic plans, our management does not intend to proceed with the construction of the factory, and will look to dispose of the land at the appropriate time.

(3) After impairment of approximately RM4.1 million owing from Box Park Management and approximately RM0.4 million owing from DNC Food Industries.

(ix) Off-balance sheet arrangements

We did not have any off-balance sheet arrangements during the FYEs 28 February 2019, 29 February 2020 and 28 February 2021 and the FPE 31 December 2021.

12.2.10 Financial risk management

We are exposed to market risk arising from our operations and use of financial instruments. Our overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on our financial performance.

(i) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. We are exposed to foreign currency risk on our sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of our Group's entities. The currencies giving rise to this risk are primarily EUR, USD and THB.

Transactions in foreign currencies are measured and recorded on initial recognition in the respective functional currencies of our Group's entities at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the end of the reporting period. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions.

We do not have a formal hedging policy with respect to foreign exchange exposure. Rather, we monitor foreign exchange exposure on an ongoing basis and endeavour to keep net exposures to an acceptable level. If determined as necessary due to prevailing and anticipated conditions, we may enter into forward foreign exchange contracts to hedge foreign currency risk. For example, we have entered into foreign exchange forward currency contracts to hedge our sales proceeds denominated in USD and EUR.

The following table demonstrates the sensitivity of our profit for the year/period to a 10.0% change in EUR and USD as at the end of the reporting year/period, with all other variables, in particular interest rates, held constant:

	Increase/(decrease)			
	FYE 28/29 February			**FPE 31 December**
	2019	**2020**	**2021**	**2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Effects on profit for the year/period				
USD				
- Strengthened by 10% .	1,799	2,310	3,892	5,960
- Weakened by 10%	(1,799)	(2,310)	(3,892)	(5,960)
EUR				
- Strengthened by 10% .	(190)	4,459	7,551	9
- Weakened by 10%	190	(4,459)	(7,551)	(9)

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of our financial instruments will fluctuate because of changes in market interest rates. Our exposure to interest rate risk arises from our significant interest-earning financial assets and interest-bearing financial liabilities in the form of deposit placements and fixed and floating rate borrowings. Short-term receivables and payables are not significantly exposed to interest rate risk.

Our 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.

Our fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. Our variable rate borrowings are exposed to a risk of changes in cash flow due to changes in interest rates.

Our practice is to obtain the most favourable interest rates available. We do not enter into interest rate swaps.

The following table demonstrates the sensitivity of our profit for the year/period to a 100 basis point change in interest rates at the end of the reporting year/period, with all other variables, in particular foreign currency rates, held constant:

	Increase/(Decrease) in profit for the year/period			
	FYE 28/29 February			FPE 31 December
	2019	2020	2021	2021
	RM'000	RM'000	RM'000	RM'000
Floating rate instruments				
Increase of 100 basis points	(539)	(1,150)	(1,914)	(1,861)
Decrease of 100 basis points....	539	1,150	1,914	1,861

(iii) Credit risk

Credit risk is the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Our exposure to credit risk arises mainly from our receivables with customers. We manage our exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets, cash and bank balances, we minimise credit risk by dealing exclusively with high credit rating counterparties.

As at 31 December 2021, we have not incurred material credit losses on our financial assets or other financial instruments.

(iv) Liquidity risk

Liquidity risk is the risk that we will not be able to meet our financial obligations as they fall due. Our exposure to liquidity risk arises primarily from various payables, loans and borrowings.

We practise prudent risk management by maintaining a level of cash and cash equivalents and banking facilities deemed adequate by the management to ensure, as far as possible, that we will have sufficient liquidity to meet our liabilities when they fall due.

See Note 31.5 of the Accountants' Report included in Section 13 of this Prospectus for a summary of the maturity profile of our financial liabilities as at the end of the FYE 28 February 2019, FYE 29 February 2020, FYE 28 February 2021 and FPE 31 December 2021 based on undiscounted contractual payments.

12.2.11 Seasonality

See Section 7.19 of this Prospectus for details on the seasonality of our business.

12.2.12 Inflation

Inflation has not had a material impact on our results of operations in the FYEs 28 February 2019, 29 February 2020 and 28 February 2021 and the FPE 31 December 2021.

12.2.13 Order book

Due to the nature of our business, we do not maintain an order book.

12.2.14 Trends information

As at the LPD, the Russia-Ukraine war which began in February 2022 is still on-going. We have not experienced any material impact to our operations arising from the war as our Group does not export to Russia or Ukraine and does not purchase raw materials from suppliers in Russia or Ukraine. Nevertheless, with the global economy largely reliant on Russia for both oil and gas, inflationary pressures have affected our energy costs as well as the cost of our raw materials, in particular, packaging materials, coffee powder and creamer. While these have not had a material impact on our Group, in the event the war prolongs, such inflationary pressures may materially affect our business, results of operations and financial condition.

Save as disclosed in this section and in Section 5 of this Prospectus, and to the best of our Board's knowledge and belief, there are no other known factors, trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on our business, financial condition and results of operations.

12.2.15 Significant changes

Save as disclosed in this Prospectus, no significant changes have occurred since 31 December 2021 which may have a material effect on our financial position and results of operations.

See Section 7.23 of this Prospectus for further details on the effects of the COVID-19 pandemic on our business.

12.2.16 Government, economic, fiscal and monetary policies

We are subject to the risks of government policies, where any unfavourable change may materially affect our business operations, financial performance and prospects.

For the FYEs 28 February 2019, 29 February 2020 and 28 February 2021, the FPE 31 December 2021 and up to and including the LPD, our results were not materially and adversely affected by any unfavourable changes relating to government, economic, fiscal or monetary policies.

12.2.17 Accounting standards issued but not yet effective and not early adopted

For a description of accounting standards issued but not yet effective and not early adopted, see Note 1(a) of the Accountants' Report included in Section 13 of this Prospectus.

12.2.18 Treasury policies and objectives

One of the main treasury responsibilities is to ensure that we have the liquidity and cash to meet our obligations as they fall due. Our principal sources of liquidity are our cash and bank balances, cash generated from our operations, as well as loans and borrowings. Using appropriate governance and policies, it is the responsibility of treasury to identify, quantify, monitor and control the risks (liquidity, interest, currency, credit, legal and regulatory) associated with these activities, using appropriate mitigation and hedging techniques.

We are exposed to currency exchange risk on sales and purchases, borrowings and bank balances that are denominated in a currency other than RM. The currencies giving rise to this risk are primarily USD and EUR. To mitigate the effect of foreign currency fluctuation to our profit performance, we have obtained loans and borrowings denominated in USD and EUR to hedge against our account receivables and bank balances in those currencies. We also use forward contract to hedge foreign currency risk.

12.3 CAPITALISATION AND INDEBTEDNESS

The table below presents our capitalisation and indebtedness as at 31 March 2022 and on the assumption that our IPO, Listing and the use of proceeds from our Public Issue as set out in Section 4 of this Prospectus had occurred on 31 March 2022. The pro forma financial information below does not represent our actual capitalisation and indebtedness as at 31 March 2022 and is provided for illustrative purposes only.

	Unaudited As at 31 March 2022	**Adjustments(1)**	**Pro Forma After our IPO, Listing and Use of Proceeds**
	RM'000	**RM'000**	**RM'000**
Indebtedness:			
<u>Current</u>			
<u>Secured and guaranteed</u>			
Term loans	11,039	([•])	[•]
Revolving credit	194,621	([•])	[•]
<u>Unsecured and unguaranteed</u>			
Hire purchase liabilities	900		900
Revolving credit	5,042		5,042
Lease liabilities	8,002		8,002
<u>Non-current</u>			
<u>Secured and guaranteed</u>			
Term loans	30,415	([•])	[•]
<u>Unsecured and unguaranteed</u>			
Hire purchase liabilities	1,293		1,293
Lease liabilities	14,156		14,156
Total indebtedness	**265,468**	**([•])**	**[•]**
Equity attributable to owners of our Company	751,897	[•]	[•](1)
Non-controlling interests	50,972		50,972
Total equity / capitalisation	**802,869**	**[•]**	**[•]**
Total capitalisation and indebtedness	**1,068,337**	**([•])**	**[•]**
Gearing(2)		**0.3**	**0.1**

Notes:

(1) *Calculated after taking into account, among others, the payment of the third interim dividend in respect of the FYE 28 February 2022 of RM15.0 million, gross proceeds of approximately RM[•] million from our Public Issue based on the Retail Price and the estimated listing expenses of approximately RM[•] million.*

(2) *Calculated based on total indebtedness (excluding lease liabilities) divided by total equity.*

12.4 DIVIDEND POLICY

No inference should be made from any of the foregoing statements as to our actual future profitability or our ability to pay dividends in the future.

The actual dividend that our Board may recommend or declare in any particular financial year or period will be subject to the factors outlined below as well as any other factors deemed relevant by our Board. In considering the level of dividend payments, if any, upon recommendation by our Board, we intend to consider various factors including:

(i) the level of our cash, gearing, return on equity and retained earnings;

(ii) our projected levels of capital expenditure and other growth/investment plans; and

(iii) applicable restrictive covenants under our financing documents.

As our Company is a holding company, our income and therefore, our ability to pay dividends is dependent upon the dividends that we receive from our subsidiaries, joint venture company and associate. Distributions by our subsidiaries, joint venture and associate will depend upon their operating results, earnings, capital requirements, general financial condition and other relevant factors including exchange controls. There are no dividend restrictions imposed on our subsidiaries, joint venture and associate as at the LPD save for in India, where two (2) of our subsidiaries are currently unable to remit profits to Malaysia due to errors in the registration of shareholding of our Indian subsidiaries, though such subsidiaries are not restricted from declaring dividends. We are still in the process of preparing regularisation applications to the relevant authorities in India to regularise these errors in the registration of shareholding of our Indian subsidiaries, which we expect to be completed within one (1) year from the date of this Prospectus.

We target a payout ratio of 30% to 50% of our profit attributable to the owners of our Company for each financial year on a consolidated basis after taking into account working capital, maintenance capital and committed capital requirements of our Group. The declaration and payment of any dividend is subject to the confirmation of our Board as well as any applicable law, licence conditions and contractual obligations and provided that such distribution will not be detrimental to our cash requirements or any plans approved by our Board.

Investors should note that this dividend policy merely describes our present intention and shall not constitute legally binding statements in respect of our future dividends which are subject to modification (including non-declaration thereof) at our Board's discretion. There can be no assurance that we will be able to pay dividends or that our Board will declare dividends in the future. There can also be no assurance that future dividends declared by our Board, if any, will not differ materially from historical dividend levels. See Section 5.3.5 of this Prospectus for the factors which may affect or restrict our ability to pay dividends.

The following table sets out our dividends declared and paid for the financial years/period indicated:

	FYE 28/29 February			FPE 31 December
	2019	**2020**	**2021**	**2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Total dividends declared	94,000	55,000	280,000	60,000
Total dividends paid	94,000	55,000	80,000(1)	112,700(2)
Profit for the year/period............	218,867	255,248	200,884	176,361
Dividend payout ratio(3)	0.43	0.22	0.40	0.64

Notes:

(1) Of the total dividends declared in the FYE 28 February 2021, RM80.0 million was paid out of our internally generated funds from operations, RM47.1 million was set off against the proceeds from the disposal of subsidiaries, RM100.2 million was set off against the amount due from the disposed subsidiaries to our Company and the remaining RM52.7 million was paid in the FPE 31 December 2021.

(2) The total dividends paid in the FPE 31 December 2021 include the dividend of RM52.7 million declared in the FYE 28 February 2021.

(3) Computed based on dividend paid out divided by profit for the year/period during the financial year/period.

On 6 January 2022, we declared a second interim dividend of 4.15 sen per Share amounting to RM10.0 million in respect of the FYE 28 February 2022 which was paid on 10 January 2022. On 7 April 2022, we declared a third interim dividend of 6.23 sen per Share amounting to RM15.0 million in respect of the FYE 28 February 2022 which was paid on 8 April 2022.

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.

12.5 REPORTING ACCOUNTANTS' LETTER ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

KPMG

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants
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Private and Confidential

The Board of Directors
DXN Holdings Bhd.
Wisma DXN
213, Lebuhraya Sultan Abdul Halim
05400 Alor Setar
Kedah Darul Aman

Date: [ ] 2022

DRAFT FOR PURPOSE OF INCLUSION IN THE PROSPECTUS EXPOSURE

Dear Sirs,

DXN Holdings Bhd. ("DXN" or the "Company") and its subsidiaries (the "Group")

Report on the compilation of pro forma consolidated statement of financial position for inclusion in the Company's draft prospectus in connection with the proposed initial public offering of up to 1,406,250,000 ordinary shares in the Company ("Shares") ("Proposed IPO") in conjunction with the proposed listing of and quotation for the entire enlarged issued Shares on the Main Market of Bursa Malaysia Securities Berhad ("Draft Prospectus") ("Proposed Listing")

We have completed our assurance engagement to report on the compilation of the pro forma consolidated statement of financial position of DXN as at 31 December 2021 ("Pro Forma Financial Position") prepared by the Management of the Company. The Pro Forma Financial Position and the related notes as set out in Attachment A, have been stamped by us for identification purposes. The applicable criteria on the basis of which the Board of Directors of the Company (the "Directors") have compiled the Pro Forma Financial Position are described in the notes to the Pro Forma Financial Position. The Pro Forma Financial Position is prepared in accordance with the requirements of Chapter 9 of the Prospectus Guidelines issued by the Securities Commission Malaysia ("Prospectus Guidelines") and the Guidance Note for Issuers of Pro Forma Financial Information issued by the Malaysian Institute of Accountants.

The Pro Forma Financial Position has been compiled by the Directors for inclusion in the Draft Prospectus solely to illustrate the impact of the transactions as set out in the notes to the Pro Forma Financial Position in Attachment A on the Group's statement of financial position as at 31 December 2021, as if the transactions had taken place as at 31 December 2021. As part of this process, information about the Group's financial position has been extracted by the Directors from the audited consolidated financial statements of DXN for the period ended 31 December 2021, on which an auditors' report dated 25 May 2022 has been issued.

Directors' Responsibility for the Pro Forma Financial Position

The Directors are responsible for compiling the Pro Forma Financial Position on the basis described in the notes to the Pro Forma Financial Position in Attachment A as required by the Prospectus Guidelines.

Reporting Accountants' Independence and Quality Control

We have complied with the independence and other ethical requirement of the *By-Laws (on Professional Ethics, Conduct and Practice)* issued by the Malaysian Institute of Accountants and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Control 1 (ISQC 1), *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements* adopted by the Malaysian Institute of Accountants, and accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion as required by the Prospectus Guidelines about whether the Pro Forma Financial Position has been compiled, in all material respects, by the Directors on the basis described in the notes to the Pro Forma Financial Position in Attachment A.

We conducted our engagement in accordance with International Standard on Assurance Engagement (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the International Auditing and Assurance Standards Board and adopted by the Malaysian Institute of Accountants. This standard requires that we plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled, in all material respects, the Pro Forma Financial Position on the basis described in the notes to the Pro Forma Financial Position in Attachment A.

For the purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Financial Position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Financial Position.

The purpose of the Pro Forma Financial Position included in the Draft Prospectus is solely to illustrate the impact of significant events or transactions on unadjusted financial information of the Group as if the events had occurred or the transactions had been undertaken at an earlier date selected for purposes of illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions would have been as presented.

KPMG

Reporting Accountants' Responsibilities (continued)

A reasonable assurance engagement to report on whether the Pro Forma Financial Position has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Pro Forma Financial Position provide a reasonable basis for presenting the significant effects directly attributable to the events or transactions, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and

- the Pro Forma Financial Position reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, the events or transactions in respect of which the Pro Forma Financial Position has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Financial Position.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Pro Forma Financial Position has been compiled, in all material respects, on the basis described in the notes to the Pro Forma Financial Position in Attachment A.

Other Matter

Our report on the Pro Forma Financial Position has been prepared in connection with the Proposed Listing and should not be relied upon for any other purposes.

KPMG PLT	**Raymond Chong Chee Mon**
(LLP0010081-LCA & AF 0758)	Approval Number: 03272/06/2022 J
Chartered Accountants	Chartered Accountant

Attachment A

DXN Holdings Bhd. ("DXN" or the "Company") and its subsidiaries (the "Group")
Pro Forma Financial Position and the notes thereon

Pro Forma Financial Position

The pro forma consolidated statement of financial position of DXN as at 31 December 2021 ("Pro Forma Financial Position") as set out below has been prepared for illustrative purposes only to show the effects of the transactions referred to in Note 2 had these transactions been effected on 31 December 2021, and should be read in conjunction with the said notes to the Pro Forma Financial Position.

			Pro Forma I	**Pro Forma II**	**Pro Forma III**	**Pro Forma IV**
	Note	**As at 31 December 2021* RM'000**	**After adjustment for subsequent event RM'000**	**After Pro Forma I and the Pre-IPO Exercise RM'000**	**After Pro Forma II and the Proposed IPO RM'000**	**After Pro Forma III and the proposed use of proceeds RM'000**
Assets						
Property, plant and equipment		581,944	581,944	581,944	581,944	581,944
Right-of-use assets		35,852	35,852	35,852	35,852	35,852
Investment properties		7,108	7,108	7,108	7,108	7,108
Intangible assets		42	42	42	42	42
Investment in an associate		1	1	1	1	1
Investment in joint venture		1	1	1	1	1
Deferred tax assets		48,860	48,860	48,860	48,860	48,860
Prepayments		5,117	5,117	5,117	5,117	5,117
Total non-current assets		678,925	678,925	678,925	678,925	678,925
Biological assets		76	76	76	76	76
Inventories		218,140	218,140	218,140	218,140	218,140
Contract assets		951	951	951	951	951
Trade and other receivables, including derivatives		82,280	82,280	82,280	82,280	82,280
Current tax assets		14,770	14,770	14,770	14,770	14,770
Short term investments		38,832	38,832	38,832	38,832	38,832
Cash and cash equivalents	3(a)	394,884	369,884	369,884	[.]	[.]
Total current assets		749,933	724,933	724,933	[.]	[.]
Total assets		1,428,858	1,403,858	1,403,858	[.]	[.]

* *Extracted from the audited consolidated financial statements of the Company for the financial period ended 31 December 2021.*

Attachment A

DXN Holdings Bhd. ("DXN" or the "Company") and its subsidiaries (the "Group")
Pro Forma Financial Position and the notes thereon

	Note	As at 31 December 2021* RM'000	Pro Forma I After adjustment for subsequent event RM'000	Pro Forma II After Pro Forma I and the Pre-IPO Exercise RM'000	Pro Forma III After Pro Forma II and the Proposed IPO RM'000	Pro Forma IV After Pro Forma III and the proposed use of proceeds RM'000
Equity						
Share capital	3(b)	60,191	60,191	60,191	[.]	[.]
Translation reserve		(2,513)	(2,513)	(2,513)	(2,513)	(2,513)
Retained earnings	3(c)	644,677	619,677	619,677	619,677	[.]
Equity attributable to owners of the Company		702,355	677,355	677,355	[.]	[.]
Non-controlling interests		49,777	49,777	49,777	49,777	49,777
Total equity		752,132	727,132	727,132	[.]	[.]
Liabilities						
Loans and borrowings		34,851	34,851	34,851	34,851	34,851
Retirement benefits		5,403	5,403	5,403	5,403	5,403
Lease liabilities		15,705	15,705	15,705	15,705	15,705
Deferred tax liabilities		3,674	3,674	3,674	3,674	3,674
Total non-current liabilities		59,633	59,633	59,633	59,633	59,633
Loans and borrowings		214,613	214,613	214,613	214,613	214,613
Lease liabilities		8,280	8,280	8,280	8,280	8,280
Trade and other payables, including derivatives		359,473	359,473	359,473	359,473	359,473
Current tax liabilities		34,727	34,727	34,727	34,727	34,727
Total current liabilities		617,093	617,093	617,093	617,093	617,093
Total liabilities		676,726	676,726	676,726	676,726	676,726
Total equity and liabilities		1,428,858	1,403,858	1,403,858	[.]	[.]

** Extracted from the audited consolidated financial statements of the Company for the financial period ended 31 December 2021.*

2

Attachment A

DXN Holdings Bhd. ("DXN" or the "Company") and its subsidiaries (the "Group")
Pro Forma Financial Position and the notes thereon

Supplementary information

		Pro Forma I	Pro Forma II	Pro Forma III	Pro Forma IV
	As at 31 December 2021*	After adjustment for subsequent event	After Pro Forma I and the Pre-IPO Exercise	After Pro Forma II and the Proposed IPO	After Pro Forma III and the proposed use of proceeds
Number of ordinary shares ('000)	240,764	240,764	4,825,000	4,985,000	4,985,000
Net assets per share attributable to owners of the Company^ (RM)	2.92	2.81	0.14	[.]	[.]
Net assets per share# (RM)	3.12	3.02	0.15	[.]	[.]

* *Extracted from the audited consolidated financial statements of the Company for the financial period ended 31 December 2021.*
^ *Based on equity attributable to owners of the Company over the number of ordinary shares in the Company ("Shares").*
\# *Based on total equity over the number of Shares*

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Attachment A

DXN Holdings Bhd. ("DXN" or the "Company") and its subsidiaries (the "Group")
Pro Forma Financial Position and the notes thereon

Notes to the Pro Forma Consolidated Statement of Financial Position

The pro forma consolidated statement of financial position of DXN as at 31 December 2021 ("Pro Forma Financial Position") has been prepared for inclusion in the draft prospectus of the Company in connection with the proposed initial public offering of up to 1,406,250,000 ordinary shares in the Company ("Shares") ("Proposed IPO") in conjunction with the proposed listing of and quotation for the entire enlarged issued Shares on the Main Market of Bursa Malaysia Securities Berhad ("Draft Prospectus") ("Proposed Listing") and should not be relied upon for any other purposes.

1. Basis of preparation

The applicable criteria on the basis of which the Board of Directors of the Company ("Directors") has compiled the Pro Forma Financial Position are as described below. The Pro Forma Financial Position is prepared in accordance with the requirements of Chapter 9 of the Prospectus Guidelines issued by the Securities Commission Malaysia and the Guidance Note for Issuers of Pro Forma Financial Information issued by the Malaysian Institute of Accountants.

The Pro Forma Financial Position has been prepared based on the audited consolidated financial statements of DXN for the financial period ended 31 December 2021, which was prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs") and International Financial Reporting Standards ("IFRS"), and in a manner consistent with the format of the statement of financial position and the accounting policies adopted by the Group, adjusted for the events and transactions detailed in Note 2.

The pro forma adjustments are appropriate for the purpose of preparing the Pro Forma Financial Position.

The auditors' report dated 25 May 2022 on the audited consolidated financial statements of DXN for the financial period ended 31 December 2021 was not subject to any qualification, modification or disclaimer of opinion.

The Pro Forma Financial Position is not necessarily indicative of the financial position that would have been attained had the Proposed IPO actually occurred at the respective dates. The Pro Forma Financial Position has been prepared for illustrative purposes only.

2. Pro forma adjustments to the Pro Forma Financial Position

The Pro Forma Financial Position illustrates the effects of the following events or transactions:

2.1 Pro Forma I - Adjustment for subsequent event

Dividend declaration

The following are the dividends declared and paid by the Company after 31 December 2021:

(i) a second interim dividend of approximately 4.15 sen per Share totalling RM10,000,000 in respect of financial year ended 28 February 2022 which was declared on 6 January 2022 and paid on 10 January 2022; and

(ii) a third interim dividend of approximately 6.23 sen per Share totalling RM15,000,000 in respect of financial year ended 28 February 2022 which was declared on 7 April 2022 and paid on 8 April 2022.

The above dividends have been paid to the shareholders of the Company prior to the Proposed IPO and are illustrated in the Pro Forma Financial Position.

2. Pro forma adjustments to the Pro Forma Financial Position (continued)

2.2 Pro Forma II – Pre-IPO Exercise

The Pre-IPO Exercise entails a proposed subdivision of one (1) existing Share into approximately twenty (20) Shares in which the existing 240,764,000 Shares in issue will be subdivided into 4,825,000,000 Shares.

2.3 Pro Forma III - Proposed IPO

The Proposed IPO entails the initial public offering of up to 1,406,250,000 Shares which comprises the following:

(i) Proposed Public Issue

The proposed public issue of 160,000,000 new Shares ("Issue Shares") at an indicative price of RM[.] per Issue Share.

(ii) Proposed Offer for Sale

The proposed offer for sale by DXN Global Sdn. Bhd. and Gano Global Supplements Pte. Ltd. (collectively, the "Selling Shareholders") of up to 1,246,250,000 existing Shares ("Offer Share(s)") at an indicative price of RM[.] per Offer Share.

The Company will not receive any proceeds from the Proposed Offer for Sale. The gross proceeds of RM[.] million from the Proposed Offer for Sale will accrue entirely to the Selling Shareholders.

2.4 Pro Forma IV - Proposed use of proceeds

The total gross proceeds from the Proposed Public Issue of RM[.] million are intended to be used as follows:

	RM'000
Repayment of bank borrowings [(1)]	[.]
Working capital	[.]
Estimated listing expenses [(2)]	[.]
	[.]

Notes:

(1) As at the latest practicable date of 30 April 2022, the Company has yet to enter into any contractual binding arrangements with the relevant banks in relation to the repayment of bank borrowings. Accordingly, the use of proceeds earmarked for the repayment of bank borrowings is not reflected in the Pro Forma Financial Position.

(2) The estimated listing expenses comprise the following:

	RM'000
Professional fees	[.]
Fees payable to authorities	[.]
Fees and expenses for printing, advertising, travel and roadshow	[.]
Brokerage fee, underwriting commission and placement fees	[.]
Miscellaneous expenses and contingencies	[.]
	[.]

The total listing expenses to be borne by the Company is estimated to be RM[.] million. As of 31 December 2021, RM[.] million has been paid and recognised in profit or loss of the Group. Upon completion of the Proposed Listing, the estimated listing expenses of RM[.] million directly attributable to the Proposed Public Issue will be debited against the share capital of the Company, and the remaining estimated listing expenses of RM[.] million will charged to the profit or loss of the Group.

2.0 Pro forma adjustments to the Pro Forma Financial Position (continued)

2.5 Proposed Employee Share Option Scheme ("Proposed ESOS")

In conjunction with the Proposed Listing, the Company proposes to establish the Proposed ESOS which entails the granting of ESOS options to eligible Directors and employees of the Group.

The Proposed ESOS shall be administered by a committee to be appointed by the Directors and governed by the By-Laws. The total number of Shares which may be made available under the Proposed ESOS shall not exceed in aggregate five percent (5%) of the total number of issued Shares (excluding treasury shares, if any) at any point in time during the duration of the Proposed ESOS.

The Proposed ESOS is not illustrated in the Pro Forma Financial Position as the ESOS options under the Proposed ESOS have yet to be granted as of the date of this report.

3. Effects on the Pro Forma Financial Position

(a) Movements in cash and cash equivalents

	RM'000
Balance as at 31 December 2021	394,884
Effects of Pro Forma I:	
- Dividends paid	(25,000)
Pro Forma I and II	369,884
Effects of Pro Forma III:	
- Proceeds from the Proposed Public Issue	[.]
Pro Forma III	[.]
Effects of Pro Forma IV:	
- Estimated listing expenses	[.]
Pro Forma IV	[.]

(b) Movements in share capital

	RM'000
Balance as at 31 December 2021 / Pro Forma I and II	60,191
Effects of Pro Forma III:	
- Proposed Public Issue	[.]
Pro Forma III	[.]
Effects of Pro Forma IV:	
- Estimated listing expenses	[.]
Pro Forma IV	[.]

3. Effects on the Pro Forma Financial Position (continued)

(c) Movement in retained earnings

	RM'000
Balance as at 31 December 2021	644,677
Effects of Pro Forma I:	
- Dividends paid	(25,000)
Pro Forma I, II and III	619,677
Effects of Pro Forma IV:	
- Estimated listing expenses	[.]
Pro Forma IV	[.]

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DXN Holdings Bhd.

(Registration No. 199501033918 (363120 - V))

(Incorporated in Malaysia)

and its subsidiaries

Accountants' Report on the Consolidated Financial Statements

DXN Holdings Bhd.

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

and its subsidiaries

Consolidated statements of financial position

	Note	31.12.2021 Audited RM'000	28.2.2021 Audited RM'000	29.2.2020 Audited RM'000	28.2.2019 Audited RM'000
Assets					
Property, plant and equipment	3	581,944	450,610	346,169	157,086
Right-of-use assets	4	35,852	28,846	25,012	23,259
Investment properties	5	7,108	7,553	108,847	41,208
Intangible assets	6	42	55	109	3,508
Investment in an associate	8	1	1	1	-
Investment in joint venture	9	1	1	1	1
Inventories	10	-	-	34,501	36,754
Deferred tax assets	11	48,860	37,851	32,724	29,842
Prepayments	12	5,117	1,623	2,997	63,080
Total non-current assets		678,925	526,540	550,361	354,738
Biological assets	13	76	646	1,382	1,326
Inventories	10	218,140	166,126	125,349	116,944
Contract assets	14	951	865	546	-
Trade and other receivables, including derivatives	15	82,280	93,118	79,647	83,052
Current tax assets		14,770	12,610	7,175	588
Short term investments	16.3	38,832	193,775	152,805	93,970
Cash and cash equivalents	16	394,884	325,978	252,489	190,473
Total current assets		749,933	793,118	619,393	486,353
Total assets		1,428,858	1,319,658	1,169,754	841,091

Consolidated statements of financial position (continued)

	Note	31.12.2021 Audited RM'000	28.2.2021 Audited RM'000	29.2.2020 Audited RM'000	28.2.2019 Audited RM'000
Equity					
Share capital	17	60,191	60,191	60,191	60,191
Translation reserve		(2,513)	(8,956)	(3,219)	(6,977)
Retained earnings		644,677	529,935	618,363	431,692
Equity attributable to owners of the Company		702,355	581,170	675,335	484,906
Non-controlling interests		49,777	48,520	35,356	22,940
Total equity		752,132	629,690	710,691	507,846
Liabilities					
Loans and borrowings	18	34,851	16,403	14,789	17,183
Retirement benefits	19	5,403	5,408	4,300	3,202
Lease liabilities		15,705	11,679	10,560	13,084
Deferred tax liabilities	11	3,674	3,777	850	585
Total non-current liabilities		59,633	37,267	30,499	34,054
Loans and borrowings	18	214,613	241,460	141,530	56,749
Lease liabilities		8,280	6,959	6,315	7,106
Trade and other payables, including derivatives	20	359,473	378,749	256,638	209,555
Contract liabilities	14	-	8,305	-	-
Current tax liabilities		34,727	17,228	24,081	25,781
Total current liabilities		617,093	652,701	428,564	299,191
Total liabilities		676,726	689,968	459,063	333,245
Total equity and liabilities		1,428,858	1,319,658	1,169,754	841,091

The notes on pages 17 to 144 are an integral part of these consolidated financial statements.

DXN Holdings Bhd.
(Registration No. 199501033918 (363120 - V))
(Incorporated in Malaysia)
and its subsidiaries

Consolidated statements of profit or loss and other comprehensive income

	Note	1.3.2021 to 31.12.2021 Audited RM'000	1.3.2020 to 31.12.2020 Unaudited RM'000	1.3.2020 to 28.2.2021 Audited RM'000	1.3.2019 to 29.2.2020 Audited RM'000	1.3.2018 to 28.2.2019 Audited RM'000
Revenue	21	1,015,711	879,915	1,050,205	1,104,608	907,222
Other income		17,039	31,870	35,284	26,337	13,871
Changes in work-in-progress and manufactured inventories		52,510	12,681	28,126	6,751	44,867
Raw materials used and trading inventories sold		(188,047)	(129,527)	(162,978)	(162,856)	(158,341)
Depreciation and amortisation		(30,540)	(25,406)	(31,026)	(25,129)	(19,402)
Employee benefits expense	22	(106,641)	(89,782)	(113,836)	(102,253)	(92,987)
Net (loss)/gain on impairment of financial assets	23	(367)	135	(3,724)	680	32
Other expenses		(489,632)	(439,628)	(519,219)	(503,180)	(379,902)
Results from operating activities	23	270,033	240,258	282,832	344,958	315,360
Interest income		2,315	6,114	6,923	6,874	8,944
Finance costs	24	(1,714)	(2,061)	(2,488)	(3,993)	(4,329)
Profit before tax		270,634	244,311	287,267	347,839	319,975
Tax expense	25	(94,273)	(77,472)	(86,383)	(92,591)	(101,108)
Profit for the year		176,361	166,839	200,884	255,248	218,867

Consolidated statements of profit or loss and other comprehensive income (continued)

	Note	1.3.2021 to 31.12.2021 Audited RM'000	1.3.2020 to 31.12.2020 Unaudited RM'000	1.3.2020 to 28.2.2021 Audited RM'000	1.3.2019 to 29.2.2020 Audited RM'000	1.3.2018 to 28.2.2019 Audited RM'000
Other comprehensive income/(expense), net of tax:						
Item that may be reclassified subsequently to profit or loss						
- Foreign currency translation differences for foreign operations		6,081	(8,637)	(6,953)	3,962	(1,018)
Total comprehensive income for the year		182,442	158,202	193,931	259,210	217,849
Profit for the year attributable to:						
Owners of the Company		174,742	158,244	191,572	241,671	209,973
Non-controlling interests		1,619	8,595	9,312	13,577	8,894
		176,361	166,839	200,884	255,248	218,867
Total comprehensive income for the year attributable to:						
Owners of the Company		181,185	151,250	185,835	245,429	209,361
Non-controlling interests		1,257	6,952	8,096	13,781	8,488
		182,442	158,202	193,931	259,210	217,849
Basic/Diluted earnings per ordinary share (RM)	26	0.73	0.66	0.80	1.00	0.87

The notes on pages 17 to 144 are an integral part of these consolidated financial statements.

DXN Holdings Bhd.
(Registration No. 199501033918 (363120 - V))
(Incorporated in Malaysia)
and its subsidiaries

Consolidated statements of changes in equity

	← *Attributable to owners of the Company*			→		
		Non-distributable	***Distributable***			
	Share capital RM'000	**Translation reserve RM'000**	**Retained earnings RM'000**	**Total RM'000**	**Non-controlling interests RM'000**	**Total equity RM'000**
Audited						
At 1 March 2018	60,191	(6,365)	315,719	369,545	15,476	385,021
Profit for the year	-	-	209,973	209,973	8,894	218,867
Foreign currency translation differences for foreign operations representing other comprehensive expense for the year	-	(612)	-	(612)	(406)	(1,018)
Total comprehensive (expense)/income for the year	-	(612)	209,973	209,361	8,488	217,849
Issuance of shares to non-controlling interests	-	-	-	-	246	246
Dividends paid to non-controlling interests	-	-	-	-	(1,282)	(1,282)
Dividends paid to owners of the Company (Note 27)	-	-	(94,000)	(94,000)	-	(94,000)
Total transactions with owners of the Company	-	-	(94,000)	(94,000)	(1,036)	(95,036)
Acquisition of subsidiaries (Note 33.3)	-	-	-	-	12	12
	-	-	(94,000)	(94,000)	(1,024)	(95,024)
At 28 February 2019	60,191	(6,977)	431,692	484,906	22,940	507,846
	Note 17					

Consolidated statements of changes in equity (continued)

	← *Attributable to owners of the Company*			→		
		Non-distributable	*Distributable*			
	Share capital RM'000	**Translation reserve RM'000**	**Retained earnings RM'000**	**Total RM'000**	**Non-controlling interests RM'000**	**Total equity RM'000**
Audited						
At 1 March 2019	60,191	(6,977)	431,692	484,906	22,940	507,846
Profit for the year	-	-	241,671	241,671	13,577	255,248
Foreign currency translation differences for foreign operations representing other comprehensive income for the year	-	3,758	-	3,758	204	3,962
Total comprehensive income for the year	-	3,758	241,671	245,429	13,781	259,210
Issuance of shares to non-controlling interests	-	-	-	-	1	1
Dividends paid to non-controlling interests	-	-	-	-	(1,366)	(1,366)
Dividends paid to owners of the Company (Note 27)	-	-	(55,000)	(55,000)	-	(55,000)
Total transactions with owners of the Company	-	-	(55,000)	(55,000)	(1,365)	(56,365)
At 29 February 2020	60,191	(3,219)	618,363	675,335	35,356	710,691
	Note 17					

Consolidated statements of changes in equity (continued)

	Attributable to owners of the Company					
		Non-distributable	*Distributable*			
	Share capital RM'000	**Translation reserve RM'000**	**Retained earnings RM'000**	**Total RM'000**	**Non-controlling interests RM'000**	**Total equity RM'000**
Audited						
At 1 March 2020	60,191	(3,219)	618,363	675,335	35,356	710,691
Profit for the year	-	-	191,572	191,572	9,312	200,884
Foreign currency translation differences for foreign operations representing other comprehensive expense for the year	-	(5,737)	-	(5,737)	(1,216)	(6,953)
Total comprehensive (expense)/income for the year	-	(5,737)	191,572	185,835	8,096	193,931
Issuance of shares to non-controlling interests (Note 33.1)	-	-	-	-	5,068	5,068
Dividends paid to owners of the Company (Note 27)	-	-	(280,000)	(280,000)	-	(280,000)
Total transactions with owners of the Company	-	-	(280,000)	(280,000)	5,068	(274,932)
At 28 February 2021	60,191	(8,956)	529,935	581,170	48,520	629,690
	Note 17					

Consolidated statements of changes in equity (continued)

	← *Attributable to owners of the Company*			→		
		Non-distributable	*Distributable*			
	Share capital RM'000	**Translation reserve RM'000**	**Retained earnings RM'000**	**Total RM'000**	**Non-controlling interests RM'000**	**Total equity RM'000**
Audited						
At 1 March 2021	60,191	(8,956)	529,935	581,170	48,520	629,690
Profit for the period	-	-	174,742	174,742	1,619	176,361
Foreign currency translation differences for foreign operations representing other comprehensive income/(expense) for the period	-	6,443	-	6,443	(362)	6,081
Total comprehensive income for the period	-	6,443	174,742	181,185	1,257	182,442
Dividends paid to owners of the Company (Note 27)	-	-	(60,000)	(60,000)	-	(60,000)
Total transaction with owners of the Company	-	-	(60,000)	(60,000)	-	(60,000)
At 31 December 2021	60,191	(2,513)	644,677	702,355	49,777	752,132
	Note 17					

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Consolidated statements of changes in equity (continued)

	← *Attributable to owners of the Company*			→		
		Non-distributable	*Distributable*			
	Share capital RM'000	**Translation reserve RM'000**	**Retained earnings RM'000**	**Total RM'000**	**Non-controlling interests RM'000**	**Total equity RM'000**
Unaudited						
At 1 March 2020	60,191	(3,219)	618,363	675,335	35,356	710,691
Profit for the period	-	-	158,244	158,244	8,595	166,839
Foreign currency translation differences for foreign operations representing other comprehensive expense for the period	-	(6,994)	-	(6,994)	(1,643)	(8,637)
Total comprehensive (expense)/income for the period	-	(6,994)	158,244	151,250	6,952	158,202
Issuance of shares to non-controlling interests (Note 33.1)	-	-	-	-	5,068	5,068
Dividends paid to owners of the Company (Note 27)	-	-	(80,000)	(80,000)	-	(80,000)
Total transaction with owners of the Company	-	-	(80,000)	(80,000)	5,068	(74,932)
At 31 December 2020	60,191	(10,213)	696,607	746,585	47,376	793,961
	Note 17					

The notes on pages 17 to 144 are an integral part of these consolidated financial statements.

DXN Holdings Bhd.
(Registration No. 199501033918 (363120 - V))
(Incorporated in Malaysia)
and its subsidiaries

Consolidated statements of cash flows

	Note	1.3.2021 to 31.12.2021 Audited RM'000	1.3.2020 to 31.12.2020 Unaudited RM'000	1.3.2020 to 28.2.2021 Audited RM'000	1.3.2019 to 29.2.2020 Audited RM'000	1.3.2018 to 28.2.2019 Audited RM'000
Cash flows from operating activities						
Profit before tax		270,634	244,311	287,267	347,839	319,975
Adjustments for:						
Depreciation of:						
- Property, plant and equipment	3	22,976	17,407	20,633	15,319	12,956
- Right-of-use assets	4	7,292	6,755	8,882	8,014	5,655
- Investment properties	5	197	1,147	1,393	1,479	448
Amortisation of intangible assets	6	75	97	118	317	343
Fair value changes on biological assets	13	570	(585)	736	(56)	(39)
(Gain)/Loss on derecognition of right-of-use assets and lease liabilities		(35)	-	92	-	-
Retirement benefits expense	19	96	1,230	1,476	991	620
Written off:						
- Property, plant and equipment	23	1,276	6,180	6,906	587	379
- Intangible assets		-	-	-	12	-

Consolidated statements of cash flows (continued)

	Note	1.3.2021 to 31.12.2021 Audited RM'000	1.3.2020 to 31.12.2020 Unaudited RM'000	1.3.2020 to 28.2.2021 Audited RM'000	1.3.2019 to 29.2.2020 Audited RM'000	1.3.2018 to 28.2.2019 Audited RM'000
Impairment loss on:						
- Property, plant and equipment	3	-	-	10,723	-	3,593
- Intangible assets	6	-	-	-	3,206	-
- Goodwill	33.3	-	-	-	-	2,707
Interest income		(2,315)	(6,114)	(6,923)	(6,874)	(8,944)
(Gain)/Loss on disposal of:						
- Property, plant and equipment	23	(387)	789	(44)	(106)	19
- Investment in subsidiaries	23	-	-	(1,655)	-	-
Interest expense	24	1,714	2,061	2,488	3,993	4,329
Bargain purchase gain on business combination	33.2	-	-	-	(5,267)	-
Operating profit before working capital changes		302,093	273,278	332,092	369,454	342,041
Changes in:						
Inventories		(51,962)	(26,373)	(42,984)	(5,838)	(63,034)
Trade and other receivables		11,398	(15,774)	(14,383)	4,068	(23,299)
Contract assets		(86)	(618)	(319)	(546)	-
Trade and other payables		35,715	60,122	66,627	43,692	(5,577)
Contract liabilities		(8,305)	-	8,305	-	-
Cash generated from operations		288,853	290,635	349,338	410,830	250,131
Tax paid		(90,046)	(81,101)	(98,641)	(103,411)	(76,390)
Retirement benefits paid	19	(130)	(277)	(289)	(26)	(28)
Net cash from operating activities		198,677	209,257	250,408	307,393	173,713

Consolidated statements of cash flows (continued)

	Note	1.3.2021 to 31.12.2021 Audited RM'000	1.3.2020 to 31.12.2020 Unaudited RM'000	1.3.2020 to 28.2.2021 Audited RM'000	1.3.2019 to 29.2.2020 Audited RM'000	1.3.2018 to 28.2.2019 Audited RM'000
Cash flows from investing activities						
Purchase of:						
- Property, plant and equipment	B	(152,068)	(100,050)	(140,060)	(146,133)	(47,406)
- Right-of-use assets		-	-	-	(6,000)	-
- Investment properties	C	-	-	-	(37,319)	-
- Intangible assets	6	(61)	(68)	(70)	(135)	(152)
Prepayment for purchase of investment properties		-	-	-	-	(61,754)
Proceeds from disposal of property, plant and equipment		1,575	421	580	232	322
Investment in an associate		-	-	-	(1)	-
Investment in joint venture		-	-	-	-	(1)
Acquisition of subsidiaries, net of cash and cash equivalents	33	-	(8,383)	(8,383)	(2,012)	(2,345)
Disposal of subsidiaries, net of cash disposed	34.1	-	-	(207)	-	-
Derecognition of a subsidiary, net of cash derecognised		-	-	-	(6)	-
Interest received		2,315	6,114	6,923	6,874	8,944
(Placement)/ Withdrawal of pledged deposits		(314)	(1,254)	(1,271)	649	(4)
Withdrawal/ (Placement) of short term investments		154,943	(46,736)	(40,970)	(58,835)	120,213
Net cash from/ (used in) investing activities		6,390	(149,956)	(183,458)	(242,686)	17,817

Consolidated statements of cash flows (continued)

	Note	1.3.2021 to 31.12.2021 Audited RM'000	1.3.2020 to 31.12.2020 Unaudited RM'000	1.3.2020 to 28.2.2021 Audited RM'000	1.3.2019 to 29.2.2020 Audited RM'000	1.3.2018 to 28.2.2019 Audited RM'000
Cash flows from financing activities						
Dividends paid to:						
- Owners of the Company	E	(112,700)	(80,000)	(80,000)	(55,000)	(94,000)
- Non-controlling interests		-	-	-	(1,366)	(1,282)
Interest paid	24	(4,068)	(3,579)	(4,308)	(3,993)	(4,329)
Proceeds from issuance of shares to non-controlling interests		-	5,068	5,068	1	246
Repayment of:						
- Lease liabilities	18.2	(8,568)	(5,405)	(8,608)	(7,106)	(5,274)
- Hire purchase liabilities	18.2	(891)	(893)	(1,054)	(840)	(724)
- Term loans	18.2	-	-	-	(20,690)	-
- Revolving credits	18.2	(32,519)	-	-	-	(42,132)
Drawdown of:						
- Term loans	18.2	23,742	5,258	4,896	-	1,740
- Revolving credits	18.2	-	97,121	96,622	85,244	-
Net cash (used in)/ from financing activities		(135,004)	17,570	12,616	(3,750)	(145,755)
Net increase in cash and cash equivalents		70,063	76,871	79,566	60,957	45,775
Foreign currency translation differences		(1,471)	(8,643)	(7,348)	1,708	(1,608)
Cash and cash equivalents at beginning of the year		323,353	251,135	251,135	188,470	144,303
Cash and cash equivalents at end of the period/year	A	391,945	319,363	323,353	251,135	188,470

Consolidated statements of cash flows (continued)

Notes

A. Cash and cash equivalents

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

	Note	31.12.2021 Audited RM'000	31.12.2020 Unaudited RM'000	28.2.2021 Audited RM'000	29.2.2020 Audited RM'000	28.2.2019 Audited RM'000
Cash and cash equivalents	16	394,884	321,971	325,978	252,489	190,473
Less: Pledged deposits	16.1	(2,939)	(2,608)	(2,625)	(1,354)	(2,003)
		391,945	319,363	323,353	251,135	188,470

B. Purchase of property, plant and equipment

	Note	1.3.2021 to 31.12.2021 Audited RM'000	1.3.2020 to 31.12.2020 Unaudited RM'000	1.3.2020 to 28.2.2021 Audited RM'000	1.3.2019 to 29.2.2020 Audited RM'000	1.3.2018 to 28.2.2019 Audited RM'000
Total additions	3	151,316	105,613	144,669	145,635	47,807
Add/(Less) :						
Amount paid in prior year		-	-	-	(860)	-
Amount financed through hire purchase	18.2	(388)	(1,048)	(1,415)	(1,173)	(1,727)
Changes in prepayment for purchase of plant and equipment		3,494	(2,997)	(1,374)	2,531	1,326
Interest expense capitalised	24	(2,354)	(1,518)	(1,820)	-	-
		152,068	100,050	140,060	146,133	47,406

Consolidated statements of cash flows (continued)

Notes (continued)

C. Purchase of investment properties

	Note	1.3.2021 to 31.12.2021 Audited RM'000	1.3.2020 to 31.12.2020 Unaudited RM'000	1.3.2020 to 28.2.2021 Audited RM'000	1.3.2019 to 29.2.2020 Audited RM'000	1.3.2018 to 28.2.2019 Audited RM'000
Total additions	5	-	-	-	99,073	-
Less: Amount paid in prior year		-	-	-	(61,754)	-
		-	-	-	37,319	-

D. Cash outflows for leases as a lessee

	Note	1.3.2021 to 31.12.2021 Audited RM'000	1.3.2020 to 31.12.2020 Unaudited RM'000	1.3.2020 to 28.2.2021 Audited RM'000	1.3.2019 to 29.2.2020 Audited RM'000	1.3.2018 to 28.2.2019 Audited RM'000
Included in net cash from operating activities						
Payment relating to short-term leases	23	3,497	3,639	2,787	2,985	4,653
Payment relating to low-value assets	23	332	366	390	530	441
Interest paid in relation to lease liabilities	24	783	688	826	979	736
Included in net cash used in financing activities						
Payment of lease liabilities	18.2	8,568	5,405	8,608	7,106	5,274
Total cash outflows for leases		13,180	10,098	12,611	11,600	11,104

Consolidated statements of cash flows (continued)

Notes (continued)

E. Dividends paid to owners of the Company

	Note	1.3.2021 to 31.12.2021 Audited RM'000	1.3.2020 to 31.12.2020 Unaudited RM'000	1.3.2020 to 28.2.2021 Audited RM'000	1.3.2019 to 29.2.2020 Audited RM'000	1.3.2018 to 28.2.2019 Audited RM'000
Total dividends declared	27	60,000	80,000	280,000	55,000	94,000
Add/(Less):						
Amount set off against						
- Proceeds from disposal of subsidiaries	35(vii)	-	-	(47,100)	-	-
- Amount due from disposed subsidiaries to the Company	35(vii)	-	-	(100,200)	-	-
Amount unpaid at year end	20	-	-	(52,700)	-	-
Amount paid for dividends declared in prior year		52,700	-	-	-	-
		112,700	80,000	80,000	55,000	94,000

The notes on pages 17 to 144 are an integral part of these consolidated financial statements.

DXN Holdings Bhd.
(Registration No. 199501033918 (363120 - V))
(Incorporated in Malaysia)
and its subsidiaries

Notes to the consolidated financial statements

DXN Holdings Bhd. (the "Company") is a public limited liability company, incorporated and domiciled in Malaysia. 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 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 consolidated financial statements.

1. Basis of preparation

(a) Statement of compliance

The consolidated financial statements of 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 have been prepared in connection with the proposed listing of and quotation for the entire issued and paid-up share capital of the Company on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") and for no other purposes.

The consolidated financial statements of the Company for the financial period ended 31 December 2021 and for the financial years ended 28 February 2021, 29 February 2020 and 28 February 2019 have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs") and International Financial Reporting Standards ("IFRSs").

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

Changes in accounting policies

The Group has adopted MFRS 15, *Revenue from Contracts with Customers* and MFRS 9, *Financial Instruments* which are effective for annual periods beginning on or after 1 January 2018 and MFRS 16, *Leases* which is effective for annual periods beginning on or after 1 January 2018.

(i) MFRS 15, *Revenue from Contracts with Customers*

MFRS 15 provides a single model for accounting for revenue arising from contracts with customers, focusing on the identification and satisfaction of performance obligation. The standard specifies that the revenue is to be recognised when control over the goods and services is transferred to the customers, moving from the transfer of risks and rewards. The following are the changes arising from the adoption of MFRS 15 by the Group:

Performance bonus paid/payable to customers

The Group provided group effort related performance bonus and personal effort related performance bonus to customers. Upon the adoption of MFRS 15, the Group shall account for consideration paid or payable to customers as a reduction of the transaction price under the revenue recognition process unless the payment to the customer is in exchange for a distinct good or service that the customer transfers to the Group.

The personal effort related performance bonus paid and payable by the Group to customers are accounted as a reduction of the transaction price under the revenue recognition process. Whilst group effort related performance bonus is not accounted as a reduction of the transaction price as the consideration paid or payable to customers are for distinct goods or services provided the Group.

The effects arising from the above changes have been reflected in the consolidated financial statements of the Group for the year ended 28 February 2019 and have been consistently applied in the subsequent financial years/period.

(ii) MFRS 9, Financial Instruments

In respect of impairment of financial assets, MFRS 9 replaces the "incurred loss" model in MFRS 139 with an "expected credit loss" ("ECL") model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments measured at fair value through other comprehensive income, but not to investments in equity instruments.

The adoption of MFRS 9 does not have a material financial impact to the consolidated financial statements of the Group.

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

Changes in accounting policies (continued)

(iii) MFRS 16, *Leases*

MFRS 16 replaces the guidance in MFRS 117, *Leases*, IC Interpretation 4, *Determining whether an Arrangement contains a Lease*, IC Interpretation 115, *Operating Leases – Incentives* and IC Interpretation 127, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognised a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard which continues to be classified as finance or operating lease.

On transition to MFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. MFRS 16 was applied only to contracts that were previously identified as leases. Contracts that were not identified as leases under MFRS 117 and IC Interpretation 4, *Determining whether an Arrangement contains a Lease* were not reassessed. Therefore, the definition of a lease under MFRS 16 has been applied only to contracts entered into or changed on or after 1 March 2018.

Where the Group is a lessee, the Group applied the requirements of MFRS 16 retrospectively with the cumulative effect of initial application, if any as an adjustment to the retained earnings at 1 March 2018.

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:

MFRSs and amendments effective for annual periods beginning on or after 1 April 2021
- Amendment to MFRS 16, *Leases - Covid-19-Related Rent Concessions beyond 30 June 2021*

MFRSs and amendments effective for annual periods beginning on or after 1 January 2022
- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018-2020)*
- Amendments to MFRS 3, *Business Combinations - Reference to the Conceptual Framework*
- Amendments to MFRS 9, *Financial Instruments (Annual Improvements to MFRS Standards 2018-2020)*

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

MFRSs and amendments effective for annual periods beginning on or after 1 January 2022 (continued)

- Amendments to Illustrative Examples accompanying MFRS 16, *Leases (Annual Improvements to MFRS Standards 2018-2020)*
- Amendments to MFRS 116, *Property, Plant and Equipment - Proceeds before Intended Use*
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts - Cost of Fulfilling a Contract*
- Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018-2020)*

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 - Classification of Liabilities as Current or Non-current and 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*

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*

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

The Group does 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.

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.

(b) Basis of measurement

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

(c) Functional and presentation currency

These consolidated 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.

1. Basis of preparation (continued)

(d) Use of estimates and judgements

The preparation of the consolidated 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 consolidated financial statements other than those disclosed in the following notes:

- Note 3.1 - Impairment loss on property, plant and equipment
- Note 4.3 - Extension options and incremental borrowing rate in relation to leases
- Note 5.1 - Fair value information of investment properties
- Note 11 - Deferred tax assets/(liabilities)

2. Significant accounting policies

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

(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.

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(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.

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 the 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.

(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.

Joint arrangements are classified and accounted for as follows:

- A joint arrangement is classified as "joint operation" when the Group has rights to the assets and obligations for the liabilities relating to an arrangement. The Group accounts for each of its share of the assets, liabilities and transactions, including its share of those held or incurred jointly with the other investors, in relation to the joint operation.

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(vi) Joint arrangements (continued)

- A joint arrangement is classified as "joint venture" when 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.

(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.

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.

2. Significant accounting policies (continued)

(b) Foreign currency (continued)

(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 becomes a party to the contractual provisions of the instrument.

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.

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(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 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 the profit or loss.

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

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 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 recognises 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.

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(iii) 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.

(iv) 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 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.

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, 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 - 10
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;

2. Significant accounting policies (continued)

(e) Leases (continued)

(i) Definition of a lease (continued)

- 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.

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.

2. Significant accounting policies (continued)

(e) Leases (continued)

(ii) Recognition and initial measurement (continued)

(a) As a lessee (continued)

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.

(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.

2. Significant accounting policies (continued)

(e) Leases (continued)

(iii) Subsequent measurement (continued)

(a) As a lessee (continued)

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 income on a straight-line basis over the lease term as part of "other income".

(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) Logging concession rights

Logging concession rights are measured at cost on initial recognition. 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.

(iii) 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.

Logging concession rights with indefinite useful life are not amortised but are tested for impairment annually and whenever there is an indication that they may be impaired.

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.

2. Significant accounting policies (continued)

(g) Investment properties

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.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives ranging from 20 - 99 years. Freehold land is not depreciated.

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, ie. reishi gano, ganocelium , tea leaves and spirulina 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.

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.

2. Significant accounting policies (continued)

(i) Inventories (continued)

(i) Raw materials, trading and manufactured inventories

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.

(ii) Land held for property development

Land held for property development consist of land or such portions thereof on which no development activities have been carried out or where development activities are not expected to be completed within the Group's normal operating cycle.

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies.

(iii) Developed properties

Developed properties are measured at the lower of cost and net realisable value. Cost is determined on the specific identification basis and comprise cost associated with the acquisition of land, direct building and construction costs and appropriate proportion of common costs.

(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 in the management of its 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.

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 recognises 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 measures loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balance 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 considers 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 is exposed to credit risk.

The Group estimates 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 assesses 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.

2. Significant accounting policies (continued)

(l) Impairment (continued)

(i) Financial assets (continued)

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 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 procedures for recovery 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. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

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. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

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 first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the assets in the cash-generating unit (groups of cash-generating units) on a *pro rata* basis.

2. Significant accounting policies (continued)

(l) Impairment (continued)

(ii) Other assets (continued)

An impairment loss in respect of goodwill is not reversed. In respect of other assets, 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

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

Ordinary shares

Ordinary shares are classified as equity.

(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.

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) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

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 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 transfers control of a good or service at a point in time unless one of the following over time criteria is met:

(a) the customer simultaneously receives and consumes the benefits provided as the Group performs;

(b) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

(c) the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

(ii) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss.

(iii) 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.

(iv) Government grants

Grants that compensate the Group 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.

2. Significant accounting policies (continued)

(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.

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.

2. Significant accounting policies (continued)

(s) Borrowing costs (continued)

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.

(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.

2. Significant accounting policies (continued)

(v) Fair value measurements (continued)

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.

3. Property, plant and equipment

	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	Aircraft RM'000	Capital work-in-progress RM'000	Total RM'000
Cost									
At 1 March 2018	23,912	58,455	10,366	66,218	30,165	10,534	-	14,156	213,806
Acquisition through business combination (Note 33.3)	-	156	-	291	124	157	-	-	728
Additions	3,336	10,151	56	11,389	2,912	2,650	7,900	9,413	47,807
Disposals	-	-	-	(579)	(166)	(355)	-	-	(1,100)
Written-off	-	-	(200)	(869)	(714)	(19)	-	(148)	(1,950)
Transfer from investment properties	-	501	-	-	-	-	-	-	501
Reclassification	-	3,472	(891)	1,548	(1,435)	50	-	(2,744)	-
Effect of movement in exchange rates	39	(523)	-	(207)	(192)	1	-	(159)	(1,041)
At 1 March 2019	27,287	72,212	9,331	77,791	30,694	13,018	7,900	20,518	258,751
Acquisition through business combination (Note 33.2)	15,700	16,876	-	-	486	15	-	-	33,077
Derecognition of a subsidiary	-	-	-	-	-	-	-	(2,789)	(2,789)
Additions	3,714	18,972	740	7,683	5,947	2,431	-	106,148	145,635
Disposals	-	(41)	-	(55)	(93)	(410)	-	(36)	(635)
Written-off	-	(24)	(513)	(529)	(273)	(276)	-	-	(1,615)
Transfer from/(to) investment properties	24,638	7,106	-	-	(433)	-	-	-	31,311
Transfer to land held for property development	-	-	-	-	-	-	-	(440)	(440)
Reclassification	-	275	273	318	29	-	-	(895)	-
Effect of movement in exchange rates	238	35	-	215	167	72	-	(827)	(100)
At 29 February 2020	71,577	115,411	9,831	85,423	36,524	14,850	7,900	121,679	463,195

3. Property, plant and equipment (continued)

	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	Aircraft RM'000	Capital work-in-progress RM'000	Total RM'000
Cost									
At 1 March 2020	71,577	115,411	9,831	85,423	36,524	14,850	7,900	121,679	463,195
Acquisition through business combination (Note 33.1)	-	1,077	-	1,776	111	2	-	5,541	8,507
Disposal of subsidiaries	(1,569)	(7,106)	-	(42)	(136)	(435)	-	-	(9,288)
Additions	90	2,022	1,136	19,877	4,167	4,378	3,219	109,780	144,669
Disposals	-	(182)	-	(481)	(303)	(242)	-	(60)	(1,268)
Written-off	-	(7,324)	-	(4,693)	(175)	(115)	-	(26)	(12,333)
Reclassification	1,064	18,837	1,883	4,032	231	-	-	(26,047)	-
Effect of movement in exchange rates	(517)	986	-	(335)	(328)	(71)	-	(2,210)	(2,475)
At 28 February 2021/1 March 2021	70,645	123,721	12,850	105,557	40,091	18,367	11,119	208,657	591,007
Additions	190	6,180	1,091	19,136	4,280	5,384	-	115,055	151,316
Disposals	-	-	-	-	(172)	(470)	-	(1,048)	(1,690)
Written-off	-	(274)	(297)	(801)	(672)	-	-	(16)	(2,060)
Reclassification	-	16,594	2,941	6,932	(46)	31	-	(26,452)	-
Effect of movement in exchange rates	(226)	1,910	-	699	13	4	-	3,303	5,703
At 31 December 2021	70,609	148,131	16,585	131,523	43,494	23,316	11,119	299,499	744,276

3. Property, plant and equipment (continued)

	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	Aircraft RM'000	Capital work-in-progress RM'000	Total RM'000
Depreciation and impairment loss									
At 1 March 2018									
Accumulated depreciation	-	12,802	3,762	46,919	16,058	6,987	-	-	86,528
Accumulated impairment losses	-	-	-	888	1	-	-	-	889
	-	12,802	3,762	47,807	16,059	6,987	-	-	87,417
Depreciation for the year	-	2,677	461	5,336	2,639	1,606	237	-	12,956
Impairment loss	-	-	-	-	-	-	-	3,593	3,593
Disposals	-	-	-	(309)	(95)	(355)	-	-	(759)
Written-off	-	-	(97)	(849)	(606)	(19)	-	-	(1,571)
Transfer from investment properties	-	217	-	-	-	-	-	-	217
Reclassification	-	375	(364)	(1)	(10)	-	-	-	-
Effect of movement in exchange rates	-	(74)	-	(52)	(72)	10	-	-	(188)
At 28 February 2019									
Accumulated depreciation	-	15,997	3,762	51,044	17,914	8,229	237	-	97,183
Accumulated impairment losses	-	-	-	888	1	-	-	3,593	4,482
	-	15,997	3,762	51,932	17,915	8,229	237	3,593	101,665

3. Property, plant and equipment (continued)

	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	Aircraft RM'000	Capital work-in-progress RM'000	Total RM'000
Depreciation and impairment loss									
At 1 March 2019									
Accumulated depreciation	-	15,997	3,762	51,044	17,914	8,229	237	-	97,183
Accumulated impairment losses	-	-	-	888	1	-	-	3,593	4,482
	-	15,997	3,762	51,932	17,915	8,229	237	3,593	101,665
Depreciation for the year	-	2,879	493	6,643	3,176	1,812	316	-	15,319
Disposals	-	(13)	-	(51)	(77)	(368)	-	-	(509)
Written-off	-	-	(127)	(506)	(255)	(140)	-	-	(1,028)
Transfer from/(to) investment properties	-	1,284	-	-	(54)	-	-	-	1,230
Effect of movement in exchange rates	-	159	-	43	95	52	-	-	349
At 29 February 2020									
Accumulated depreciation	-	20,306	4,128	57,173	20,799	9,585	553	-	112,544
Accumulated impairment losses	-	-	-	888	1	-	-	3,593	4,482
	-	20,306	4,128	58,061	20,800	9,585	553	3,593	117,026

3. Property, plant and equipment (continued)

	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	Aircraft RM'000	Capital work-in-progress RM'000	Total RM'000
Depreciation and impairment loss									
At 1 March 2020									
Accumulated depreciation	-	20,306	4,128	57,173	20,799	9,585	553	-	112,544
Accumulated impairment losses	-	-	-	888	1	-	-	3,593	4,482
	-	20,306	4,128	58,061	20,800	9,585	553	3,593	117,026
Disposal of subsidiaries	-	(1,283)	-	(2)	(24)	(89)	-	-	(1,398)
Depreciation for the year	-	3,766	637	7,667	3,530	2,021	3,012	-	20,633
Impairment loss	10,723	-	-	-	-	-	-	-	10,723
Disposals	-	(182)	-	(76)	(285)	(189)	-	-	(732)
Written-off	-	(1,376)	-	(3,799)	(137)	(115)	-	-	(5,427)
Effect of movement in exchange rates	-	(28)	-	(246)	(126)	(28)	-	-	(428)
At 28 February 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

3. Property, plant and equipment (continued)

	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	Aircraft 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 period	-	4,402	939	9,114	3,663	2,081	2,777	-	22,976
Disposals	-	-	-	-	(149)	(353)	-	-	(502)
Written-off	-	(68)	(86)	(447)	(183)	-	-	-	(784)
Reclassification	-	-	-	540	(532)	(8)	-	-	-
Effect of movement in exchange rates	-	222	-	103	(65)	(15)	-	-	245
At 31 December 2021									
Accumulated depreciation	-	25,759	5,618	70,027	26,491	12,890	6,342	-	147,127
Accumulated impairment losses	10,723	-	-	888	1	-	-	3,593	15,205
	10,723	25,759	5,618	70,915	26,492	12,890	6,342	3,593	162,332

3. Property, plant and equipment (continued)

	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	Aircraft RM'000	Capital work-in-progress RM'000	Total RM'000
Carrying amounts									
At 1 March 2018	23,912	45,653	6,604	18,411	14,106	3,547	-	14,156	126,389
At 28 February 2019	27,287	56,215	5,569	25,859	12,779	4,789	7,663	16,925	157,086
At 29 February 2020	71,577	95,105	5,703	27,362	15,724	5,265	7,347	118,086	346,169
At 28 February 2021	59,922	102,518	8,085	43,952	16,333	7,182	7,554	205,064	450,610
At 31 December 2021	59,886	122,372	10,967	60,608	17,002	10,426	4,777	295,906	581,944

3.1 Impairment loss

During the last financial year ended 29 February 2021, the Group recognised an impairment loss of RM10,723,000 based on a valuation conducted by independent valuers using a combination of the comparison and depreciated replacement cost approach in regards to a property which the Group currently operates a glamping resort. Widespread containment measures, travel restrictions and lockdowns by governments globally to curb the outbreak of Covid-19 have caused significant disruptions in both business and leisure travels resulting in a substantial drop in the occupancy rate and revenue of the resort. The impairment loss is recognised as other expenses in profit or loss.

The fair value of the above property was determined to be RM21,500,000 and is classified as level 3 in the fair value hierarchy. The most significant unobservable input in this approach is the price per square foot of RM15.97 which would increase/(decrease) the estimated fair value if the price per square foot is higher/(lower).

During the financial year ended 28 February 2019, the Group recognised an impairment loss of RM3,593,000 in respect of an aircraft under repair and maintenance and not in operational condition presented under capital work-in-progress. The impairment loss which represents the entire carrying amount of the said aircraft is recognised as other expenses in profit or loss.

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 as disclosed in Note 18.1 are as follows:

	31.12.2021 RM'000	**28.2.2021 RM'000**	**29.2.2020 RM'000**	**28.2.2019 RM'000**
Freehold land	32,929	32,929	32,929	9,859
Buildings	30,045	21,114	26,442	26,737
Capital work-in-progress	76,266	44,323	-	-
	139,240	98,366	59,371	36,596

3.3 Assets held in trust

Included in property, plant and equipment of the Group are motor vehicles and an aircraft with carrying amount of Nil (28.2.2021: Nil; 29.2.2020: RM74,000; 28.2.2019: RM144,000) and RM3,526,000 (28.02.2021: RM4,453,000; 29.02.2020: RM7,347,000; 28.2.2019: RM7,663,000) respectively held in trust by certain Directors and a third party trust company.

3.4 Change in estimates

During the financial year ended 28 February 2021, the Group undertook a review of the categorisation, depreciation methods and useful lives of certain property, plant and equipment. As a result of the review conducted, the useful lives of an aircraft and a resort's buildings were reduced from 25 years to 5 years and 50 years to 20 years respectively. The Directors are of the view that the above changes will better present the cost and carrying amount of these assets based on their nature and pattern of use. The effect of these changes on the depreciation expense recognised in profit or loss, in the current and future periods are as follows:

	28.2.2021 RM'000	**28.2.2022 RM'000**	**28.2.2023 RM'000**	**29.2.2024 RM'000**	**Later RM'000**
Increase/(Decrease) in depreciation expense	2,535	2,535	2,535	1,461	(9,066)

3.5 Included in additions of property, plant and equipment of the Group are borrowings costs capitalised of RM2,354,000 (28.2.2021: RM1,820,000; 29.2.2020: Nil; 28.2.2019: Nil) in relation to capital work-in-progress of the Group. These capital work-in-progress comprise mainly the on-going construction of new manufacturing facilities in India, Mexico and China as well as the Group's corporate building in Cyberjaya, Malaysia.

The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation is 1.96% (28.2.2021: 1.67%; 29.2.2020: Nil; 28.2.2019: Nil).

4. Right-of-use assets

	Leasehold land RM'000	Agriculture land RM'000	Buildings RM'000	Total RM'000
At 1 March 2018	3,462	1,562	13,191	18,215
Additions	280	-	10,437	10,717
Acquisition through business combination (Note 33.3)	21	-	-	21
Depreciation for the year	(66)	(142)	(5,447)	(5,655)
Effect of movement in exchange rates	(58)	9	10	(39)
At 28 February 2019/ 1 March 2019	3,639	1,429	18,191	23,259
Additions	176	6,451	3,087	9,714
Depreciation for the year	(129)	(369)	(7,516)	(8,014)
Effect of movement in exchange rates	4	(7)	56	53
At 29 February 2020/ 1 March 2020	3,690	7,504	13,818	25,012
Acquisition through business combination (Note 33.1)	2,350	-	-	2,350
Additions	619	-	3,473	4,092
Remeasurement	-	-	6,545	6,545
Derecognition	-	-	(273)	(273)
Depreciation for the year	(691)	(373)	(7,818)	(8,882)
Effect of movement in exchange rates	114	67	(179)	2
At 28 February 2021	6,082	7,198	15,566	28,846
Additions	1,632	-	6,334	7,966
Remeasurement	-	-	6,883	6,883
Derecognition	-	-	(905)	(905)
Depreciation for the period	(237)	(317)	(6,738)	(7,292)
Effect of movement in exchange rates	346	64	(56)	354
At 31 December 2021	7,823	6,945	21,084	35,852

The Group leases a number of warehouses, offices, hostels for employees, factory buildings, premises to operate as cafe 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.

4. Right-of-use assets (continued)

4.1 Variable lease payments based on future performance

In addition to the consideration paid for the lease of an agriculture land, the said lease also 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.

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 reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

	31.12.2021 RM'000	**28.2.2021 RM'000**	**29.2.2020 RM'000**	**28.2.2019 RM'000**
Lease liabilities recognised (discounted)				
Offices	2,272	2,691	2,869	2,430
Warehouses	1,501	1,706	1,106	267
Hostels for employees	101	235	309	242
Agriculture land	144	242	242	-
Factory buildings	-	194	176	176
	4,018	5,068	4,702	3,115
Lease liabilities not recognised (discounted)				
Premises to operate as cafes	-	-	160	160

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.

5. Investment properties

	Freehold land RM'000	Leasehold land (Right-of-use asset) RM'000	Buildings RM'000	Total RM'000
Cost				
At 1 March 2018	27,740	-	17,633	45,373
Transfer to property, plant and equipment	-	-	(501)	(501)
Effect of movement in exchange rates	43	-	87	130
At 28 February 2019/1 March 2019	27,783	-	17,219	45,002
Additions	-	99,073	-	99,073
Transfer from land held for property development	126	-	-	126
Transfer to property, plant and equipment	(24,638)	-	(6,673)	(31,311)
Effect of movement in exchange rates	7	-	19	26
At 29 February 2020/ 1 March 2020	3,278	99,073	10,565	112,916
Disposal of subsidiaries	(829)	(99,073)	(2,886)	(102,788)
Effect of movement in exchange rates	79	-	140	219
At 28 February 2021/ 1 March 2021	2,528	-	7,819	10,347
Effect of movement in exchange rates	(127)	-	(233)	(360)
At 31 December 2021	2,401	-	7,586	9,987
Accumulated depreciation				
At 1 March 2018	-	-	3,503	3,503
Depreciation for the year	-	-	448	448
Transfer to property, plant and equipment	-	-	(217)	(217)
Effect of movement in exchange rates	-	-	60	60
At 28 February 2019	-	-	3,794	3,794

5. Investment properties (continued)

	Freehold land RM'000	Leasehold land (Right-of-use asset) RM'000	Buildings RM'000	Total RM'000
Accumulated depreciation				
At 1 March 2019	-	-	3,794	3,794
Depreciation for the year	-	1,003	476	1,479
Transfer to property, plant and equipment	-	-	(1,230)	(1,230)
Effect of movement in exchange rates	-	-	26	26
At 29 February 2020/1 March 2020	-	1,003	3,066	4,069
Depreciation for the year	-	917	476	1,393
Disposal of subsidiaries	-	(1,920)	(768)	(2,688)
Effect of movement in exchange rates	-	-	20	20
At 28 February 2021/ 1 March 2021	-	-	2,794	2,794
Depreciation for the period	-	-	197	197
Effect of movement in exchange rates	-	-	(112)	(112)
At 31 December 2021	-	-	2,879	2,879
Carrying amounts				
At 1 March 2018	27,740	-	14,130	41,870
At 28 February 2019	27,783	-	13,425	41,208
At 29 February 2020	3,278	98,070	7,499	108,847
At 28 February 2021	2,528	-	5,025	7,553
At 31 December 2021	2,401	-	4,707	7,108

Investment properties comprise freehold land, residential properties, shop lots and shop offices that are leased to external parties and/or held for capital appreciation. The leasehold land that was leased for 99 years together with all the tree sapling pollards and plantations growing on the land were deconsolidated via the disposal of subsidiaries during the financial year ended 28 February 2021 (Note 34.1).

5. Investment properties (continued)

5.1 Fair value information

The fair value of investment properties are 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 31 December 2021 is classified as Level 3 in the fair value hierarchy and estimated to be approximately RM15.22 million (28.2.2021: RM15.22 million; 29.2.2020: RM119.51 million; 28.2.2019: RM53.41 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 fair value of the leasehold land was previously determined by external independent valuers, having appropriate recognised professional qualifications and recent experience in the category of property being valued. The leasehold land was deconsolidated during the financial year ended 28 February 2021 upon the disposal of a subsidiary.

The Directors estimate the fair value of the Group's remaining 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.

The most significant input is the price per square foot which ranged from RM27.84 to RM952.20 (28.2.2021: RM27.84 to RM952.20; 28.2.2020: RM0.22 to RM952.20; 28.2.2019: RM34.00 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 had determined the current use of the Group's investment properties as their highest and best use.

The following are recognised in profit or loss in respect of investment properties:

	1.3.2021 to 31.12.2021 Audited RM'000	1.3.2020 to 31.12.2020 Unaudited RM'000	1.3.2020 to 28.2.2021 Audited RM'000	1.3.2019 to 29.2.2020 Audited RM'000	1.3.2018 to 28.2.2019 Audited RM'000
Rental income	216	253	309	333	353
Direct operating expenses:					
- Income generating investment properties	45	197	236	234	276
- Non-income generating investment properties	27	140	168	174	421

5. Investment properties (continued)

5.1 Fair value information (continued)

The operating lease payments to be received are as follows:

	1.3.2021 to 31.12.2021 Audited RM'000	1.3.2020 to 31.12.2020 Unaudited RM'000	1.3.2020 to 28.2.2021 Audited RM'000	1.3.2019 to 29.2.2020 Audited RM'000	1.3.2018 to 28.2.2019 Audited RM'000
Less than one year	235	142	148	323	304
One to two years	227	-	-	95	234
Two to three years	111	-	-	-	77
Total undiscounted lease payments	573	142	148	418	615

5.2 Security

As at 28 February 2019, a freehold land with carrying amount of RM23.07 million was charged as security for borrowings granted to the Group as disclosed in Note 18.1.

6. Intangible assets

	Software costs RM'000	Logging concession rights RM'000	Total RM'000
Cost			
At 1 March 2018	4,925	4,933	9,858
Additions	152	-	152
Disposal	(85)	-	(85)
Effect of movement in exchange rates	7	-	7
At 28 February 2019/1 March 2019	4,999	4,933	9,932
Additions	135	-	135
Written-off	(12)	-	(12)
Effect of movement in exchange rates	6	-	6
At 29 February 2020	5,128	4,933	10,061

6. Intangible assets (continued)

	Software costs RM'000	Logging concession rights RM'000	Total RM'000
Cost			
At 1 March 2020	5,128	4,933	10,061
Additions	70	-	70
Disposal of a subsidiary	-	(4,933)	(4,933)
Effect of movement in exchange rates	1	-	1
At 28 February 2021/1 March 2021	5,199	-	5,199
Additions	61	-	61
Effect of movement in exchange rates	(5)	-	(5)
At 31 December 2021	5,255	-	5,255
Amortisation and impairment loss			
At 1 March 2018			
Accumulated amortisation	4,430	-	4,430
Accumulated impairment loss	-	1,727	1,727
	4,430	1,727	6,157
Amortisation for the year	343	-	343
Disposal	(85)	-	(85)
Effect of movement in exchange rates	9	-	9
At 28 February 2019			
Accumulated amortisation	4,697	-	4,697
Accumulated impairment loss	-	1,727	1,727
	4,697	1,727	6,424

6. Intangible assets (continued)

	Software costs RM'000	Logging concession rights RM'000	Total RM'000
Amortisation and impairment loss			
At 1 March 2019			
Accumulated amortisation	4,697	-	4,697
Accumulated impairment loss	-	1,727	1,727
	4,697	1,727	6,424
Amortisation for the year	317	-	317
Impairment loss	-	3,206	3,206
Effect of movement in exchange rates	5	-	5
At 29 February 2020/1 March 2020			
Accumulated amortisation	5,019	-	5,019
Accumulated impairment losses	-	4,933	4,933
	5,019	4,933	9,952
Amortisation for the year	118	-	118
Disposal of a subsidiary	-	(4,933)	(4,933)
Effect of movement in exchange rates	7	-	7
At 28 February 2021/1 March 2021	5,144	-	5,144
Amortisation for the period	75		75
Effect of movement in exchange rates	(6)		(6)
At 31 December 2021	5,213	-	5,213
Carrying amounts			
At 1 March 2018	495	3,206	3,701
At 28 February 2019	302	3,206	3,508
At 29 February 2020	109	-	109
At 28 February 2021	55	-	55
At 31 December 2021	42	-	42

6. Intangible assets (continued)

The logging concession rights were previously acquired by way of an assignment of full and absolute rights from the registered authority without any fixed or predetermined period remain unused by the Group and was fully impaired during the financial year ended 28 February 2020 due to the lack of an active market for the Group to transfer or dispose of the rights. The impairment loss of RM3,206,000 which represents the entire carrying amount of the concession rights is recognised as other expenses in profit or loss.

7. List of subsidiaries

Details of the subsidiaries are as follows:

Name of subsidiaries	Principal place of business/ Country of incorporation	Effective ownership and voting interest 31.12.2021	28.2.2021	29.2.2020	28.2.2019	Principal activities
DXN Marketing Sdn. Bhd.	Malaysia	100%	100%	100%	100%	Sales of health supplements and other products on direct sales basis
DXN Industries (M) Sdn. Bhd.	Malaysia	100%	100%	100%	100%	Manufacture and distribution of health food supplements and other products
DXN Pharmaceutical Sdn. Bhd.	Malaysia	100%	100%	100%	100%	Manufacture of health food supplements and other products
DXN Plantation Sdn. Bhd. [(e)]	Malaysia	-	-	100%	100%	Forest plantation, timber logging and related forestry support services
DXN Solutions Sdn. Bhd.	Malaysia	100%	100%	100%	100%	Information technology adviser and consultant and trading in computer hardware and software equipment

7. List of subsidiaries (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
		31.12.2021	28.2.2021	29.2.2020	28.2.2019	
DXN Land Sdn. Bhd. [(e)]	Malaysia	-	-	100%	100%	Property development and investment holding
DXN Materials Sdn. Bhd.	Malaysia	100%	100%	100%	100%	Property holding
DXN Biotech Consultants Sdn. Bhd.	Malaysia	100%	100%	100%	100%	Research and development and experimental work in relation to biotechnology, bio-chemical and agricultural products. During the financial year ended 28 February 2021, it commenced operation in the trading of agricultural products
DXN Biofuels Sdn. Bhd.	Malaysia	100%	100%	100%	100%	Designing, constructing, owning and operating a biodiesel processing plant, including the processing, manufacturing, selling, distributing and trading of biodiesel products and other related businesses
DXN Cafe Sdn. Bhd.	Malaysia	100%	100%	100%	100%	Operating a cafe
DXN Safari Eco Park Sdn. Bhd.	Malaysia	100%	100%	100%	100%	Plantation and cultivation of rubber trees and cash crops

7. List of subsidiaries (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
		31.12.2021	28.2.2021	29.2.2020	28.2.2019	
Bio Synergy Laboratories Sdn. Bhd.	Malaysia	100%	100%	100%	100%	Research and development, analytical lab tests, experimental work in relation to pharmaceutical and biological products and trading of cosmetics and chemicals materials
DXN Mycotech Sdn. Bhd.	Malaysia	70%	70%	70%	70%	Property investment
DXN Agrotech Sdn. Bhd.	Malaysia	100%	100%	100%	100%	Agricultural and forest plantation and processing of virgin palm oil. During the financial year ended 28 February 2021, it commenced operations in operating of a marine sanctuary and provision of tour activities
DXN Food Tech Sdn. Bhd.	Malaysia	80%	80%	100%	100%	Confectionery and biscuits manufacturer
Amazing Discovery Sdn. Bhd.	Malaysia	100%	100%	100%	-	Operating a glamping resort, namely Boulder Valley

7. List of subsidiaries (continued)

Details of the subsidiaries are as follows (continued):

Name of subsidiaries	Principal place of business/ Country of incorporation	Effective ownership and voting interest 31.12.2021	28.2.2021	29.2.2020	28.2.2019	Principal activities
DXN Biogreen Sdn. Bhd.	Malaysia	100%	100%	80%	-	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 village complex, namely Ayer Hangat Village Langkawi
DXN (Terengganu) Sdn. Bhd.	Malaysia	100%	100%	-	-	In the process of strike off
Box Park Management Sdn. Bhd. [(c)]	Malaysia	-	-	-	100%	Venture into business of management of real estate on a fee or contract basis
Eco Utara Ventures Sdn. Bhd. [(a)]	Malaysia	-	-	70%	70%	Dormant and struck off on 15 June 2020
DXN International Holding Limited	British Virgin Islands	100%	100%	100%	100%	Investment holding and provision of management services
DXN Corporation (Ningxia) Co., Ltd. [(a)]	People's Republic of China	100%	100%	100%	100%	Investment holding, research and development and experimental works in relation to biotechnology. Processing and trading of food & beverages, food supplements, cosmetics and consumer products

7. List of subsidiaries (continued)

Details of the subsidiaries are as follows (continued):

Name of subsidiaries	Principal place of business/ Country of incorporation	Effective ownership and voting interest 31.12.2021	28.2.2021	29.2.2020	28.2.2019	Principal activities
DXN Korea Co., Ltd.	Korea	100%	100%	100%	100%	Dormant
DXN Marketing Bangladesh Ltd. [(a)]	Bangladesh	100%	100%	100%	-	Dormant
Esen Lifesciences Private Limited [(a)]	India	100%	99.98%	99.98%	99.98%	Dormant
PT Daehsan Indonesia [(a)]	Indonesia	100%	100%	100%	100%	Direct selling business
PT Daxen Agrotech Nusantara	Indonesia	100%	100%	100%	100%	Investment holding
Florin (Fujian) Integrated Agricultural Science and Technology Co., Ltd.	People's Republic of China	82.82%	82.82%	-	-	Tea plantation, processing, research & development, wholesale trading and retailing of tea, pre-packaged food & beverages and other products
Daxen Logistic LLC	United States of America	100%	100%	-	-	Marketing and logistic networking
<u>Subsidiaries of DXN Land Sdn. Bhd.</u>						
Yiked-DXN Stargate Sdn. Bhd. [(e)]	Malaysia	-	-	100%	100%	Property development, property investment. During the financial year ended 28 February 2021, its business activities include buying and selling, renting and operating of properties
Richmont Sapphire Sdn. Bhd. [(e)]	Malaysia	-	-	100%	100%	Property development

7. List of subsidiaries (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
		31.12.2021	28.2.2021	29.2.2020	28.2.2019	
Subsidiaries of DXN Land Sdn. Bhd. (continued)						
Bio Synergy Engineering Sdn. Bhd. [(e)]	Malaysia	-	-	100%	100%	Dormant
Subsidiary of DXN Biotech Consultants Sdn. Bhd.						
DXN Bio Oil Sdn. Bhd.	Malaysia	100%	100%	100%	100%	Dormant
Subsidiary of PT Daxen Agrotech Nusantara						
PT Daxen Agri Pratama	Indonesia	90%	90%	90%	90%	Investment holding
Subsidiaries of DXN International Holding Limited						
DXN International (UK) Limited	United Kingdom	100%	100%	100%	100%	Dormant
DXN International (Hong Kong) Limited [(a)]	Hong Kong	100%	100%	100%	100%	Direct selling health care products
DXN (Singapore) Pte Ltd [(a)]	Singapore	100%	100%	100%	100%	Direct sales and trading in health products and provision of related services and investment holding
PT Daxen Indonesia [(a)]	Indonesia	99%	99%	99%	99%	Manufacturing of traditional medicines, cosmetics and beverages
DXN International (Australia) Pty. Ltd.	Australia	100%	100%	100%	100%	Trading and distribution of food & beverages, food supplements and consumer products on direct sales basis
DXN International Pakistan (Private) Limited [(a)]	Pakistan	99.99%	99.99%	99.99%	99.99%	Trading and distribution of food & beverages, food supplements and consumer products

7. List of subsidiaries (continued)

Details of the subsidiaries are as follows (continued):

Name of subsidiaries	Principal place of business/ Country of incorporation	Effective ownership and voting interest 31.12.2021	28.2.2021	29.2.2020	28.2.2019	Principal activities
Subsidiaries of DXN International Holding Limited (continued)						
DXN International Private Ltd. [(a)]	Labuan	100%	100%	100%	100%	Investment holding and trading and distribution of food & beverages, food supplements and consumer products on direct sales basis
DXN International Peru S.A.C. [(b)]	Peru	100%	100%	100%	100%	Trading and distribution of food & beverages, food supplements and consumer products on direct sales basis
Daehsan Europe Export-import Korlátolt Felelősségű Társaság [(a)]	Hungary	100%	100%	100%	100%	Investment holding, trading and distribution of food & beverages, food supplements and consumer products
DXN International Chile S.p.A.	Chile	100%	100%	100%	100%	Dormant
Daxen Mexico, S.A. DE C.V. [(a)]	Mexico	100%	100%	100%	100%	Provision of human resource services. During the financial period ended 31 December 2021, it had ceased operations
DXN Mexico, S.A. DE C.V. [(b)]	Mexico	100%	100%	100%	100%	Manufacturing and distribution of food & beverages, food supplements and consumer products on direct sales basis
DXN International (Thailand) Co., Ltd. ("DXN Thailand") [(a)(d)]	Thailand	49%	49%	49%	49%	Trading and distribution of food & beverages, food supplements and consumer products on direct sales basis

7. List of subsidiaries (continued)

Details of the subsidiaries are as follows (continued):

Name of subsidiaries	Principal place of business/ Country of incorporation	Effective ownership and voting interest 31.12.2021	28.2.2021	29.2.2020	28.2.2019	Principal activities
Subsidiaries of DXN International Holding Limited (continued)						
DXN Bolivia S.R.L. [(b)]	Bolivia	100%	100%	100%	100%	Trading and distribution of food & beverages, food supplements and consumer products on direct sales basis
Golden Health Trading Limited [(a)]	Hong Kong	100%	100%	100%	100%	Provision of marketing consultancy services and general trading
Daxen Agritech India Private Limited [(a)]	India	100%	100%	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%	100%	100%	Trading and distribution of food & beverages, food supplements and consumer products on direct sales basis
Daehsan Mexico Import & Export, S.A. de C.V.	Mexico	100%	100%	100%	100%	Dormant
DXN Mauritania SARL	Mauritania	100%	100%	100%	-	Trading and distribution of food & beverages, food supplements and consumer products on direct sales basis
DXN-Niger SA	Niger	100%	100%	100%	-	Dormant

7. List of subsidiaries (continued)

Details of the subsidiaries are as follows (continued):

Name of subsidiaries	Principal place of business/ Country of incorporation	Effective ownership and voting interest 31.12.2021	28.2.2021	29.2.2020	28.2.2019	Principal activities
Subsidiaries of DXN (Singapore) Pte Ltd						
DXN Argentina S.R.L.	Argentina	100%	100%	100%	100%	Dormant
DXN Trading Ecuador CIA. LTDA. [(a)]	Ecuador	100%	100%	100%	100%	Trading and distribution of food & beverages, food supplements and consumer products on direct sales basis
DXN International Panama S.A.	Panama	100%	100%	100%	100%	Trading and distribution of food & beverages, food supplements and consumer products on direct sales basis
DXN Marketing (Brasil) LTDA	Brazil	100%	100%	100%	100%	Dormant
Daxen LLC [(a)]	Mongolia	100%	100%	100%	100%	Trading and distribution of food & beverages, food supplements and consumer products
DXN Europe Trading GmbH	Germany	90%	90%	90%	90%	In the process of liquidation
FE LLC "DAXEN UBZ"	Uzbekistan	100%	100%	100%	-	Importation and distribution of food & beverages, food supplements and consumer products
DXN RUS LLC	Russia	100%	100%	-	-	Dormant

7. List of subsidiaries (continued)

Details of the subsidiaries are as follows (continued):

Name of subsidiaries	Principal place of business/ Country of incorporation	Effective ownership and voting interest 31.12.2021	28.2.2021	29.2.2020	28.2.2019	Principal activities
Subsidiaries of DXN Corporation (Ningxia) Co., Ltd.						
DXN Biotechnology (Ningxia) Co., Ltd. [(a)]	People's Republic of China	100%	100%	100%	100%	Research and development and experimental works in relation to biotechnology. Processing and trading of food & beverages, food supplements, cosmetics and consumer products
DXN International Trading (Ningxia) Co., Ltd. [(a)]	People's Republic of China	100%	100%	100%	100%	Trading and distribution of food & beverages, food supplements, cosmetics and consumer products
DXN Edible Fungi Company Limited	People's Republic of China	51%	51%	51%	51%	Struck off on 22 February 2022
DXN Healthtech (Guangzhou) Co., Ltd.	People's Republic of China	60%	60%	60%	60%	In the process of liquidation
DXN Agrotech (Ningxia) Co., Ltd. [(a)]	People's Republic of China	100%	100%	100%	100%	Research, cultivation, manufacture and trading of mushroom and spirulina
DXN Ecotech (Ningxia) Co., Ltd.	People's Republic of China	-	-	-	65%	Dissolved
Subsidiary of DXN Korea Co., Ltd.						
DXN C-One Co., Ltd	South Korea	-	51%	51%	51%	Struck off on 3 March 2021

7. List of subsidiaries (continued)

Details of the subsidiaries are as follows (continued):

Name of subsidiaries	Principal place of business/ Country of incorporation	Effective ownership and voting interest 31.12.2021	28.2.2021	29.2.2020	28.2.2019	Principal activities
Subsidiary of DXN International Private Ltd						
DXN Manufacturing (India) Private Limited [(b)]	India	100%	100%	100%	100%	Manufacturing of health food, traditional medicine, all kinds of confectioneries and other food products
Subsidiaries of Daehsan Europe Export-import Korlátolt Felelősségű Társaság						
Daxen Inc.	United States of America	100%	100%	100%	100%	Trading and distribution of food & beverages, food supplements and consumer products on direct sales basis
DXN International CZ s.r.o.	Czech Republic	100%	100%	100%	100%	Trading and distribution of food & beverages, food supplements and consumer products on direct sales basis
DXN Germany GmbH	Germany	100%	100%	100%	100%	Dormant
DXN Bulgaria Ltd.	Bulgaria	100%	100%	100%	100%	Trading and distribution of food & beverages, food supplements and consumer products on direct sales basis. During the financial year ended 28 February 2019, it had ceased operations
Daxen Slovakia s.r.o.	Slovakia	100%	100%	100%	100%	Trading and distribution of food & beverages, food supplements and consumer products on direct sales basis

7. List of subsidiaries (continued)

Details of the subsidiaries are as follows (continued):

Name of subsidiaries	Principal place of business/ Country of incorporation	Effective ownership and voting interest 31.12.2021	28.2.2021	29.2.2020	28.2.2019	Principal activities
Subsidiaries of Daehsan Europe Export-import Korlátolt Felelősségű Társaság (continued)						
DXN Greece EPE	Greece	100%	100%	100%	100%	Trading and distribution of food & beverages, food supplements and consumer products on direct sales basis
DXN International Poland Sp.z.o.o	Poland	100%	100%	100%	100%	Trading and distribution of food and beverages, food supplements and consumer products on direct sales basis
DXN Internacional Spain S.L. Unipersonal	Spain	100%	100%	100%	100%	Trading and distribution of food & beverages, food supplements and consumer products on direct sales basis
DXN Italy SRL	Italy	100%	100%	100%	100%	Trading and distribution of food & beverages, food supplements and consumer products on direct sales basis
DXN Marketing Private ithalat Ve Pazarlama Limited Şirketi	Turkey	100%	100%	100%	100%	Trading and distribution of food & beverages, food supplements and consumer products on direct sales basis
Daxen Morocco LLC	Morocco	100%	100%	100%	100%	Trading and distribution of food & beverages, food supplements and consumer products on direct sales basis
DXN International Austria GmbH	Austria	-	-	-	100%	Dissolved

7. List of subsidiaries (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
		31.12.2021	28.2.2021	29.2.2020	28.2.2019	
Subsidiary of Daxen Agritech India Private Limited						
DXN Marketing India Private Limited ("DMIPL") (b)(d)	India	50%	50%	50%	50%	Trading and distribution of food & beverages, food supplements and consumer products on direct sales basis
Subsidiary of PT Daxen Agri Pratama						
PT Daxen KJP Agro (a)	Indonesia	81%	81%	81%	81%	Manufacturing of virgin coconut oil
Subsidiary of DXN Italy SRL						
DXN Global Marketing Nigeria Limited (a)	Nigeria	100%	100%	100%	100%	Trading and distribution of food & beverages, food supplements and consumer products on direct sales basis
Subsidiary of DXN Manufacturing (India) Private Limited						
DXN Clinics Private Limited (a)	India	99.99%	99.99%	99.99%	99.99%	Consultation and treatment services with ganotherapy
Subsidiary of Florin (Fujian) Integrated Agricultural Science and Technology Co., Ltd.						
Anxi Gande Foluohua Integrated Agricultural Science and Technology Co., Ltd.	People's Republic of China	82.82%	82.82%	-	-	Tea plantation, processing, research & development, wholesale trading and retailing of tea, pre-packaged food, beverages and other products.

7. List of subsidiaries (continued)

Details of the subsidiaries are as follows (continued):

(a) *Not audited by KPMG PLT.*
(b) *Audited by member firms of KPMG International.*
(c) *During the financial year ended 29 February 2020, the Company derecognised Box Park Management Sdn. Bhd. as a subsidiary which then became an associate of the Company.*
(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 other shareholders will exercise their votes collectively.*
(e) *On 26 February 2021, the Company entered into Share Sale Agreements with DXN Global Sdn. Bhd. to dispose of its entire equity interest in DXN Plantation Sdn Bhd. and DXN Land Sdn. Bhd. and its subsidiaries to DXN Global Sdn. Bhd..*

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
31.12.2021				
NCI percentage of ownership interest and voting interest	50%	51%		
Carrying amount of NCI	37,037	8,338	4,402	49,777
Profit/(Loss) allocated to NCI	1,044	835	(260)	1,619
Other comprehensive income/(expense) allocated to NCI	154	(591)	75	(362)

Summarised financial information before intra-group elimination

As at 31 December 2021

	DMIPL	DXN Thailand
Non-current assets	5,440	12,837
Current assets	131,432	6,915
Current liabilities	(62,798)	(3,403)
Net assets	74,074	16,349

7. List of subsidiaries (continued)

7.1 Non-controlling interest in subsidiaries (continued)

	DMIPL RM'000	DXN Thailand RM'000
31.12.2021		
Period ended 31 December 2021		
Revenue	116,434	15,121
Profit for the period	2,088	1,638
Total comprehensive income	2,396	479
Cash flows used in operating activities	(5,643)	(95)
Cash flows from/(used in) investing activities	3,184	(37)
Cash flows used in financing activities	(793)	-
Net decrease in cash and cash equivalents	(3,252)	(132)

	DMIPL RM'000	DXN Thailand RM'000	Other subsidiaries with immaterial NCI RM'000	Total RM'000
28.2.2021				
NCI percentage of ownership interest and voting interest	50%	51%		
Carrying amount of NCI	35,839	8,094	4,587	48,520
Profit allocated to NCI	8,079	1,167	66	9,312
Other comprehensive (expense)/income allocated to NCI	(1,347)	122	9	(1,216)

7. List of subsidiaries (continued)

7.1 Non-controlling interest in subsidiaries (continued)

	DMIPL RM'000	DXN Thailand RM'000
28.2.2021		
Summarised financial information before intra-group elimination		
As at 28 February 2021		
Non-current assets	717	13,972
Current assets	116,133	6,653
Current liabilities	(45,172)	(4,755)
Net assets	71,678	15,870
Year ended 28 February 2021		
Revenue	129,854	20,456
Profit for the year	16,157	2,289
Total comprehensive income	13,463	2,528
Cash flows from/(used in) operating activities	12,132	(363)
Cash flows used in investing activities	(5,752)	(320)
Cash flows used in financing activities	(123)	-
Net increase/(decrease) in cash and cash equivalents	6,257	(683)

7. List of subsidiaries (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
29.2.2020				
NCI percentage of ownership interest and voting interest	50%	51%		
Carrying amount of NCI	29,107	6,805	(556)	35,356
Profit/(Loss) allocated to NCI	12,390	1,527	(340)	13,577
Other comprehensive income allocated to NCI	80	118	6	204

Summarised financial information before intra-group elimination

	DMIPL RM'000	DXN Thailand RM'000
As at 29 February 2020		
Non-current assets	569	13,719
Current assets	100,840	7,390
Current liabilities	(43,194)	(7,767)
Net assets	58,215	13,342
Year ended 29 February 2020		
Revenue	151,604	23,366
Profit for the year	24,780	2,994
Total comprehensive income	24,941	3,225
Cash flows from operating activities	33,163	8,261
Cash flows from/(used in) investing activities	370	(6,368)
Cash flows used in financing activities	(48,562)	(2,653)
Net decrease in cash and cash equivalents	(15,029)	(760)
Dividends paid to NCI	-	1,366

7. List of subsidiaries (continued)

7.1 Non-controlling interest in subsidiaries (continued)

28.2.2019	DMIPL RM'000	DXN Thailand RM'000	Other subsidiaries with immaterial NCI RM'000	Total RM'000
NCI percentage of ownership interest and voting interest	50%	51%		
Carrying amount of NCI	16,637	6,526	(223)	22,940
Profit/(Loss) allocated to NCI	7,906	1,356	(368)	8,894
Other comprehensive (expense)/income allocated to NCI	(699)	298	(5)	(406)

Summarised financial information before intra-group elimination

As at 28 February 2019

	DMIPL RM'000	DXN Thailand RM'000
Non-current assets	512	7,698
Current assets	53,285	7,513
Current liabilities	(20,523)	(2,414)
Net assets	33,274	12,797

Year ended 28 February 2019

	DMIPL RM'000	DXN Thailand RM'000
Revenue	131,576	26,374
Profit for the year	15,813	2,658
Total comprehensive income	14,415	3,243
Cash flows from operating activities	13,845	2,960
Cash flows from/(used in) investing activities	509	(8)
Cash flows used in financing activities	(1)	(2,620)
Net increase in cash and cash equivalents	14,353	332
Dividends paid to NCI	-	1,282

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.

8. Investment in an associate

	31.12.2021 RM'000	28.2.2021 RM'000	29.2.2020 RM'000	28.2.2019 RM'000
Investment, at cost	1	1	1	-

Details of the associate are as follows:

Name of associate	Principal place of business/ Country of incorporation	Effective ownership and voting interest 31.12.2021	28.2.2021	29.2.2020	28.2.2019	Nature of the relationship
Box Park Management Sdn. Bhd.	Malaysia	40%	40%	40%	-	Venture into business of management of real estate on a fee or contract basis

The Company has undertaken to provide financial support to the associate to enable the associate to continue operating as a going concern.

9. Investment in joint venture

	31.12.2021 RM'000	28.2.2021 RM'000	29.2.2020 RM'000	28.2.2019 RM'000
Investment, at cost	1	1	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 31.12.2021	28.2.2021	29.2.2020	28.2.2019	Nature of the relationship
DNC Food Industries Sdn. Bhd. ("DNC")	Malaysia	50%	50%	50%	50%	Venture into business of manufacture and trading of spices and curry powder

The Company has undertaken to provide financial support to the joint venture to enable the joint venture to continue operating as a going concern.

10. Inventories

	Note	31.12.2021 RM'000	28.2.2021 RM'000	29.2.2020 RM'000	28.2.2019 RM'000
Non-current					
Land held for property development	10.1	-	-	34,501	36,754
Current					
Raw materials		65,283	65,763	50,852	49,041
Work-in-progress		9,553	6,502	7,682	2,285
Manufactured inventories		143,239	93,780	64,474	63,120
Trading inventories		65	81	134	291
Developed properties		-	-	2,207	2,207
		218,140	166,126	125,349	116,944

10.1 Land held for property development

	31.12.2021 RM'000	28.2.2021 RM'000	29.2.2020 RM'000	28.2.2019 RM'000
Represented by:				
Freehold land	-	-	21,780	21,780
Development costs	-	-	12,721	14,974
	-	-	34,501	36,754

The land held for property development together with the developed properties were deconsolidated via the disposal of subsidiaries during the financial year ended 28 February 2021 (Note 34.1).

10.2 Security

Certain land held for property development with carrying amount of Nil (28.2.2021: Nil; 29.2.2020: RM10.1 million; 28.2.2019: Nil) were charged as security for loans and borrowings granted to the Group as disclosed in Note 18.1.

11. Deferred tax assets/(liabilities)

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

	Assets				Liabilities				Net			
	31.12.2021 RM'000	**28.2.2021 RM'000**	**29.2.2020 RM'000**	**28.2.2019 RM'000**	**31.12.2021 RM'000**	**28.2.2021 RM'000**	**29.2.2020 RM'000**	**28.2.2019 RM'000**	**31.12.2021 RM'000**	**28.2.2021 RM'000**	**29.2.2020 RM'000**	**28.2.2019 RM'000**
Property, plant and equipment and intangible assets - capital allowance	-	-	-	-	(3,656)	(4,171)	(5,103)	(3,979)	(3,656)	(4,171)	(5,103)	(3,979)
Inventories	26,490	16,647	20,322	22,618	-	(1,746)	(752)	-	26,490	14,901	19,570	22,618
Biological assets	-	-	-	-	(18)	(155)	(332)	(318)	(18)	(155)	(332)	(318)
Unabsorbed capital allowances	-	111	104	20	-	-	-	-	-	111	104	20
Tax losses carry-forward	-	2,508	552	114	-	-	-	-	-	2,508	552	114
Unutilised investment tax allowance	-	295	303	-	-	-	-	-	-	295	303	-
Provisions	22,307	19,912	16,199	10,376	-	-	-	-	22,307	19,912	16,199	10,376
Right-of-use assets	5,409	4,285	3,583	4,460	-	-	-	-	5,409	4,285	3,583	4,460
Lease liabilities	-	-	-	-	(5,536)	(4,414)	(3,930)	(4,674)	(5,536)	(4,414)	(3,930)	(4,674)
Other items	190	802	928	640	-	-	-	-	190	802	928	640
	54,396	44,560	41,991	38,228	(9,210)	(10,486)	(10,117)	(8,971)	45,186	34,074	31,874	29,257
Set-off of tax	(5,536)	(6,709)	(9,267)	(8,386)	5,536	6,709	9,267	8,386	-	-	-	-
Net deferred tax assets/ (liabilities)	48,860	37,851	32,724	29,842	(3,674)	(3,777)	(850)	(585)	45,186	34,074	31,874	29,257

11. Deferred tax assets/(liabilities) (continued)

Recognised deferred tax assets/(liabilities) (continued)

The movements in temporary differences during the year are as follows:

	At 1.3.2018 RM'000	Recognised in profit or loss (Note 25) RM'000	Effect of movement in exchange rates RM'000	At 28.2.2019/ 1.3.2019 RM'000	Recognised in profit or loss (Note 25) RM'000	Acquisition of a subsidiary (Note 33.2) RM'000	Effect of movement in exchange rates RM'000	At 29.2.2020 RM'000
Property, plant and equipment and intangible assets - capital allowance	(3,077)	(961)	59	(3,979)	(51)	(1,072)	(1)	(5,103)
Inventories	17,843	4,775	-	22,618	(3,048)	-	-	19,570
Biological assets	(308)	(10)	-	(318)	(14)	-	-	(332)
Unabsorbed capital allowances	65	(45)	-	20	85	-	(1)	104
Tax losses carry-forward	-	114	-	114	432	-	6	552
Unutilised investment tax allowance	-	-	-	-	303	-	-	303
Provisions	9,130	1,083	163	10,376	5,519	-	304	16,199
Right-of-use assets	3,316	1,144	-	4,460	(877)	-	-	3,583
Lease liabilities	(3,497)	(1,177)	-	(4,674)	744	-	-	(3,930)
Other items	644	(5)	1	640	287	-	1	928
	24,116	4,918	223	29,257	3,380	(1,072)	309	31,874

11. Deferred tax assets/(liabilities) (continued)

Recognised deferred tax assets/(liabilities) (continued)

	At 1.3.2020 RM'000	Recognised in profit or loss (Note 25) RM'000	Effect of movement in exchange rates RM'000	At 28.2.2021/ 1.3.2021 RM'000	Recognised in profit or loss (Note 25) RM'000	Effect of movement in exchange rates RM'000	At 31.12.2021 RM'000
Property, plant and equipment and intangible assets							
- capital allowance	(5,103)	930	2	(4,171)	526	(11)	(3,656)
Inventories	19,570	(4,669)	-	14,901	11,589	-	26,490
Biological assets	(332)	177	-	(155)	137	-	(18)
Unabsorbed capital allowances	104	8	(1)	111	(111)	-	-
Tax losses carry-forward	552	1,970	(14)	2,508	(2,508)	-	-
Unutilised investment tax allowance	303	(8)	-	295	(295)	-	-
Provisions	16,199	4,320	(607)	19,912	2,515	(120)	22,307
Right-of-use assets	3,583	702	-	4,285	1,124	-	5,409
Lease liabilities	(3,930)	(484)	-	(4,414)	(1,122)	-	(5,536)
Other items	928	(124)	(2)	802	(612)	-	190
	31,874	2,822	(622)	34,074	11,243	(131)	45,186

11. Deferred tax assets/(liabilities) (continued)

Recognised deferred tax assets/(liabilities) (continued)

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 that 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):

	31.12.2021 RM'000	28.2.2021 RM'000	29.2.2020 RM'000	28.2.2019 RM'000
Property, plant and equipment and intangible assets - capital allowance	(6,301)	(3,671)	(2,583)	(2,179)
Unabsorbed capital allowances	16,872	7,197	4,924	4,015
Tax losses carry-forward	51,398	41,932	29,218	14,424
Other items	(1)	57	5	-
	61,968	45,515	31,564	16,260

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:

	31.12.2021 RM'000	28.2.2021 RM'000	29.2.2020 RM'000	28.2.2019 RM'000
Tax losses carry-forward:				
Expiring not more than 5 years	23,748	15,881	10,130	9,652
Expiring between 6 to 7 years	6,198	1,273	4,563	148
Expiring between 8 to 11 years	18,613	22,209	12,163	2,614
With no expiry period	2,839	2,569	2,362	2,010
	51,398	41,932	29,218	14,424

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 can utilise the benefits therefrom.

12. Prepayments

The non-current prepayments comprise amount paid for the purchase of plant and equipment and a leasehold land together with all the tree sapling pollards and plantations growing on the said land. The leasehold land was deconsolidated in financial year 28 February 2021 via the disposal of subsidiaries.

13. Biological assets

	31.12.2021 RM'000	28.2.2021 RM'000	29.2.2020 RM'000	28.2.2019 RM'000
At 1 March 2021/2020/2019/2018	646	1,382	1,326	1,287
Fair value movement on remeasurement of biological assets and changes due to harvest	(570)	(736)	56	39
At 31 December 2021/ 28 February 2021/ 29 February 2020/ 28 February 2019	76	646	1,382	1,326

Biological assets of the Group comprise agricultural produce i.e. Reishi Gano ("RG"), Ganoderma ("GL"), tea leaves and spirulina.

14. Contract assets/(liabilities)

	31.12.2021 RM'000	28.2.2021 RM'000	29.2.2020 RM'000	28.2.2019 RM'000
Contract assets	951	865	546	-
Contract liabilities	-	(8,305)	-	-

Movements in the contract assets and liabilities are as follows:

	31.12.2021 RM'000	28.2.2021 RM'000	29.2.2020 RM'000	28.2.2019 RM'000
At 1 March 2021/2020/2019/2018	(7,440)	546	-	-
Revenue recognised as a result of measure of progress	16,194	15,629	14,236	12,412
Decrease due to billings raised during the year	(7,803)	(23,615)	(13,690)	(12,412)
At 31 December 2021/ 28 February 2021/ 29 February 2020/ 28 February 2019	951	(7,440)	546	-

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.

Contract liabilities comprise redemption points awarded under the a promotion programme determined based on the fair value of products to be redeemed which also represents the aggregate amount of transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) at the end of the financial year. The contract liabilities will be recognised as revenue when the points are redeemed or upon expiry of the redemption period, whichever earlier.

15. Trade and other receivables, including derivatives

	Note	31.12.2021 RM'000	28.2.2021 RM'000	29.2.2020 RM'000	28.2.2019 RM'000
Trade					
Trade receivables		17,002	18,944	11,925	11,776
Non-trade					
Amount due from:					
- Associate	15.1	-	-	3,544	-
- Joint venture	15.1	2,250	2,672	2,670	2,489
- Companies in which certain Directors have a substantial financial interest	15.2	506	6,621	11,229	10,224
Other receivables	15.3	41,564	48,959	33,876	33,538
Derivative financial assets	20.3	-	4	-	-
Prepayments		16,334	11,912	11,711	15,244
Deposits		4,624	4,006	4,692	9,781
		65,278	74,174	67,722	71,276
		82,280	93,118	79,647	83,052
Financial instruments:					
Trade and other receivables (excluding prepayments and indirect taxes)		47,877	62,712	56,035	53,573
Add: Cash and cash equivalents	16	394,884	325,978	252,489	190,473
Total financial assets measured at amortised cost		442,761	388,690	308,524	244,046

15.1 Amounts due from associate and joint venture

The non-trade amounts due from associate and joint venture are unsecured, interest-free and repayable on demand.

15.2 Amounts due from companies in which certain Directors have a substantial financial interest

The non-trade amounts due from companies in which certain Directors have a substantial financial interest is unsecured, carries interest at rates ranging from 4.82% to 7.25% (28.2.2021: 4.82% to 7.25%; 29.2.2020: 4.82% to 9.00%; 28.2.2019: 9.00%) per annum and repayable on demand.

15. Trade and other receivables, including derivatives (continued)

15.3 Other receivables

Included in other receivables is insurance claim of Nil (28.2.2021: RM10,121,000; 29.2.2020: Nil; 28.2.2019: Nil). Refer Note 35(iv) for details.

Included in other receivables are also:

- indirect taxes receivable of RM18,069,000 (28.2.2021: RM18,494,000; 29.2.2020: RM11,901,000; 28.2.2019: RM14,235,000); and

- RM5,599,000 (28.2.2021: RM6,184,000; 29.2.2020: RM11,186,000; 28.2.2019: RM6,428,000) which earns interest at 5.00% to 10.00% (28.2.2021: 5.00% to 10.00%; 29.2.2020: 5.00% to 12.00%; 28.2.2019: 5.00% to 12.00%) per annum.

16. Cash and cash equivalents

	Note	31.12.2021 RM'000	28.2.2021 RM'000	29.2.2020 RM'000	28.2.2019 RM'000
Short term deposits	16.1	21,680	44,993	5,478	13,835
Cash and bank balances	16.2	373,204	280,985	247,011	176,638
		394,884	325,978	252,489	190,473

16.1 Short term deposits

Short term deposits amounting to RM2,939,000 (28.2.2021: RM2,625,000; 29.2.2020: RM1,354,000; 28.2.2019: RM2,003,000) are held in lien for loans and borrowings and bank guarantees granted to the Group as disclosed in Note 18.1.

16.2 Cash and bank balances held in trust by a Director

Included in cash and bank balances is RM6,142,000 (28.2.2021: RM6,339,000; 29.2.2020: RM6,629,000; 28.2.2019: RM1,981,000) which is placed in the name of a Director and held in trust for the Group. Subsequent to the end of the current financial period, the entire amount has been transferred by the Director to the Group.

16.3 Short term investments

Short term investments comprise investments in fixed income trusts/funds which can be redeemed within a period of less than 31 days.

17. Share capital

	31.12.2021		28.2.2021		29.2.2020		28.2.2019	
	Amount RM'000	Number of shares '000	Amount RM'000	Number of shares '000	Amount RM'000	Number of shares '000	Amount RM'000	Number of shares '000
Issued and fully paid ordinary shares with no par value classified as equity instruments	60,191	240,764	60,191	240,764	60,191	240,764	60,191	240,764

17.1 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.

18. Loans and borrowings

	31.12.2021 RM'000	28.2.2021 RM'000	29.2.2020 RM'000	28.2.2019 RM'000
Non-current				
Hire purchase liabilities	1,506	2,004	1,927	1,651
Term loans, secured	33,345	14,399	12,862	15,532
	34,851	16,403	14,789	17,183
Current				
Hire purchase liabilities	912	916	834	774
Term loans, secured	11,089	5,413	2,187	2,710
Revolving credits, secured	197,549	212,372	137,679	53,265
Revolving credits, unsecured	5,063	22,759	830	-
	214,613	241,460	141,530	56,749
Total loans and borrowings	249,464	257,863	156,319	73,932

18. Loans and borrowings (continued)

18.1 Securities

The term loans and revolving credits are secured by way of legal charges over lands and buildings (see Note 3.2), inventories (see Note 10.2) and short term deposits (see Note 16.1) of the Group, land held for property development of a related party and are jointly and severally guaranteed by certain Directors of the Company.

18.2 Reconciliation of movements of liabilities to cash flows arising from financing activities

	At 1.3.2018 RM'000	Acquisition of new hire purchase/ lease RM'000	Net changes from financing cash flows RM'000	Changes arising from business combination (Note 33.3) RM'000	Effect of movement in exchange rates RM'000	At 28.2.2019 RM'000
Hire purchase liabilities	1,371	1,727	(724)	44	7	2,425
Term loans	16,538	-	1,740	-	(36)	18,242
Revolving credits	95,397	-	(42,132)	-	-	53,265
Lease liabilities	14,753	10,717	(5,274)	-	(6)	20,190
	128,059	12,444	(46,390)	44	(35)	94,122

	At 1.3.2019 RM'000	Acquisition of new hire purchase/ lease RM'000	Net changes from financing cash flows RM'000	Changes arising from business combination (Note 33.2) RM'000	Effect of movement in exchange rates RM'000	At 29.2.2020 RM'000
Hire purchase liabilities	2,425	1,173	(840)	-	3	2,761
Term loans	18,242	-	(20,690)	17,533	(36)	15,049
Revolving credits	53,265	-	85,244	-	-	138,509
Lease liabilities	20,190	3,714	(7,106)	-	77	16,875
	94,122	4,887	56,608	17,533	44	173,194

18. Loans and borrowings (continued)

18.2 Reconciliation of movements of liabilities to cash flows arising from financing activities (continued)

	At 1.3.2020 RM'000	Acquisition of new hire purchase/ lease RM'000	Remeasurement of existing lease RM'000	Net changes from financing cash flows RM'000	Derecognised due to termination of lease RM'000	Disposal of subsidiaries (Note 34.1) RM'000	Effect of movement in exchange rates RM'000	At 28.2.2021 RM'000
Hire purchase liabilities	2,761	1,415	-	(1,054)	-	(202)	-	2,920
Term loans	15,049	-	-	4,896	-	-	(133)	19,812
Revolving credits	138,509	-	-	96,622	-	-	-	235,131
Lease liabilities	16,875	4,092	6,545	(8,608)	(181)	-	(85)	18,638
	173,194	5,507	6,545	91,856	(181)	(202)	(218)	276,501

	At 1.3.2021 RM'000	Acquisition of new hire purchase/ lease RM'000	Remeasurement of existing lease RM'000	Net changes from financing cash flows RM'000	Derecognised due to termination of lease RM'000	Effect of movement in exchange rates RM'000	At 31.12.2021 RM'000
Hire purchase liabilities	2,920	388	-	(891)	-	1	2,418
Term loans	19,812	-	-	23,742	-	880	44,434
Revolving credits	235,131	-	-	(32,519)	-	-	202,612
Lease liabilities	18,638	7,966	6,883	(8,568)	(940)	6	23,985
	276,501	8,354	6,883	(18,236)	(940)	887	273,449

19. Retirement benefits

	31.12.2021 RM'000	28.2.2021 RM'000	29.2.2020 RM'000	28.2.2019 RM'000
Non-current				
Defined benefits liability	5,403	5,408	4,300	3,202

Movements in defined benefits liability

	31.12.2021 RM'000	28.2.2021 RM'000	29.2.2020 RM'000	28.2.2019 RM'000
Balance at 1 March 2021/2020/2019/2018	5,408	4,300	3,202	2,600
Included in profit or loss				
Current service cost	123	1,192	740	480
Past service cost	(316)	-	-	-
Interest cost	289	284	251	140
	96	1,476	991	620
Included in other comprehensive expense/(income)				
Effect of movements in exchange rates	29	(79)	133	10
Benefits paid	(130)	(289)	(26)	(28)
Balance at 31 December 2021/ 28 February 2021/ 29 February 2020/ 28 February 2019	5,403	5,408	4,300	3,202

Retirement benefits expense was recognised as part of employee benefits expense (Note 22) in the consolidated statement of profit or loss and other comprehensive income.

19. Retirement benefits (continued)

Actuarial assumptions

Principal actuarial assumptions at the end of the reporting period (expected as weighted averages):

	31.12.2021	28.2.2021	29.2.2020	28.2.2019
Discount rates	4.40% - 11.25%	4.40% - 11.25%	4.76% - 13.25%	6.62% - 8.39%
Future salary growth	6.00% - 9.75%	6.00% - 9.75%	6.80% - 11.25%	6.80% - 13.25%
Retirement age	56 - 65 years	56 - 65 years	56 - 65 years	55 - 65 years

At 31 December 2021, the weighted-average duration of the defined benefits liability was 8 to 19 years (28.2.2021: 8 to 19 years; 29.2.2020: 8 to 20 years; 28.2.2019: 8 to 19 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.

	31.12.2021		28.2.2021		29.2.2020		28.2.2019	
	Increase RM'000	Decrease RM'000	Increase RM'000	Decrease RM'000	Increase RM'000	Decrease RM'000	Increase RM'000	Decrease RM'000
Defined benefits liability								
Discount rate (1% movement)	(399)	468	(479)	561	(406)	476	(295)	339
Future salary growth (1% movement)	460	(401)	552	(481)	474	(411)	343	(304)

20. Trade and other payables, including derivatives

	Note	31.12.2021 RM'000	28.2.2021 RM'000	29.2.2020 RM'000	28.2.2019 RM'000
Trade					
Trade payables		7,932	16,371	9,307	6,967
Non-trade					
Amount due to:					
- Directors	20.1	8,309	8,179	6,957	5,668
- Company in which certain Directors have a substantial financial interest	20.2	-	1,699	-	-
Other payables		252,419	209,715	172,394	144,898
Accrued expenses		90,813	90,085	67,839	52,022
Derivative financial liabilities	20.3	-	-	141	-
Dividends payable		-	52,700	-	-
		351,541	362,378	247,331	202,588
		359,473	378,749	256,638	209,555
Financial instruments:					
Trade and other payables		359,473	378,749	256,638	209,555
Add: Loans and borrowings	18	249,464	257,863	156,319	73,932
Total financial liabilities measured at amortised cost		608,937	636,612	412,957	283,487

20.1 Amount due to Directors

The amount due to Directors is unsecured, interest-free and payable on demand.

20.2 Amount due to a company in which certain Directors have a substantial financial interest

The amount due to a company in which certain Directors have a substantial financial interest is unsecured, interest-free and payable on demand.

20. Trade and other payables, including derivatives (continued)

20.3 Derivative financial assets/(liabilities)

	31.12.2021		28.2.2021	
	Nominal value RM'000	Assets/ (Liabilities) RM'000	Nominal value RM'000	Assets RM'000
Derivatives at fair value through profit or loss				
- Forward exchange contracts	-	-	644	4

	29.2.2020		28.2.2019	
	Nominal value RM'000	(Liabilities) RM'000	Nominal value RM'000	Assets/ (Liabilities) RM'000
Derivatives at fair value through profit or loss				
- Forward exchange contracts	8,737	(141)	-	-

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.

21. Revenue

	1.3.2021 to 31.12.2021 Audited RM'000	1.3.2020 to 31.12.2020 Unaudited RM'000	1.3.2020 to 28.2.2021 Audited RM'000	1.3.2019 to 29.2.2020 Audited RM'000	1.3.2018 to 28.2.2019 Audited RM'000
Revenue from contracts with customers					
Recognised over time:					
Rendering of services	16,194	13,369	15,630	14,236	12,412
Recognised at point in time:					
Sales of goods	1,053,624	965,813	1,155,519	1,171,419	962,304
Less: Consideration due/paid to customers	(54,107)	(99,267)	(120,944)	(81,047)	(67,494)
	999,517	866,546	1,034,575	1,090,372	894,810
	1,015,711	879,915	1,050,205	1,104,608	907,222

21. Revenue (continued)

21.1 Disaggregation of revenue from contracts with customers

	1.3.2021 to 31.12.2021 Audited RM'000	1.3.2020 to 31.12.2020 Unaudited RM'000	1.3.2020 to 28.2.2021 Audited RM'000	1.3.2019 to 29.2.2020 Audited RM'000	1.3.2018 to 28.2.2019 Audited RM'000
Major products and services:					
Fortified food and beverages	698,953	606,864	726,896	759,385	603,596
Health and dietary supplements	259,556	255,860	306,773	286,981	261,703
Personal care products	60,521	64,102	77,370	79,733	64,314
Lab testing services	16,194	13,369	15,630	14,236	12,412
Skin care and cosmetics	8,206	12,905	14,873	11,130	8,239
Starter kits	5,728	5,944	7,255	12,645	12,580
Other miscellaneous and promotion items	20,660	20,138	22,352	21,545	11,872
	1,069,818	979,182	1,171,149	1,185,655	974,716
Less: Consideration due/paid to customers	(54,107)	(99,267)	(120,944)	(81,047)	(67,494)
	1,015,711	879,915	1,050,205	1,104,608	907,222

21. Revenue (continued)

21.1 Disaggregation of revenue from contracts with customers (continued)

	1.3.2021 to 31.12.2021 Audited RM'000	1.3.2020 to 31.12.2020 Unaudited RM'000	1.3.2020 to 28.2.2021 Audited RM'000	1.3.2019 to 29.2.2020 Audited RM'000	1.3.2018 to 28.2.2019 Audited RM'000
Primary geographical markets:					
- South America	420,280	351,302	423,193	441,880	333,484
- Asia (excluding Malaysia)	262,145	252,123	296,922	318,474	274,504
- North America	177,442	166,513	203,136	190,506	150,690
- Malaysia	89,392	92,215	107,980	120,641	115,142
- Middle East	26,556	59,744	68,359	68,265	55,016
- Europe	47,372	38,024	47,135	39,464	39,703
- Africa	42,480	15,307	19,741	3,528	2,998
- Oceania	4,151	3,954	4,683	2,897	3,179
	1,069,818	979,182	1,171,149	1,185,655	974,716
Less: Consideration due/paid to customers	(54,107)	(99,267)	(120,944)	(81,047)	(67,494)
	1,015,711	879,915	1,050,205	1,104,608	907,222

21. Revenue (continued)

21.2 Nature of goods and services

The following information reflects the typical transactions of the Group:

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 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 incurred 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 of 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.
Sales of fortified food and beverages, health and dietary supplements, personal 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 - 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 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.	Not applicable.	Not applicable.

21. Revenue (continued)

21.2 Nature of goods and services (continued)

The following information reflects the typical transactions of the Group (continued):

Nature of goods or services	Timing of recognition or method used to recognise revenue	Significant payment terms	Variable element in consideration	Warranty
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 120 days from invoice date.	Not applicable.	Not applicable.

There is no obligation for returns or refunds attached to the goods sold by the Group.

The Group applies the practical expedient on the exemption for disclosure of information on remaining performance obligations that would be fulfilled within one year or shorter.

22. Employee benefits expense

	1.3.2021 to 31.12.2021 Audited RM'000	1.3.2020 to 31.12.2020 Unaudited RM'000	1.3.2020 to 28.2.2021 Audited RM'000	1.3.2019 to 29.2.2020 Audited RM'000	1.3.2018 to 28.2.2019 Audited RM'000
Directors of the Company					
Wages, salaries and others	2,939	3,216	4,568	11,553	9,866
Contributions to state plan	166	514	572	532	1,170
	3,105	3,730	5,140	12,085	11,036
Other key management personnel					
Wages, salaries and others	2,037	1,757	2,077	2,140	2,012
Contributions to state plan	92	65	74	90	84
	2,129	1,822	2,151	2,230	2,096
Total key management personnel compensation	5,234	5,552	7,291	14,315	13,132
Others					
Wages, salaries and others	94,837	78,274	98,980	81,066	74,192
Contributions to state plans	6,570	5,956	7,565	6,872	5,663
	101,407	84,230	106,545	87,938	79,855
	106,641	89,782	113,836	102,253	92,987

The estimated monetary value of benefits received or receivable by Directors and key management personnel otherwise than in cash of the Group amounted to RM22,000 (31.12.2020: RM18,000; 28.2.2021: RM39,000; 29.2.2020: RM37,000; 28.2.2019: RM37,000) and RM12,000 (31.12.2020: RM14,000; 28.2.2021: RM14,500; 29.2.2020: RM17,000; 28.2.2019: RM17,000) respectively.

23. Results from operating activities

Results from operating activities are arrived at after charging/(crediting):

	1.3.2021 to 31.12.2021 Audited RM'000	1.3.2020 to 31.12.2020 Unaudited RM'000	1.3.2020 to 28.2.2021 Audited RM'000	1.3.2019 to 29.2.2020 Audited RM'000	1.3.2018 to 28.2.2019 Audited RM'000
Auditors' remuneration:					
Audit fee					
- KPMG PLT	263	239	312	214	-
- Overseas affiliates of KPMG PLT	462	420	504	121	28
- Other auditors					
- Current year	277	252	327	486	395
- Prior years	-	-	-	73	3
Non audit fee					
- KPMG PLT	200	-	-	-	-
- Local affiliate of KPMG PLT	26	23	38	38	-
- Overseas affiliate of KPMG PLT	60	-	-	-	-
Material expenses/ (income)					
Impairment loss on:					
- Property, plant and equipment	-	-	10,723	-	3,593
- Intangible assets	-	-	-	3,206	-
- Goodwill	-	-	-	-	2,707
(Gain)/Loss on disposal of:					
- Property, plant and equipment	(387)	789	(44)	(106)	19
- Investments in subsidiaries	-	-	(1,655)	-	-
Written-off:					
- Property, plant and equipment	1,276	6,180	6,906	587	379
- Intangible assets	-	-	-	12	-
- Inventories	179	11,866	11,890	272	2
Bargain purchase gain on business combination (Note 33.2)	-	-	-	(5,267)	-
Government grants*	(1,927)	(3,434)	(3,586)	-	-
Proceeds from insurance claim	(2,625)	(13,121)	(13,121)	-	-
Loss/(Gain) on foreign exchange:					
- Realised	11,187	(878)	1,488	5,506	4,065
- Unrealised	1,952	9,466	5,219	(1,495)	3,291

23. Results from operating activities (continued)

Results from operating activities are arrived at after charging/(crediting) (continued):

	1.3.2021 to 31.12.2021 Audited RM'000	1.3.2020 to 31.12.2020 Unaudited RM'000	1.3.2020 to 28.2.2021 Audited RM'000	1.3.2019 to 29.2.2020 Audited RM'000	1.3.2018 to 28.2.2019 Audited RM'000
Net loss/(gain) on impairment of financial assets					
Impairment loss/(Reversal of impairment loss) on:					
- Trade and other receivables	167	2	-	2,189	(480)
- Amount owing from joint venture	432	-	-	-	-
- Amount owing from associate	255	-	3,875	-	-
Bad debts written off	-	25	10	336	466
Bad debts recovered	(487)	(162)	(161)	(3,205)	(18)
Expenses/(Income) arising from leases					
Expenses relating to short-term leases#	3,497	3,639	2,787	2,985	4,653
Expenses relating to leases of low-value assets#	332	366	390	530	441
Rental income	(216)	(253)	(309)	(333)	(353)

* The Group 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 leases buildings and lab equipment with contract terms of 1 year or shorter. These leases are either short-term or leases of low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

24. Finance costs

	1.3.2021 to 31.12.2021 Audited RM'000	1.3.2020 to 31.12.2020 Unaudited RM'000	1.3.2020 to 28.2.2021 Audited RM'000	1.3.2019 to 29.2.2020 Audited RM'000	1.3.2018 to 28.2.2019 Audited RM'000
Interest expense on:					
Lease liabilities	783	688	826	979	736
Financial liabilities not measured at fair value through profit or loss	3,285	2,891	3,482	3,014	3,593
	4,068	3,579	4,308	3,993	4,329
Less: Capitalised to property, plant and equipment	(2,354)	(1,518)	(1,820)	-	-
	1,714	2,061	2,488	3,993	4,329

The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation is 1.99% (31.12.2020: 1.67%; 28.2.2021: 1.67%; 29.2.2020: Nil; 28.2.2019: Nil).

25. Tax expense

Recognised in profit or loss

	1.3.2021 to 31.12.2021 Audited RM'000	1.3.2020 to 31.12.2020 Unaudited RM'000	1.3.2020 to 28.2.2021 Audited RM'000	1.3.2019 to 29.2.2020 Audited RM'000	1.3.2018 to 28.2.2019 Audited RM'000
Current tax expense					
- Current year	108,452	84,049	93,463	99,536	97,554
- Prior year	(2,936)	(3,548)	(4,258)	(3,565)	8,472
	105,516	80,501	89,205	95,971	106,026
Deferred tax expense					
- Current year	(15,599)	(3,647)	(3,563)	(3,034)	(4,408)
- Prior year	4,356	618	741	(346)	(510)
	(11,243)	(3,029)	(2,822)	(3,380)	(4,918)
	94,273	77,472	86,383	92,591	101,108

25. Tax expense (continued)

Reconciliation of tax expense

	1.3.2021 to 31.12.2021 Audited RM'000	1.3.2020 to 31.12.2020 Unaudited RM'000	1.3.2020 to 28.2.2021 Audited RM'000	1.3.2019 to 29.2.2020 Audited RM'000	1.3.2018 to 28.2.2019 Audited RM'000
Profit before tax	270,634	244,311	287,267	347,839	319,975
Income tax calculated using Malaysian tax rate of 24%	64,952	58,635	68,944	83,481	76,794
Effect of different tax rates in foreign jurisdictions	1,669	2,180	2,260	(568)	3,581
Tax incentives	(1,992)	(5,050)	(5,235)	(2,732)	(4,154)
Non-deductible expenses	19,121	23,284	22,528	15,663	19,220
Non-taxable income	(1,701)	(1,846)	(1,914)	(3,000)	(2,239)
Effect of deferred tax assets not recognised	3,949	3,090	3,203	3,673	(56)
Prosperity tax*	6,615	-	-	-	-
Others	240	109	114	(15)	-
Under/(Over) provision in prior years	1,420	(2,930)	(3,517)	(3,911)	7,962
	94,273	77,472	86,383	92,591	101,108

Certain subsidiaries have been granted tax exemption on statutory income under the P.U. (A) 112 Income Tax (Exemption) (No.11) Order 2006, Promotion Investments Act, 1986 and Income Tax Act, 1967 for periods ranging from five to ten years on the approved activities carried out by certain subsidiaries namely, Independent Conformity (ICAB) or the laboratory testing for food and chemicals, tourism projects and spirulina farming and processing.

* As stipulated in the Malaysia Budget 2022, a one-off prosperity tax at 33% will be imposed on a subsidiary with tax chargeable income in excess of RM100 million.

26. Earnings per ordinary share - Group

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share for the period/year ended 31 December 2021, 31 December 2020, 28 February 2021, 29 February 2020 and 28 February 2019 was based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding calculated as follows:

	1.3.2021 to 31.12.2021 Audited	**1.3.2020 to 31.12.2020 Unaudited**	**1.3.2020 to 28.2.2021 Audited**	**1.3.2019 to 29.2.2020 Audited**	**1.3.2018 to 28.2.2019 Audited**
Profit for the year attributable to owners (RM'000)	174,742	158,244	191,572	241,671	209,973
Weighted average number of ordinary shares at 31 December/ 28 February/ 29 February ('000)	240,764	240,764	240,764	240,764	240,764
Basic earnings per ordinary share (RM)	0.73	0.66	0.80	1.00	0.87

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.

27. Dividends

Dividends recognised by the Company are as follows:

	1.3.2021 to 31.12.2021 RM'000	**1.3.2020 to 28.2.2021 RM'000**
In respect of financial year ended 29 February 2020		
- Third interim dividend of approximately 16.61 sen per ordinary share paid on 20 May 2020	-	40,000

27. Dividends (continued)

Dividends recognised by the Company are as follows (continued):

	1.3.2021 to 31.12.2021 RM'000	1.3.2020 to 28.2.2021 RM'000
In respect of financial year ended 28 February 2021		
- First interim dividend of approximately 8.31 sen per ordinary share paid on 18 August 2020	-	20,000
- Second interim dividend of approximately 8.31 sen per ordinary share paid on 26 November 2020	-	20,000
- Third interim dividend of approximately 55.24 sen per ordinary share paid on 26 February 2021 and 9 March 2021	-	133,000
- Fourth interim dividend of approximately 27.83 sen per ordinary share paid on 26 February 2021 and 9 March 2021	-	67,000
- Fifth interim dividend of approximately 12.46 sen per ordinary share paid on 28 June 2021	30,000	-
	30,000	240,000
In respect of financial year ended 28 February 2022		
- First interim dividend of approximately 12.46 sen per ordinary share paid on 6 October 2021	30,000	-
	60,000	280,000

	1.3.2019 to 29.2.2020 RM'000	1.3.2018 to 28.2.2019 RM'000
In respect of financial year ended 28 February 2018		
- Fourth interim dividend of approximately 8.31 sen per ordinary share paid on 8 March 2018	-	20,000
- Fifth interim dividend of approximately 4.57 sen per ordinary share paid on 22 May 2018	-	11,000
	-	31,000
In respect of financial year ended 28 February 2019		
- First interim dividend of approximately 4.98 sen per ordinary share paid on 30 July 2018	-	12,000
- Special interim dividend of approximately 11.21 sen per ordinary share paid on 6 September 2018	-	27,000
- Second interim dividend of approximately 4.98 sen per ordinary share paid on 31 October 2018	-	12,000
- Third interim dividend of approximately 4.98 sen per ordinary share paid on 13 February 2019	-	12,000
- Final interim dividend of approximately 6.23 sen per ordinary share paid on 6 August 2019	15,000	-
	15,000	63,000

27. Dividends (continued)

Dividends recognised by the Company are as follows (continued):

	1.3.2019 to 29.2.2020 RM'000	1.3.2018 to 28.2.2019 RM'000
In respect of financial year ended 29 February 2020		
- First interim dividend of approximately 8.31 sen per ordinary share paid on 12 November 2019	20,000	-
- Second interim dividend of approximately 8.31 sen per ordinary share paid on 27 February 2020	20,000	-
	40,000	-
	55,000	94,000

The consolidated financial statements do not reflect the second interim dividend of approximately 4.15 sen per ordinary share totalling RM10,000,000 in respect of financial year ended 28 February 2022, which was declared on 6 January 2022 and paid on 10 January 2022 and the third interim dividend of approximately 6.23 sen per ordinary share totalling RM15,000,000 in respect of financial year ended 28 February 2022, which was declared on 7 April 2022 and paid on 8 April 2022. These dividends which were declared after the end of the reporting period will be accounted for as an appropriation of retained earnings in the financial year ended 28 February 2022.

28. Related parties

Identity of related parties

For the purposes of these consolidated financial statements, parties are considered to be related to the Group if the Group 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 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 consolidated financial statements

ii) Key management personnel of the Group

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 senior management members of the Group.

28. Related parties (continued)

Identity of related parties (continued)

iii) Other related parties

a) DXN Global Sdn. Bhd. and its subsidiaries in which Datuk Dr. Lim Siow Jin and 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 Dr. Lim Siow Jin is the substantial shareholder.
c) DXN Development Sdn. Bhd. in which Dato' Lim Boon Yee and his spouse, Datin Kee Yew Oi are the substantial shareholders.
d) 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.
f) Ms. Tan Pey Ling, being the spouse of Mr. Tan Young Tat. Mr. Tan Young Tat resigned as a Director of the Company on 31 January 2021.
g) Tropical Paradise Sdn. Bhd. in which Datin Wan Illiyyin Binti Wan Mohd Nazi, being the spouse of Datuk Dr. Lim Siow Jin is the substantial shareholder.

Significant related parties transactions

Related party transactions have been entered in the normal course of business and established under negotiated terms.

The significant related party transactions of the Group are shown below. The balances related to the below transactions are shown in Notes 15 and 20.

	1.3.2021 to 31.12.2021 Audited RM'000	1.3.2020 to 31.12.2020 Unaudited RM'000	1.3.2020 to 28.2.2021 Audited RM'000	1.3.2019 to 29.2.2020 Audited RM'000	1.3.2018 to 28.2.2019 Audited RM'000
Transactions with companies in which certain Directors have a substantial financial interest					
Disposal of subsidiaries	-	-	47,100	-	-
Purchase of trading goods	7,889	7,920	11,211	4,711	4,475
Rental expense (premises)	105	100	120	120	-
Purchase of air tickets	31	110	143	595	1,889
Purchase of plant and equipment	-	225	388	-	-
Sale of plant and equipment	-	-	265	-	-
Sale of raw materials	7	19	24	34	38
Donation	955	1,102	1,128	-	-
Interest income	221	605	694	948	737

28. Related parties (continued)

Significant related parties transactions (continued)

	1.3.2021 to 31.12.2021 Audited RM'000	1.3.2020 to 31.12.2020 Unaudited RM'000	1.3.2020 to 28.2.2021 Audited RM'000	1.3.2019 to 29.2.2020 Audited RM'000	1.3.2018 to 28.2.2019 Audited RM'000
Transactions with Directors and persons connected to Directors					
Insurance premium expense	1,571	831	1,046	1,322	713
Purchase of property, plant and equipment (farm construction)	763	349	729	-	-
Rental expense (premises)	450	416	94	70	40

The remuneration paid to the key management personnel are disclosed in Note 22 to the consolidated financial statements.

29. 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 sales of health and wellness consumer products	Manufacture and sale of fortified food and beverages, health and dietary supplements, personal care and cosmetics and other related products
Property investment and property development	Housing developer and contractor. This segment has been disposed of on 26 February 2021 (see Note 34.1)
Investment holding	Investment holding and provision of management services

29. Operating segments (continued)

Other non-reportable segments comprise the provision of lab test service, consultation and treatment services with ganotherapy, operating of a cafe, glamping resort, village complex, marine sanctuary and provision of tour activities, forest plantation, timber logging and related forestry support services. None of these segments met the quantitative threshold for reporting segment in financial period ended 31 December 2021 and financial years ended 28/29 February 2021, 2020 and 2019.

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.

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.

29. Operating segments (continued)

	Manufacture and sale of health and wellness consumer products RM'000	Property investment and property development RM'000	Investment holding RM'000	Other non-reportable segments RM'000	Elimination RM'000	Consolidated RM'000
31.12.2021 (Audited)						
Revenue from external customers	998,284	-	-	17,427	-	1,015,711
Inter-segment revenue	518,746	-	204,904	99	(723,749)	-
Total revenue	1,517,030	-	204,904	17,526	(723,749)	1,015,711
Segment profit/(loss)	277,681	103	(8,629)	1,479	-	270,634
Included in the measure of segment profit/(loss) are:						
- Gain on disposal of plant and equipment	387	-	-	-	-	387
- Property, plant and equipment written off	1,268	-	-	8	-	1,276
- Inventories written off	179	-	-	-	-	179
- Depreciation of property, plant and equipment	15,737	-	3,571	3,668	-	22,976
- Depreciation of right-of-use assets	7,144	-	-	148	-	7,292
- Depreciation of investment properties	169	28	-	-	-	197
- Amortisation of intangible assets	40	-	20	15	-	75
- Impairment loss on trade and other receivables	-	-	854	-	-	854
- Bad debts recovered	487	-	-	-	-	487
Segment assets	1,231,149	1,191	71,535	61,353	-	1,365,228
Included in the measure of segment assets are:						
- Additions to property, plant and equipment	140,211	-	2,680	8,425	-	151,316
- Additions of right-of-use assets	7,697	-	-	269	-	7,966
- Additions to intangible assets	34	-	9	18	-	61

29. Operating segments (continued)

31.12.2020 (Unaudited)	Manufacture and sale of health and wellness consumer products RM'000	Property investment and property development RM'000	Investment holding RM'000	Other non-reportable segments RM'000	Elimination RM'000	Consolidated RM'000
Revenue from external customers	865,630	-	-	14,285	-	879,915
Inter-segment revenue	411,934	-	96,621	36	(508,591)	-
Total revenue	1,277,564	-	96,621	14,321	(508,591)	879,915
Segment profit/(loss)	256,904	(54)	(13,723)	1,184	-	244,311
Included in the measure of segment profit/(loss) are:						
- Loss on disposal of plant and equipment	786	-	3	-	-	789
- Plant and equipment written off	6,158	-	1	21	-	6,180
- Inventories written off	11,866	-	-	-	-	11,866
- Depreciation of property, plant and equipment	11,828	5	3,095	2,479	-	17,407
- Depreciation of right-of-use assets	6,715	-	-	40	-	6,755
- Depreciation of investment properties	174	223	-	750	-	1,147
- Amortisation of intangible assets	48	-	34	15	-	97
- Impairment loss on trade and other receivables	2	-	-	-	-	2
- Bad debts written off	25	-	-	-	-	25
- Bad debts recovered	162	-	-	-	-	162

29. Operating segments (continued)

	Manufacture and sale of health and wellness consumer products RM'000	Property investment and property development RM'000	Investment holding RM'000	Other non-reportable segments RM'000	Elimination RM'000	Consolidated RM'000
28.2.2021 (Audited)						
Revenue from external customers	1,033,526	-	-	16,679	-	1,050,205
Inter-segment revenue	444,197	-	192,328	74	(636,599)	-
Total revenue	1,477,723	-	192,328	16,753	(636,599)	1,050,205
Segment profit/(loss)	313,426	(1,033)	(14,296)	(10,830)	-	287,267
Included in the measure of segment profit/(loss) are:						
- Impairment loss on property, plant and equipment	-	-	-	10,723	-	10,723
- Gain/(Loss) on disposal of property, plant and equipment	47	-	(3)	-	-	44
- Property, plant and equipment written off	6,878	-	3	25	-	6,906
- Inventories written off	11,890	-	-	-	-	11,890
- Depreciation of property, plant and equipment	13,853	6	3,733	3,041	-	20,633
- Depreciation of right-of-use assets	8,732	-	-	150	-	8,882
- Depreciation of investment properties	208	1,185	-	-	-	1,393
- Amortisation of intangible assets	60	-	41	17	-	118
- Impairment loss on trade and other receivables	-	-	3,875	-	-	3,875
- Bad debts written off	10	-	-	-	-	10
- Bad debts recovered	161	-	-	-	-	161
Segment assets	1,069,583	1,181	143,618	54,815	-	1,269,197
Included in the measure of segment assets are:						
- Additions to property, plant and equipment	131,490	4	4,191	8,984	-	144,669
- Additions and remeasurement of right-of-use assets	10,579	-	-	58	-	10,637
- Additions to intangible assets	60	-	10	-	-	70

29. Operating segments (continued)

	Manufacture and sale of health and wellness consumer products RM'000	Property investment and property development RM'000	Investment holding RM'000	Other non-reportable segments RM'000	Elimination RM'000	Consolidated RM'000
29.2.2020 (Audited)						
Revenue from external customers, restated	1,089,204	-	-	15,404	-	1,104,608
Inter-segment revenue	420,527	-	313,172	5,322	(739,021)	-
Total revenue	1,509,731	-	313,172	20,726	(739,021)	1,104,608
Segment profit/(loss)	368,142	(2,265)	(20,736)	2,698	-	347,839
Included in the measure of segment profit/(loss) are:						
- Impairment loss on intangible assets	-	-	-	3,206	-	3,206
- Gain on disposal of property, plant and equipment	2	-	-	104	-	106
- Property, plant and equipment written off	553	-	2	32	-	587
- Inventories written off	272	-	-	-	-	272
- Depreciation of property, plant and equipment	12,230	5	1,027	2,057	-	15,319
- Depreciation of right-of-use assets	7,895	-	-	119	-	8,014
- Depreciation of investment properties	208	1,271	-	-	-	1,479
- Amortisation of intangible assets	226	-	59	32	-	317
- Impairment loss on trade and other receivables	62	-	2,127	-	-	2,189
- Bad debts written off	39	1	289	7	-	336
- Bad debts recovered	3,205	-	-	-	-	3,205
Segment assets	762,763	148,042	165,711	53,339	-	1,129,855
Included in the measure of segment assets are:						
- Additions to property, plant and equipment	141,720	-	218	3,697	-	145,635
- Additions to right-of-use assets	9,569	-	-	145	-	9,714
- Additions to investment properties	-	99,073	-	-	-	99,073
- Additions to intangible assets	85	-	3	47	-	135

29. Operating segments (continued)

	Manufacture and sale of health and wellness consumer products RM'000	Property investment and property development RM'000	Investment holding RM'000	Other non-reportable segments RM'000	Elimination RM'000	Consolidated RM'000
28.2.2019 (Audited)						
Revenue from external customers	894,525	-	-	12,697	-	907,222
Inter-segment revenue	388,193	-	204,317	20,846	(613,356)	-
Total revenue	1,282,718	-	204,317	33,543	(613,356)	907,222
Segment profit/(loss)	318,394	(285)	(8,852)	10,718	-	319,975
Included in the measure of segment profit/(loss) are:						
- Impairment loss on property, plant and equipment	3,593	-	-	-	-	3,593
- (Gain)/Loss on disposal of property, plant and equipment	(33)	12	-	2	-	(19)
- Property, plant and equipment written off	372	-	-	7	-	379
- Inventories written off	2	-	-	-	-	2
- Depreciation of property, plant and equipment	10,844	49	868	1,195	-	12,956
- Depreciation of right-of-use assets	5,597	-	-	58	-	5,655
- Depreciation of investment properties	224	224	-	-	-	448
- Amortisation of intangible assets	257	-	73	13	-	343
- Impairment loss on trade and other receivables	-	-	480	-	-	480
- Bad debts written off	308	1	157	-	-	466
- Bad debts recovered	18	-	-	-	-	18
Segment assets	601,783	52,759	76,372	79,747	-	810,661
Included in the measure of segment assets are:						
- Additions to property, plant and equipment	31,916	-	9,755	6,136	-	47,807
- Additions to right-of-use assets	10,717	-	-	-	-	10,717
- Additions to intangible assets	117	-	35	-	-	152

29. Operating segments (continued)

Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on geographical location of customers. Segment assets are based on the geographical location of the assets. The amount of non-current assets do not include financial instruments (including investments in an associate and joint venture) and deferred tax assets.

Geographical information	Gross revenue RM'000	Non-current assets RM'000
31.12.2021 (Audited)		
South America	420,280	1,870
Asia (Excluding Malaysia)	262,145	336,471
North America	177,442	21,069
Malaysia	89,392	264,519
Middle East	26,556	-
Europe	47,372	4,087
Africa	42,480	754
Oceania	4,151	1,293
	1,069,818	630,063
31.12.2020 (Unaudited)		
South America	351,302	
Asia (Excluding Malaysia)	252,123	
North America	166,513	
Malaysia	92,215	
Middle East	59,744	
Europe	38,024	
Africa	15,307	
Oceania	3,954	
	979,182	
28.2.2021 (Audited)		
South America	423,193	631
Asia (Excluding Malaysia)	296,922	246,324
North America	203,136	14,854
Malaysia	107,980	220,301
Middle East	68,359	-
Europe	47,135	4,245
Africa	19,741	986
Oceania	4,683	1,346
	1,171,149	488,687

29. Operating segments (continued)

Geographical segments (continued)

	Gross revenue RM'000	Non-current assets RM'000
29.2.2020 (Audited)		
South America	441,880	1,153
Asia (Excluding Malaysia)	318,474	165,632
North America	190,506	15,972
Malaysia	120,641	328,694
Middle East	68,265	-
Europe	39,464	3,998
Africa	3,528	982
Oceania	2,897	1,204
	1,185,655	517,635
28.2.2019 (Audited)		
South America	333,484	870
Asia (Excluding Malaysia)	274,504	55,538
North America	150,690	5,492
Malaysia	115,142	257,654
Middle East	55,016	-
Europe	39,703	4,042
Africa	2,998	12
Oceania	3,179	1,287
	974,716	324,895

Major customers

There were no customers which individually contributed to more than 10% of the Group's revenue.

30. Capital commitments

	31.12.2021 RM'000	28.2.2021 RM'000	29.2.2020 RM'000	28.2.2019 RM'000
Contracted but not provided for:				
Property, plant and equipment	82,377	104,298	254,281	180,534

31. Financial instruments

31.1 Categories of financial instruments

Trade and other receivables (excluding prepayments and indirect taxes) 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 20).

The Group's financial instruments categorised as fair value through profit or loss ("FVTPL") are as follows:

	31.12.2021 RM'000	28.2.2021 RM'000	29.2.2020 RM'000	28.2.2019 RM'000
Derivative financial assets/(liabilities)	-	4	(141)	-

31.2 Net gains/(losses) arising from financial instruments

	1.3.2021 to 31.12.2021 Audited RM'000	1.3.2020 to 31.12.2020 Unaudited RM'000	1.3.2020 to 28.2.2021 Audited RM'000	1.3.2019 to 29.2.2020 Audited RM'000	1.3.2018 to 28.2.2019 Audited RM'000
Financial assets measured at amortised cost	2,930	12,943	8,307	8,920	6,246
Financial (liabilities)/ assets measured at fair value through profit or loss	(4)	141	145	(141)	-
Financial liabilities measured at amortised cost	(17,406)	(18,173)	(15,442)	(8,250)	(8,219)
	(14,480)	(5,089)	(6,990)	529	(1,973)

31. Financial instruments (continued)

31.3 Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

31.4 Credit risk

Credit risk is the risk of a financial loss to the Group 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. There are no significant changes as compared to prior year.

Trade receivables

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. Normally credit evaluations are performed on 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.

31. Financial instruments (continued)

31.4 Credit risk (continued)

Trade receivables (continued)

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:

	31.12.2021 RM'000	28.2.2021 RM'000	29.2.2020 RM'000	28.2.2019 RM'000
Malaysia	5,006	3,501	3,456	2,718
Asia (excluding Malaysia)	1,321	2,360	7,331	5,567
Europe	1,568	1,757	1,454	1,554
Middle East	9,290	11,096	-	1,660
Others	768	1,095	230	277
	17,953	19,809	12,471	11,776

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 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.

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.

	Gross carrying amount RM'000	Loss allowances RM'000	Net balance RM'000
31.12.2021			
Not past due	9,311	-	9,311
Past due 1 - 30 days	5,152	-	5,152
Past due 31 - 120 days	1,033	-	1,033
Past due more than 120 days	2,533	(76)	2,457
	18,029	(76)	17,953
Trade receivables	17,078	(76)	17,002
Contract assets	951	-	951
	18,029	(76)	17,953

31. Financial instruments (continued)

31.4 Credit risk (continued)

Trade receivables (continued)

Recognition and measurement of impairment losses (continued)

	Gross carrying amount RM'000	Loss allowances RM'000	Net balance RM'000
28.2.2021			
Not past due	14,825	-	14,825
Past due 1 - 30 days	3,474	-	3,474
Past due 31 - 120 days	731	-	731
Past due more than 120 days	855	(76)	779
	19,885	(76)	19,809
Trade receivables	19,020	(76)	18,944
Contract assets	865	-	865
	19,885	(76)	19,809
29.2.2020			
Not past due	4,113	-	4,113
Past due 1 - 30 days	953	-	953
Past due 31 - 120 days	4,370	-	4,370
Past due more than 120 days	3,109	(74)	3,035
	12,545	(74)	12,471
Trade receivables	11,999	(74)	11,925
Contract assets	546	-	546
	12,545	(74)	12,471
28.2.2019			
Not past due	6,196	-	6,196
Past due 1 - 30 days	941	-	941
Past due 31 - 120 days	1,260	-	1,260
Past due more than 120 days	3,436	(57)	3,379
Trade receivables	11,833	(57)	11,776

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.

31. Financial instruments (continued)

31.4 Credit risk (continued)

Trade receivables (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.

	31.12.2021 RM'000	28.2.2021 RM'000	29.2.2020 RM'000	28.2.2019 RM'000
Balance at 1 March 2021/2020/2019/2018	76	74	57	7,138
Impairment loss	-	-	14	-
Reversal of impairment loss	-	-	-	(80)
Written off	-	-	-	(6,588)
Effect of movement in exchange rates	-	2	3	(413)
Balance at 31 December 2021/ 28 February 2021/ 29 February 2020/ 28 February 2019	76	76	74	57

Other receivables

Credit risk on other receivables are mainly arising from amounts owing from an associate and joint venture and advances to suppliers for securing the continuing supply of raw materials.

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:

	31.12.2021 RM'000	28.2.2021 RM'000	29.2.2020 RM'000	28.2.2019 RM'000
Balance at 1 March 2021/2020/2019/2018	8,279	4,401	2,224	2,822
Impairment loss	854	3,875	2,175	-
Reversal of impairment loss	-	-	-	(400)
Written off	-	(3)	-	(201)
Effect of movement in exchange rates	3	6	2	3
Balance at 31 December 2021/28 February 2021/ 29 February 2020/ 28 February 2019	9,136	8,279	4,401	2,224

31. Financial instruments (continued)

31.4 Credit risk (continued)

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 is of the view that a loss allowance is not required.

31.5 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.

31. Financial instruments (continued)

31.5 Liquidity risk (continued)

Maturity analysis

The table below summarises the maturity profile of the Group'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
31.12.2021						
Non-derivative financial liabilities						
Lease liabilities	23,985	1.00 - 8.00	26,068	9,159	15,160	1,749
Hire purchase liabilities	2,418	1.71 - 3.54	2,635	998	1,637	-
Term loans	44,434	2.00 - 7.00	47,432	12,321	32,455	2,656
Revolving credits	202,612	1.06 - 1.60	202,612	102,226	100,386	-
Trade and other payables	359,473	-	359,473	359,473	-	-
	632,922		638,220	484,177	149,638	4,405

31. Financial instruments (continued)

31.5 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
28.2.2021						
Non-derivative financial liabilities						
Lease liabilities	18,638	3.16 - 8.00	20,145	7,620	11,029	1,496
Hire purchase liabilities	2,920	1.71 - 6.50	3,135	1,021	2,114	-
Term loans	19,812	2.00 - 7.00	21,466	5,972	10,985	4,509
Revolving credits	235,131	1.06 - 1.62	235,131	235,131	-	-
Trade and other payables	378,749	-	378,749	378,749	-	-
	655,250		658,626	628,493	24,128	6,005
Derivative financial assets						
Forward exchange contracts (gross settled)						
Outflow	-	-	640	640	-	-
Inflow	(4)	-	(644)	(644)	-	-
	655,246		658,622	628,489	24,128	6,005

31. Financial instruments (continued)

31.5 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
29.2.2020						
Non-derivative financial liabilities						
Lease liabilities	16,875	4.00 - 8.00	18,554	7,598	9,780	1,176
Hire purchase liabilities	2,761	3.63 - 6.34	3,004	947	2,057	-
Term loans	15,049	2.00 - 7.96	16,948	2,673	7,554	6,721
Revolving credits	138,509	1.03 - 3.82	138,509	138,509	-	-
Trade and other payables	256,497	-	256,497	256,497	-	-
	429,691		433,512	406,224	19,391	7,897
Derivative financial liabilities						
Forward exchange contracts (gross settled)						
Outflow	141	-	8,878	8,878	-	-
Inflow	-	-	(8,737)	(8,737)	-	-
	429,832		433,653	406,365	19,391	7,897

31. Financial instruments (continued)

31.5 Liquidity risk (continued)

Maturity analysis (continued)

Group	Carrying amount RM'000	Contractual interest rate per annum %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 5 years RM'000	More than 5 years RM'000
28.2.2019						
Non-derivative financial liabilities						
Lease liabilities	20,190	4.00 - 8.00	22,199	9,091	11,701	1,407
Hire purchase liabilities	2,425	2.37 - 3.54	2,655	873	1,782	-
Term loans	18,242	2.00 - 7.00	21,105	3,460	8,768	8,877
Revolving credits	53,265	2.75 - 3.90	53,265	53,265	-	-
Trade and other payables	209,555	-	209,555	209,555	-	-
	303,677		308,779	276,244	22,251	10,284

31. Financial instruments (continued)

31.6 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.

31.6.1 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 Group entities. The currencies giving rise to this risk are primarily US Dollar ("USD"), Euro Dollar ("EUR") and Thai Bhat ("THB").

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**	**THB RM'000**
31.12.2021			
Trade and other receivables	11,705	3,756	-
Short term investments	2,890	-	-
Cash and cash equivalents	65,141	85,192	6,142
Trade and other payables	(3,493)	(24)	-
Loans and borrowings	(154,670)	(89,048)	-
Net exposure	(78,427)	(124)	6,142
28.2.2021			
Trade and other receivables	11,011	2,769	-
Short term investments	23,050	-	-
Cash and cash equivalents	44,034	19,467	6,339
Trade and other payables	(575)	(25)	-
Loans and borrowings	(128,737)	(121,568)	-
Net exposure	(51,217)	(99,357)	6,339
29.2.2020			
Trade and other receivables	2,395	-	-
Short term investments	29,312	-	-
Cash and cash equivalents	26,489	2,864	6,629
Trade and other payables	(697)	-	-
Loans and borrowings	(87,897)	(61,538)	-
Net exposure	(30,398)	(58,674)	6,629

31. Financial instruments (continued)

31.6 Market risk (continued)

31.6.1 Currency risk (continued)

	Denominated in USD RM'000	EUR RM'000	THB RM'000
28.2.2019			
Trade and other receivables	3,148	1,561	-
Short term investment	4,118	-	-
Cash and cash equivalents	40,062	945	1,988
Trade and other payables	(4,144)	-	-
Loans and borrowings	(66,860)	-	-
Net exposure	(23,676)	2,506	1,988

Currency risk sensitivity analysis

A 10% (28.2.2021; 29.2.2020; 28.2.2019: 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 1.3.2021 to 31.12.2021 RM'000	1.3.2020 to 28.2.2021 RM'000	1.3.2019 to 29.2.2020 RM'000	1.3.2018 to 28.2.2019 RM'000
USD	5,960	3,892	2,310	1,799
EUR	9	7,551	4,459	(190)
THB	(467)	(482)	(504)	(151)

31.6.2 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 value 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.

31. Financial instruments (continued)

31.6 Market risk (continued)

31.6.2 Interest rate risk (continued)

Exposure to interest rate risk

The interest rate profile of the Group's significant interest-earning/(bearing) financial instruments, based on carrying amounts as at the end of the reporting period was:

	31.12.2021 RM'000	28.2.2021 RM'000	29.2.2020 RM'000	28.2.2019 RM'000
Fixed rate instruments				
Financial assets	66,617	250,773	174,791	121,791
Financial liabilities	(28,563)	(24,713)	(21,932)	(3,075)
	38,054	226,060	152,859	118,716
Floating rate instruments				
Financial liabilities	(244,886)	(251,788)	(151,262)	(70,857)

Interest rate risk sensitivity analysis

(a) Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does 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.

	Profit or loss	
	100 bp increase RM'000	100 bp decrease RM'000
1.3.2021 to 31.12.2021		
Floating rate instruments	(1,861)	1,861
1.3.2020 to 28.2.2021		
Floating rate instruments	(1,914)	1,914

31. Financial instruments (continued)

31.6 Market risk (continued)

31.6.2 Interest rate risk (continued)

Interest rate risk sensitivity analysis (continued)

(b) Cash flow sensitivity analysis for variable rate instruments (continued)

	Profit or loss	
	100 bp increase RM'000	**100 bp decrease RM'000**
1.3.2019 to 29.2.2020		
Floating rate instruments	(1,150)	1,150
1.3.2018 to 28.2.2019		
Floating rate instruments	(539)	539

31.7 Fair value information

The carrying amounts of cash and cash equivalents, short term receivables, payables and borrowings reasonably approximate their fair values due to the relatively short term nature of these financial instruments.

31. Financial instruments (continued)

31.7 Fair value information (continued)

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.

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value					
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Total fair value RM'000	Carrying amount RM'000
31.12.2021										
Financial liabilities										
Hire purchase liabilities	-	-	-	-	-	-	2,418	2,418	2,418	2,418
Terms loans	-	-	-	-	-	-	44,434	44,434	44,434	44,434
	-	-	-	-	-	-	46,852	46,852	46,852	46,852
28.2.2021										
Financial assets										
Forward exchange contracts	-	4	-	4	-	-	-	-	4	4
Financial liabilities										
Hire purchase liabilities	-	-	-	-	-	-	2,920	2,920	2,920	2,920
Terms loans	-	-	-	-	-	-	19,812	19,812	19,812	19,812
	-	-	-	-	-	-	22,732	22,732	22,732	22,732

31. Financial instruments (continued)

31.7 Fair value information (continued)

	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 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	RM'000	RM'000
29.2.2020										
Financial liabilities										
Forward exchange contracts	-	141	-	141	-	-	-	-	141	141
Hire purchase liabilities	-	-	-	-	-	-	2,761	2,761	2,761	2,761
Terms loans	-	-	-	-	-	-	15,049	15,049	15,049	15,049
	-	141	-	141	-	-	17,810	17,810	17,951	17,951
28.2.2019										
Financial liabilities										
Hire purchase liabilities	-	-	-	-	-	-	2,425	2,425	2,425	2,425
Term loans	-	-	-	-	-	-	18,242	18,242	18,242	18,242
	-	-	-	-	-	-	20,667	20,667	20,667	20,667

31. Financial instruments (continued)

31.7 Fair value information (continued)

Transfers between fair value levels

There has been no transfer between the levels in fair value during the financial period/year (28.2.2021; 29.2.2020; 28.2.2019: 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 approximate their fair values 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.

32. 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 period.

33. Acquisitions of subsidiaries

33.1 Financial year ended 28 February 2021

On 10 March 2020, the Company completed the acquisition of Florin (Fujian) Integrated Agricultural Science and Technology Co., Ltd, ("Florin Fujian") for a total purchase consideration of RMB5,939,479 (equivalent to RM3,551,737). On even date, the Company injected an initial capital in Florin Fujian for approximately RMB20,072,639 (equivalent to RM11,959,759).

33. Acquisitions of subsidiaries (continued)

33.1 Financial year ended 28 February 2021 (continued)

In determining the fair value of net assets acquired, the Company had 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 2020.

The following summarises the major classes of consideration transferred, and the amounts of assets acquired, and liabilities assumed:

	Note	2021 RM'000
Fair value of consideration transferred		
Consideration settled in cash		15,512
Identifiable assets acquired and liabilities assumed		
Property, plant and equipment	3	8,507
Right-of-use assets	4	2,350
Trade and other receivables		1,359
Current tax assets		2,634
Cash and cash equivalents		12,197
Trade and other payables		(6,467)
		20,580
Non-controlling interests		(5,068)
Total identifiable net assets		15,512

The fair value of the identifiable net assets are represented by the carrying amounts on the date of the respective acquisitions.

	2021 RM'000
Net cash outflow arising from acquisition of subsidiaries	
Purchase consideration settled in cash	(15,512)
Cash and cash equivalents acquired	12,197
Non-controlling interests	(5,068)
	(8,383)

33. Acquisitions of subsidiaries (continued)

33.2 Financial year ended 29 February 2020

On 13 April 2019, the Company acquired the entire equity interests in Amazing Discovery Sdn. Bhd. for a total cash consideration of RM2,415,000. The acquisition gave rise to a gain on bargain purchase of RM5,267,000 recognised immediately in profit or loss. In determining the fair value of 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 2019.

The following summarises the consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

	Note	2020 RM'000
Fair value of consideration transferred		
Consideration settled in cash		2,415
Identifiable assets acquired and liabilities assumed		
Property, plant and equipment	3	33,077
Trade and other receivables		99
Cash and cash equivalents		403
Trade and other payables		(7,292)
Loans and borrowings	18.2	(17,533)
Deferred tax liabilities	11	(1,072)
Total identifiable net assets		7,682

The fair values of the identifiable net assets are represented by the carrying amounts on the date of acquisition except for freehold land, which is determined based on an independent valuation.

	2020 RM'000
Net cash outflow arising from acquisition of subsidiary	
Purchase consideration settled in cash	(2,415)
Cash and cash equivalents acquired	403
	(2,012)

33.3 Financial year ended 28 February 2019

During financial year ended 28 February 2019, the Group acquired the entire equity interests in PT Daehsan Indonesia ("PTDI"), 99.98% of the equity interest in Esen Lifesciences Private Limited ("ELPL") and 90.00% of the equity interest in DXN Europe Trading GmbH ("DET") for a total cash consideration of RM4,031,000. These acquisitions gave rise to a goodwill of RM2,707,000.

33. Acquisitions of subsidiaries (continued)

33.3 Financial year ended 28 February 2019 (continued)

The following summarises the major classes of consideration transferred, and the amounts of assets acquired, and liabilities assumed:

	Note	2019 RM'000
Fair value of consideration transferred		
Consideration settled in cash		4,031
Identifiable assets acquired and liabilities assumed		
Property, plant and equipment	3	728
Right-of-use assets	4	21
Inventories		1,415
Trade and other receivables		437
Current tax assets		39
Cash and cash equivalents		1,686
Trade and other payables		(2,946)
Loans and borrowings	18.2	(44)
		1,336
Non-controlling interests		(12)
Total identifiable net assets		1,324

The fair value of the identifiable net assets are represented by the carrying amounts on the date of the respective acquisitions.

	2019 RM'000
Net cash outflow arising from acquisition of subsidiaries	
Purchase consideration settled in cash	(4,031)
Cash and cash equivalents acquired	1,686
	(2,345)

	Note	2019 RM'000
Goodwill		
Goodwill arising from the acquisitions and impaired was determined as follows:		
Total consideration transferred		4,031
Fair value of identifiable net assets		(1,324)
Goodwill impaired	23	2,707

33. Acquisitions of subsidiaries (continued)

33.3 Financial year ended 28 February 2019 (continued)

The goodwill was impaired after the acquisition of the above subsidiaries as the Directors no longer expect the amount to be recoverable after having considered the post-acquisition operational performance of the subsidiaries. The RM2,707,000 goodwill impaired was recognised as other expenses in profit or loss.

34. Disposal of subsidiaries

34.1 Financial year ended 28 February 2021

On 26 February 2021, the Company disposed of the following subsidiaries to DXN Global Sdn. Bhd. ("DXN Global"), a substantial shareholder of the Company:

- entire equity interests in DXN Land Sdn Bhd. and its subsidiaries Yiked-DXN Stargate Sdn. Bhd. ("Yiked"), Richmont Sapphire Sdn. Bhd. and Bio Synergy Engineering Sdn. Bhd. for a total cash consideration of RM5,500,000;
- redeemable preference shares held directly by the Company in Yiked for a total cash consideration of RM39,000,000; and
- entire equity interests in DXN Plantation Sdn. Bhd. for a total cash consideration of RM2,600,000.

The total cash consideration of RM47,100,000 from the above disposals was set-off against the dividends payable by the Company to DXN Global.

The disposal had the following effects on the Group's assets and liabilities:

	Note	2021 RM'000
Fair value of consideration received		
Consideration to be set-off against dividend payable by the Company		(47,100)
Identifiable assets and liabilities disposed off		
Property, plant and equipment	3	7,890
Investment property	5	100,100
Inventories		36,708
Trade and other receivables		2,271
Current tax assets		404
Cash and cash equivalents		207
Trade and other payables		(101,933)
Loans and borrowings	18.2	(202)
Total identifiable net assets		45,445

34. Disposal of subsidiaries (continued)

34.1 Financial year ended 28 February 2021 (continued)

	Note	2021 RM'000
Net cash inflow arising from disposal of subsidiaries		
Sales consideration set-off against dividend payable by the Company (Note 35(vii))		47,100
Cash and cash equivalents disposed of representing net cash outflow arising from disposal of subsidiaries		(207)
Gain on disposal of investments in subsidiaries		
Total consideration received		47,100
Fair value of identifiable net assets		(45,445)
Gain on disposal of subsidiaries	23	1,655

35. Significant events

(i) The Coronavirus pandemic ("Covid-19 pandemic") which was officially declared on 11 March 2020 by the World Health Organisation has created severe setbacks to the global economy. Many countries have implemented various lockdown measures as preventive response to control and curtail the outbreak of the Covid-19 pandemic. The Malaysian Government too has imposed the Movement Control Order ("MCO") on 18 March 2020 which subsequently entered into various phases of the MCO.

The Group has responded with resilience to the challenges arising from the Covid-19 pandemic situation. Notwithstanding, the situation is still evolving and uncertain as at the date of authorisation of the consolidated financial statements and the Group will continue to actively monitor and manage its funds and operations to minimise the impact arising from the Covid-19 pandemic.

(ii) On 10 March 2020, the Company completed the acquisition of Florin (Fujian) Integrated Agricultural Science and Technology Co., Ltd, ("Florin Fujian") for a total purchase consideration of RMB5,939,479 (equivalent to RM3,551,737). Florin Fujian is principally involved in tea plantation, processing, research & development, wholesale trading and retailing of tea, pre-packaged food & beverages and other products.

On even date, the Company injected an initial capital in Florin Fujian for approximately RMB20,072,639 (equivalent to RM11,959,759). Thereafter during the year, the Company further injected RMB13,889,948 (equivalent to RM8,585,326) as capital in Florin Fujian. The non-controlling shareholder of Florin Fujian has an investment of RMB8,280,000 (equivalent to RM4,951,340) as at 28 February 2021.

35. Significant events (continued)

With the Company's combined investments of RMB39,902,066 (equivalent to RM24,096,822), Florin Fujian became an 82.82% owned subsidiary of the Company. The total registered share capital of Florin Fujian is RMB50,000,000 of which RMB40,000,000 (equivalent to 80% of the total registered share capital) is provisional allocated to the Company for subscription and the remaining RMB10,000,000 (equivalent to 20% of the total registered share capital) is allocated to the non-controlling shareholder. Both shareholders are given up till 31 December 2057 to fully subscribe for the shares allocated to them.

(iii) On 3 July 2020, the Company acquired the entire equity interest in DXN Agro Park Sdn. Bhd. (formerly known as Matrixsoft Sdn. Bhd.) ("DXN Agro Park") for a total purchase consideration of RM2. Thereafter, the Company subscribed for additional equity interests in DXN Agro Park for RM99,998. Subsequent to the above, DXN Agro Park became a wholly-owned subsidiary of the Company.

(iv) On 8 September 2020, a fire occurred in the factory belonging to DXN Industries (M) Sdn. Bhd.'s ("DXNI") a wholly-owned subsidiary located in Jitra, Kedah resulting in property, plant and equipment and inventories of RM17,615,000 collectively being written off. DXNI has submitted insurance claims in relation to the above incident by rebuilding and converting the burnt warehouse into an optimised factory (single storey warehouse convert into two storey coffee production) during the financial year ended 28 February 2021 of which RM13,121,000 was approved and received during the period ended 31 December 2021 and RM3,613,000 was approved and received subsequent to the end of the current financial reporting period.

(v) On 30 November 2020, the Company subscribed for additional equity interests in DXN Agrotech Sdn. Bhd. ("DXN Agrotech"), a wholly-owned subsidiary for RM4,999,900.

(vi) On 30 November 2020, the Company disposed of 20% equity interests in DXN Food Tech Sdn. Bhd. ("DXN Food Tech") for a total cash consideration of RM2,000. Consequently, DXN Food Tech became an 80% owned subsidiary of the Company. The disposal did not result in any material gain or loss.

(vii) On 26 February 2021, the Company disposed of the following subsidiaries to DXN Global Sdn. Bhd. ("DXN Global"), a substantial shareholder of the Company:

- entire equity interest in DXN Land Sdn Bhd. and its subsidiaries Yiked-DXN Stargate Sdn. Bhd. ("Yiked"), Richmont Sapphire Sdn. Bhd. and Bio Synergy Engineering Sdn. Bhd. for a total cash consideration of RM5,500,000;
- redeemable preference shares held directly by the Company in Yiked for a total cash consideration of RM39,000,000; and
- entire equity interests in DXN Plantation Sdn. Bhd. for a total cash consideration of RM2,600,000.

The total cash consideration of RM47,100,000 was set off against the dividend payable by the Company to DXN Global.

In conjunction with the above disposals, DXN Global has also agreed to set off the dividends payable by the Company amounting to RM100,200,000 against the amount owing by the disposed subsidiaries to the Company.

36. Material tax matters

(i) During the financial year ended 28 February 2021, DXN Mexico S. A. de C. V. ("DXN Mexico"), a wholly-owned subsidiary of the Company was audited by the Mexico Tax Administration Services (MTAS") which determined that DXN Mexico had used an incorrect tariff code for the importation of algae spirulina tablets which resulted in a lower value added tax ("VAT") being paid for the years 2016 to 2019.

Arising from the above, the Group had quantified the amount of VAT under declared (including estimated penalties) relating to the importation of algae spirulina tablets from years 2016 to 28 February 2021 amounting to Mexican Peso ("MXN") 24.02 million (equivalent to RM4.84 million) and provided the said amount during the financial year ended 28 February 2021. Of the MXN24.02 million (equivalent to RM4.81 million), MXN7.78 million (equivalent to RM1.57 million) comprising estimated penalties were charged to profit or loss and the remaining MXN16.24 million (equivalent to RM3.27 million) was recorded as VAT receivable as at 28 February 2021.

On 2 August 2021, DXN Mexico received the final resolution from MTAS for the period from 2016 to July 2019 and paid the additional VAT including penalties which amounted to MXN14.34 million (equivalent to RM2.87 million).

Subsequent to the above, MTAS had on 11 October 2021 sent an invitation to review the VAT paid for the importation of algae spirulina tablets for the period from August 2019 to May 2021. DXN Mexico had on 25 November 2021 responded to MTAS to request for a final resolution. MTAS had on 5 January 2022 issued a final resolution for an amount of MXN10.47 million (equivalent to RM2.11 million). DXN Mexico paid the amount on 5 January 2022.

(ii) DXN International Peru SAC ("DXN Peru"), a wholly-owned subsidiary of the Company was audited by the Peruvian tax regulator ("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 RM0.45 million) were imposed on and paid by DXN Peru for assessment year 2015. DXN Peru had filed a claim for refund of the additional taxes paid as well as a motion for annulment and resolution before the Judiciary on the matter.

As at 31 December 2021, DXN Peru had provided the additional income tax and estimated penalties relating to the sales commission that may be similarly disallowed for financial years 2016 till 2020 amounting to Pen S/6.84 million (equivalent to RM7.13 million), if the claim for refund in relation to assessment year 2015 is disallowed by the Supreme Court of Justice of Lima ("SJC").

The SJC had on 12 January 2022 issued a Resolution of Preliminary Revision ("RPR") denying DXN Peru's appeal. The RPR concludes the judicial process.

36. Material tax matters (continued)

(iii) DXN Mexico has an ongoing income tax dispute with the Tax Administration Service Mexico (Servicio de Administración Tributaria) ("SAT") following the receipt of the SAT's letter dated 2 December 2015 ("SAT 2015 Letter") issued by the Deputy Treasurer for Auditing of the General Secretariat of Finance of the Government of the Federal District. The SAT had imposed additional income tax (inclusive of fines and surcharges) for a total amount of MXN6.79 million (equivalent to RM1.4 million) for financial year 2013, as well as the denial of the request for refund of outstanding tax balances for a total amount of MXN2.3 million (equivalent to RM0.5 million) for financial year 2012 ("Mexico Income Tax 2013 Case").

The SAT was of the view that certain expenses were non-deductible and that there was an omission of taxable income in respect of the reversal of certain excess provisions. On 25 January 2016, DXN Mexico had filed an appeal for revocation against the amount imposed by the SAT.

Pending an outcome from the SAT, DXN Mexico has quantified the potential amount payable (including inflation, surcharges and penalties) in relation to the Mexico Income Tax 2013 Case which amounted to MXN13.44 million (equivalent to RM2.71 million).

Of the MXN13.44 million (equivalent to RM2.71 million), the legal counsel advising DXN Mexico is of the opinion that MXN9.29 million (equivalent to RM1.87 million) are with high probabilities and the remaining MXN4.15 million (equivalent to RM0.84 million) are with low probabilities of obtaining a result in favour of DXN Mexico. MXN4.15 million (equivalent to RM0.84 million) in relation to those areas which are regarded to be with low probabilities was provided and recognised as tax expense by DXN Mexico during the financial period ended 31 December 2021.

In 2016, DXN Mexico filed a nullity proceeding before the Federal Court of Tax and Administrative Affairs (FCTAA). The outcome or resolution of the matter is currently pending.

(iv) DXN Marketing India Private Limited ("DXN Marketing India") received a letter of summon dated 9 June 2020 from the GST Intelligence in Belagavi, India ("GST Intelligence") to appear for a personal hearing with the officers of GST Intelligence in relation to the application of GST rates for RG and GL powder capsules, spirulina powder capsules and Neeli hair oil for the period from 1 July 2017 ("India GST Case").

The representatives of DXN Marketing India attended the personal hearing on 3 August 2020 and submitted the relevant documents to the GST Intelligence for verification. Subsequently, the GST Intelligence had sent a second letter of summon dated 4 September 2020 to appear on 10 September 2020 for further clarification.

Since then, the representatives of DXN Marketing India attended several rounds of personal hearings and also submitted all additional records and provided clarifications to queries requested by the GST Intelligence.

The tax adviser advising DXN Marketing India on the matter is of the opinion that there is a high probability of DXN Marketing India convincing the GST Intelligence that DXN Marketing has accurately applied the GST rates 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.

36. Material tax matters (continued)

Accordingly, DXN Marketing India has recognised a provision of Indian Rupee ("INR") 333.31 million (equivalent to RM18.62 million) for the potential additional GST payable, including interest and penalties for RG and GL powder capsules imported during the financial period ended 31 December 2021.

(v) The Income Tax Department of India ("Indian Income Tax Department") conducted a tax audit on Daxen Agritech India Private Limited ("Daxen Agritech") and raised a demand for additional taxes amounting to INR170.07 million (equivalent to RM9.46 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, companies set up for the purpose of manufacturing activities 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 the 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 the 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 RM9.46 million) for YA2012 to YA2019.

The Group has previously recognised a provision for the income tax demanded for YA2012 to YA2019 of INR170.07 million (equivalent to RM9.46 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 on 19 January 2017, 27 January 2018, 24 January 2019, 20 December 2019 and 30 March 2021. As part of the procedure for filing the appeals, Daxen Agritech has paid INR34.5 million (equivalent to RM1.9 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 appeals for YA2012 to YA2019, Daxen Agritech has further provided the potential additional income tax payable for YA2020 which amounted INR22.28 million (equivalent to RM1.2 million) during the financial year ended 28 February 2021. There is no potential exposure for YA2021 and beyond as the Exemption Benefit is only applicable up to YA2020.

36. 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 powders 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 by Daxen Agritech totalling INR103.44 million (equivalent to RM5.9 million) comprising:

(a) INR19.19 million (equivalent to RM1.1 million) for year 2012 ("India 2012 Customs Case"); and

(b) INR84.23 million (equivalent to RM4.8 million) for the years 2013-2018 ("India 2013-2018 Customs Case").

Daxen Agritech has filed an appeal on 14 June 2013 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 and is now pending the Supreme Court of India. The next hearing date has yet to be fixed. In submitting the appeal before the Supreme Court of India, Daxen Agritech has paid and recognised the INR19.19 million (equivalent to RM1.1 million) in profit or loss. Daxen Agritech's legal adviser is of the opinion that there is an equal chance for Daxen Agritech to obtain a favourable or unfavorable decision from 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. In submitting the appeal before the CESTAT, Daxen Agritech has paid INR6.32 million (equivalent to RM0.4 million) representing 7.5% of the total amount demanded under protest.

The Group has provided for the additional customs duty demanded of INR84.23 million (equivalent to RM4.8 million) in profit or loss during the financial year ended 28 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.

36. Material tax matters (continued)

(vii) DXN Manufacturing (India) Private Limited ("DXN Manufacturing India") has ongoing tax disputes with the Indian Income Tax Department for the years of assessment ("YA") 2004 to 2012. The Indian Income Tax Department had raised a demand for additional taxes as DXN Manufacturing India was deemed not to be 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, companies that commence manufacturing 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 the 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 before the Supreme 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.

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 not issued a fresh order to date.

DXN Manufacturing India had paid under protest the full amount demanded by the Indian Income Tax Department for YA2004 up to YA2012 amounting to INR140.03 million (equivalent to RM7.8 million) and subsequently received refunds for part of the amount paid of INR114.64 million (equivalent to RM6.4 million) for cases (i.e. YA2007, YA2008, YA2009 and YA2010) that were ruled in favour of DXN Manufacturing India.

(viii) DXN Manufacturing India has an ongoing dispute with the Customs Excise and Service Tax Appellate Tribunal ("CESTAT") in respect of a demand issued by the CESTAT for additional excise duty payable on RG and GL powder capsules manufactured and sold for the period from February 2002 to July 2002 amounting to INR20,304,544 (equivalent to RM1.1million).

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. DXN Manufacturing India had on 5 March 2018 submitted an appeal before the Supreme Court of India to appeal against the decision by the CESTAT. The hearing date for the appeal has yet to be determined.

36. Material tax matters (continued)

Pending an outcome for the appeal, DXN Manufacturing India had paid excise duty for all subsequent RG and GL powder capsules manufactured and sold up till June 2011 using the higher 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 INR321,884,801 (equivalent to RM17.9 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.

37. Adjustments to previous years' financial statements

The following are the material adjustments made to the previous years' financial statements:

(i) MFRS 16, *Leases*

As stated in Note 1(a)(iii), on transition to MFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. MFRS 16 was applied only to contracts that were previously identified as leases. Contracts that were not identified as leases under MFRS 117 and IC Interpretation 4, *Determining whether an Arrangement contains a Lease* were not reassessed. Therefore, the definition of a lease under MFRS 16 has been applied only to contracts entered into or changed on or after 1 March 2018.

Where the Group is a lessee, the Group applied the requirements of MFRS 16 retrospectively with the cumulative effect of initial application, if any as an adjustment to the retained earnings at 1 March 2018.

(ii) Performance bonus and stockists commission

In the previous financial years, certain performance bonus and stockists commission were incorrectly recognised after control of the goods were transferred to the customer. These amounts including the related tax impacts have been retrospectively adjusted for.

(iii) Income tax liabilities

In the previous financial years, income tax liabilities relating to a subsidiary (see Note 36 (ii)) were understated in profit or loss. These have been retrospectively adjusted for.

In view of the above material adjustments, the amounts included in this consolidated financial statements will not directly agree to the amounts presented in the previous years' financial statements. Additionally, certain comparative figures have also been reclassified to conform to the current period's/year's presentation for comparability purposes.

38. Subsequent events

(i) The Company had on 3 February 2022 entered into a Share Sale Agreement ("SSA") to acquire the entire equity interest of PT Suryasoft Konsultama ("Suryasoft") from its existing shareholders ("Suryasoft Acquisition").

Suryasoft is principally involved in the provision of information technology ("IT") services including IT system, IT consultancy, customised software development, customised software system and others. Suryasoft currently provides software services, among others to DXN Group such as maintaining DXN Group's online billing system, eWorld and DXN application and ePoint system.

On 4 April 2022, the Company completed the acquisition of Suryasoft for a total purchase consideration of IDR313,196,695 (equivalent to RM91,664) upon which, Suryasoft became a wholly-owned subsidiary of the Company.

(ii) On 23 February 2022, the shareholders of the Company approved the following proposals to be undertaken by the Company:

- subdivision of the ordinary shares in the Company of 240,764,000 shares into 4,825,000,000 shares;
- initial public offering of up to 1,406,250,000 ordinary shares comprising an offer for sale of up to 1,246,250,000 existing ordinary shares and a public issue of 160,000,000 new ordinary shares to retail and institutional investors;
- listing of and quotation for the entire enlarged issued 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.

(iii) On 6 May 2022, the Company has 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 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 is 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.

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The Board of Directors
DXN Holdings Bhd.
Wisma DXN,
213, Lebuhraya Sultan Abdul Halim,
05400 Alor Setar,
Kedah Darul Aman

Date: 25 May 2022

Dear Sirs,

Reporting Accountants' opinion on the consolidated financial statements contained in the Accountants' Report of DXN Holdings Bhd.

Opinion on the Consolidated Financial Statements

We have audited the consolidated financial statements of DXN Holdings Bhd. ("DXN" or the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statements of financial position as at 31 December 2021, 28 February 2021, 29 February 2020 and 28 February 2019 of DXN, the consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the period and years then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 1 to 144. These consolidated financial statements have been prepared for inclusion in the draft prospectus of the Company in connection with the proposed listing of and quotation for the entire enlarged issued ordinary shares in the Company on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") and for no other purposes.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2021, 28 February 2021, 29 February 2020 and 28 February 2019 and of its financial performance and cash flows for the period and years then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

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 *Reporting Accountants' Responsibilities for the Audit of the Consolidated Financial Statements* section of our 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 Company and the Group 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.

Directors' Responsibility for the Consolidated Financial Statements

The Board of Directors of the Company (the "Directors") are responsible for the preparation of consolidated financial statements of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements of the Company, the Directors are responsible for assessing the ability of the Company and the Group 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 Company or the Group or to cease operations, or have no realistic alternative but to do so.

Reporting Accountant's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue a 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 consolidated financial statements.

Reporting Accountant's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

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 skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements 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.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- 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 Company and the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the consolidated financial statements 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 report. However, future events or conditions may cause the Company or the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements of the Company, including the disclosures, and whether the consolidated financial statements 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 consolidated financial statements of the Company. 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.

Other Matter

The comparative information for the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows, and notes to the consolidated financial statements of the Company for the financial period ended 31 December 2020 has not been audited.

Restriction on Distribution and Use

This report is made solely to the Company and for inclusion in the draft prospectus of the Company in connection with the proposed listing of and quotation for the entire enlarged issued ordinary shares in the Company on the Main Market of Bursa Securities Berhad and for no other purposes. We do not assume responsibility to any other person for the content of this report.

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Raymond Chong Chee Mon
Approval Number: 03272/06/2022 J
Chartered Accountant

Penang

14.1 SHARE CAPITAL

(i) Save as disclosed in this Prospectus, no securities will be allotted or issued on the basis of this Prospectus later than six months after the date of issue of this Prospectus.

(ii) As at the LPD, we have only one class of shares in our Company, namely ordinary shares, all of which rank equally with one another. There are no special rights attached to our Shares.

(iii) Save as disclosed in Sections 4.2 and 6.1.5 of this Prospectus, our Company has not issued or proposed to issue any shares, stocks or debentures as fully or partly paid-up in cash or otherwise, within the two years immediately preceding the date of this Prospectus.

(iv) As at the date of this Prospectus, save for our Issue Shares reserved for subscription by the Eligible Persons as disclosed in Section 4.2.3 of this Prospectus and the ESOS as disclosed in Section 4.2.6 of this Prospectus, there is currently no other scheme involving our employees and Directors in the share capital of our Company or any of our subsidiaries.

(v) Save for the ESOS as disclosed in Section 4.2.6 of this Prospectus, we have not agreed, conditionally or unconditionally, to put the share capital of our Company or any of our subsidiaries under option.

(vi) As at the date of this Prospectus, neither we nor our subsidiaries have any outstanding warrants, options, convertible securities or uncalled capital.

(vii) Save as disclosed in Sections 2.2 and 12.4 of this Prospectus, and save as provided for under our Constitution as reproduced in Section 14.2 below and the Act, there are no other restrictions upon the holding or voting or transfer of our Shares or the interests in our Company or any of our subsidiaries or upon the declaration or payment of any dividend or distribution thereon.

14.2 EXTRACTS OF OUR CONSTITUTION

The following provisions are reproduced from our Constitution and are qualified in its entirety by reference to our Constitution and by applicable law. The words, terms and expressions appearing in the following provisions shall bear the same meanings used in our Constitution unless they are otherwise defined or the context otherwise requires.

Words		Meaning
appointing director	:	A director who appoints an alternate director.
benefits	:	In relation to benefits payable or to be given to directors, means any benefits referred to in Section 230(1) of the CA.
Board	:	The Board of Directors for the time being of the Company.
Bursa Securities	:	Bursa Malaysia Securities Berhad.
CA	:	Companies Act 2016 (Act 777) and every statutory modification or re-enactment thereof for the time being in force.
CMSA	:	Capital Markets and Services Act 2007 (Act 671) and every statutory modification or re-enactment thereof for the time being in force.

Words		Meaning
Company	:	DXN Holdings Bhd. (Registration No. 199501033918 (363120-V)) or by whatever name called from time to time.
Constitution	:	This constitution of the Company as originally framed or as altered from time to time by special resolution.
Deposited Security	:	A security, as defined under Section 2 of the SICDA, of the Company standing to the credit of a securities account of a Depositor and includes securities in a Securities Account that is in suspense subject to the provisions of the SICDA and DR.
Deposited Share or Depository Shares	:	A share which is a Deposited Security.
Depositor	:	A holder of a securities account.
Depository	:	Bursa Malaysia Depository Sdn. Bhd., the depository of the Company's shares prescribed under Section 14 of the SICDA. This term can also mean another depository acting as such a depository, approved to be a central depository under the SICDA. Successors-in-title and permitted assigns are also included in this term.
directors	:	Directors for the time being of the Company (inclusive alternate or nominee directors).
DR	:	Rules of the Depository as defined under the SICDA and any appendices thereto including any amendment that may be made from time to time.
electronic form	:	Documents or information sent or supplied by electronic means or by any other means while in electronic form (such as by e-mail, text message, fax or sending a compact disc by post) whereby a recipient of such documents or information would be able to retain a copy.
electronic means	:	A document or information is sent or supplied by electronic means if it is sent initially, and received at its destination by means of electronic equipment for the processing (which expression includes digital compression) or storage of data, and entirely transmitted, conveyed and received by wire, by radio, by optical means or by other electromagnetic means.
existing shares	:	Shares in issue at the relevant time.
General Meeting	:	A meeting of shareholders held in accordance with this Constitution. This includes any General Meeting held as the Company's Annual General Meeting.
hard copy	:	Documents or information sent or supplied in paper copy or similar form which can be read. It also covers, anyhow, any hard copy referred to in Section 612(1) of the CA.

Words		Meaning
Laws	:	All laws, by-laws, regulations, rules, orders and/or official directions for the time being in force affecting the Company and its subsidiaries including but not limited to the CA, the applicable securities laws, the LR, the SICDA and every other law for the time being in force concerning companies and affecting the Company and any other practice notes, practice directives and guidelines imposed on the Company by the Securities Commission Malaysia.
listed security	:	A security or securities of the Company admitted to the Official List.
LR	:	Listing Requirements of the Main Market. For the purpose of this Constitution, it also covers any practice notes or directives, guidance notes or other directions issued by Bursa Securities and any amendment that may be made from time to time in relation to the Listing Requirements.
Malaysia	:	Federation of Malaysia.
Main Market	:	Main Market of Bursa Securities or any other market of Bursa Securities on which the Company is listed at the relevant time.
Non-Depository Shares	:	Shares which are not Deposited Shares.
Official List	:	A list specifying all securities listed on the Main Market.
pay	:	In relation to the payment of commission, means a payment of commission pursuant to Section 80 of the CA. For other times, when used elsewhere, this term can cover any kind of reward or payment for services.
person or people	:	These terms cover corporate bodies and unincorporated bodies, established anywhere. They do not, however, cover unincorporated bodies, when used in relation to transfers or registration of shareholders which involve Deposited Shares and these bodies are not allowed or recognised by the SICDA or DR.
rights	:	In relation to the rights of a share means, the rights attached to the share, when issued, or afterwards.
ROD	:	A record of depositors of holders of securities of the Company kept by the Depository under the SICDA and DR.
ROM	:	Register of members of the Company to be kept pursuant to the CA, and unless otherwise expressed to the contrary, includes the ROD.
securities	:	The meaning of this term is as meant by Section 2 of the CMSA.
securities account	:	This is an account which the Depository establishes for the Depositor under the SICDA and DR. It is to record the deposit, withdrawal and dealing of securities.

Words		Meaning
shareholders	:	Holders of the Company's shares. Where those shares are deposited with the Depository under the SICDA and DR, it must be a person whose name appears on the ROD as the holder of such shares and treated as a member of the Company under Section 35 of the SICDA. This is subject to the SICDFOR and this Constitution. This term does not also include, the Depository in its capacity as a bare trustee or nominee company. Where those shares are not deposited and do not need to be deposited under the SICDA, it must be a person whose name appears in the ROM.
SICDA	:	Securities Industry (Central Depositories) Act 1991 (Act 453).
SICDFOR	:	Securities Industry (Central Depositories) (Foreign Ownership) Regulations 1996.
written or in writing	:	In writing or in any way representing or copying words legibly so that they are permanent. It includes anything in electronic form. It may also be partly in one form and partly in another. Where used in relation to notices of meeting, it must be in hard copy or electronic form in the way allowed by Sections 319 and 320 of the CA, subject to the LR. Where used in another context, it must be in a form allowed or not prohibited by the CA or the LR.

14.2.1 Remuneration of Directors

Clause 198 – Directors' fees and benefits

"The fees and benefits payable to the directors shall annually be determined by an ordinary resolution of the Company in a General Meeting and shall (unless such resolution otherwise provides) be divisible among the directors as they may agree provided always that:

(a) salaries payable to executive directors may not include a commission on or percentage or turnover;

(b) fees payable to non-executive directors shall be a fixed sum and not by a commission on or percentage of profits or turnover;

(c) any fee paid to an alternate director shall be agreed between himself and the appointing director and shall be paid out of the remuneration of the appointing director; and

(d) fees and benefits payable to directors shall not be increased except pursuant to an ordinary resolution passed at a General Meeting, where notice of the proposed increase has been given in the notice convening the meeting."

Clause 199 – Directors' expenses

"The Board can also repay to a director all expenses properly incurred in:

(a) attending and returning from shareholders' meetings, Board meetings or Board committee meetings; or

(b) any other way in connection with the Company's business."

Extra fees

Clause 200

"The Board can award extra fees to a director who:

(a) holds an executive position;

(b) acts as chairman or deputy chairman; or

(c) serves on a Board committee or board at the request of the Board."

Clause 201

"If by arrangement with the directors, any director shall perform or render any special duties or services outside his ordinary duties as a director in particular without limiting to the generality of the foregoing if any director being wiling shall be called upon to perform extra services or to make any special efforts in going or residing away from his usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the Company as a member of a committee of directors, the Company may remunerate the director so doing a special remuneration in addition to his directors' fees and such special remuneration may be by way of a fixed sum or otherwise as may be arranged."

Pensions and other benefits

Clause 202

"Subject to the CA and the LR, the Board can decide whether to provide:

(a) pensions;

(b) annual payments; or

(c) other allowances or benefits,

to any people including people who are or who were directors of the Company. The Board can decide to extend these arrangements to relations or dependants of, or people connected to, these people. The Board can also decide to contribute to a scheme or fund or to pay premiums to a third party for these purposes."

Clause 203

"The Company can only provide pensions and other similar benefits to:

(a) people who are or were directors; and

(b) relations or dependants of, or people connected to, those directors or former directors,

the receipt of a benefit of any kind given in accordance with this clause does not prevent a person from being or becoming a director of the Company."

Clause 204

"Shareholders must approve the matters in Clauses 198 to 203 as far as the Laws require in relation to directors' fees and benefits. There must be annual shareholders' approvals by ordinary resolution at a General Meeting for the fees of the directors and any benefits payable to the directors. Compensation for loss of employment of a director or former director must have shareholders' approvals by ordinary resolution passed a General Meeting, where required by the CA and the LR."

14.2.2 Voting and borrowing powers of Directors

Clause 213 - Voting at Board meetings

"Matters for decision which arise at a Board meeting will be decided by a majority vote. If the votes are equal, the chairman of the meeting has a second casting vote. However, the chairman will not have a second casting vote where only 2 directors form the quorum or at which only 2 directors are competent to vote on the question at issue."

When directors can vote on things

Clause 220

"A director cannot vote (and if the director does vote, such vote will not be counted) on a resolution about a contract, proposed contract or arrangement in which the director (or a person connected with the director) is directly or indirectly interested."

Clause 223

"This clause applies if the Board is considering proposals to appoint 2 or more directors to positions with the Company or any company in which the Company has an interest. It also applies if the Board is considering fixing or varying the terms of the appointment. These proposals can be split up to deal with each proposed director separately. If this is done, each proposed director can vote (unless the proposed director is prevented from voting under Clause 220) and be counted in the quorum for each resolution."

Clause 224

"If a question comes up at a meeting about whether a director (other than the chairman of the meeting) has all interest or whether the director can vote or be counted in the quorum, and the director does not agree to abstain from voting on the question or not be counted in the quorum, the question must be referred to the chairman of the meeting. The chairman's ruling about the director is conclusive, unless the nature or extent of the director's interests has not been fairly disclosed to the Board. If the question comes up about the chairman of the meeting, the question will be decided by a resolution of the Board. The chairman cannot vote on the question but can be counted in the quorum. The Board's resolution about the chairman is conclusive, unless the nature or extent of the chairman's interests has not been disclosed to the Board."

Borrowing powers

Clause 246

"To the extent that the CA, the LR and this Constitution allow, the Board can exercise all the powers of the Company to:

(a) borrow money of any sum or sums from any person, bank, firm or company;

(b) mortgage or charge all or any part of the Company's business, property and assets (present and future);

(c) issue debentures and other securities; and

(d) give security (including (without limitation), guarantees, indemnities and mortgages and charges) either outright or as collateral security, for a debt, liability or obligation of the Company or another person."

Clause 247

"The director shall not borrow any money or mortgage or charge any of the Company's or its subsidiaries' undertaking, property or any uncalled capital, or to issue debentures and other securities whether outright or as security for any debt, liability or obligation of an unrelated third party."

14.2.3 Alteration of capital

Clause 43 – Power to reduce capital

"The shareholders can pass a special resolution to reduce in any way the Company's share capital in accordance with Subdivision 4 of Division 1 of Part III of CA, whether with the confirmation of the Court or a solvency statement."

Power to alter capital

Clause 44

"The shareholders can alter the Company's share capital in accordance with the CA."

Clause 45

"If any shares are consolidated or divided, the Board may deal with any fractions of shares which result or any other problem that arises. If the Board decide to sell any shares which represent fractions, they must sell for the best price they can reasonably obtain and distribute the net proceeds of sale among shareholders in proportion to their fractional entitlements or shall be disregarded and will be dealt with by the Board in such a manner as they deem fit at their absolute discretion and in the best interest of the Company. The Board can sell to a person (including the Company, if CA and LR allow) and can authorise a person to transfer those shares to the buyer or in accordance with the buyer's instructions. The buyer does not need to take any action to check how any money paid is used. The buyer's ownership will not be affected if the sale was irregular or invalid in any way."

Clause 46

"The shareholders can convert any paid-up shares into stock and reconvert any stock into paid-up shares in accordance with the CA."

14.2.4 Transfer of Shares

Clause 41 - Renunciations of allotted but unissued shares

"Where a share or other security has been allotted to a person but that person has not yet been entered on the ROM or ROD, the Board can recognise a transfer (called a renunciation) by that person of their right to the share to be renounced in favour of some other person. Allotments can only apply if the terms on which the share or other security is allotted are consistent with renunciation. The Board can impose terms and conditions regulating renunciation rights."

Securities transfers

Clause 57

"The transfers of any listed security or class of listed security shall be made by way of book entry by the Depository in accordance with the DR and, notwithstanding Sections 105, 106 and 110 of the CA, but subject to Section 148(2) of the CA and any exemption that may be made from compliance with Section 148(1) of the CA, the Company shall be precluded from registering and effecting any transfer of the listed security."

Clause 59

"Transfers of Non-Depository Shares must be in such prescribed form under the CA. If the CA does not prescribe a specific form, the transfer must be in the usual standard form, or such form as approved by the Board. A transfer must be signed, or made effective in some other way, by or on behalf of the persons making and receiving the transfer."

Clause 60

"The Depository may refuse to transfer any Deposited Shares which does not comply with the SICDA and DR. A shareholder can transfer some or all of their Non-Depository Shares unless this Constitution states otherwise."

Clause 63

"The Board can refuse to register such a transfer delivered:

(a) where the transfer breaches any law or regulation or licensing or requirement (of any jurisdiction) which applies to the Company or any of its subsidiaries or any entity in which any of them have an interest;

(b) where the transfer is unlawful under Malaysian law; or

(c) the transfer relates to partly paid shares where a call has been made and is unpaid."

14.2.5 Changes in capital and variation of class rights, preferences and restrictions attached to each class of securities relating to voting, dividend, liquidation and any rights

Clause 27 – Shares and special rights

"The Company can issue new shares and attach any rights and restrictions to them, as long as this is not restricted by special rights previously given to holders of any existing shares. Subject to this, the rights of new shares can take priority over the rights of existing shares, or existing shares can take priority over them, or the new shares and the existing shares can rank equally. These rights and restrictions can apply to sharing in the Company's profits or assets. Other rights and restrictions can also apply, for example, those relating to the right to vote."

Clause 30 - Changing special rights of shares

"If the Company's share capital is divided into different classes of share, the special rights attached to any of these classes may (subject to Section 90 of the CA and whether or not the Company is being wound up) be varied or withdrawn if the shareholders approve this by passing a special resolution. This must be passed at a separate meeting of the holders of that class of shares. This is called a class meeting. Alternatively, the holders of at least 75% of the existing shares of that class (by voting rights) can give their written consent."

14.3 DEPOSITED SECURITIES AND RIGHTS OF DEPOSITORS

As our Shares are proposed for quotation on the Official List, such Shares must be prescribed as shares required to be deposited with Bursa Depository. Upon such prescription, a holder of our Shares must deposit his Shares with Bursa Depository on or before the date is fixed, failing which our Share Registrar will be required to transfer his Shares to the Minister of Finance and such Shares may not be traded on Bursa Securities.

Dealing in our Shares deposited with Bursa Depository may only be effected by a person having a securities account with Bursa Depository ("**Depositor**") by means of entries in the securities account of that Depositor.

A Depositor whose name appears in the Record of Depositors maintained by Bursa Depository in respect of our Shares shall be deemed to be a shareholder of our Company and shall be entitled to all rights, benefits, powers and privileges and be subject to all liabilities, duties and obligations in respect of, or arising from, such Shares.

14.4 LIMITATION ON THE RIGHT TO HOLD SECURITIES AND/OR EXERCISE VOTING RIGHTS

Subject to Section 14.3 above, there is no limitation on the right to own our Shares, including any limitation on the right of a non-resident or non-Malaysian shareholder to hold or exercise voting rights on our Shares, which is imposed by Malaysian law or by our Constitution.

14.5 REPATRIATION OF CAPITAL, REMITTANCE OF PROFIT AND TAXATION

As at the LPD, save as disclosed below, there are no governmental decrees, regulations or other legislations that may affect the repatriation of capital and the remittance of profits of our material foreign subsidiaries to Malaysia:

(i) Malaysia

All corporations in Malaysia are required to adopt a single tier dividend. All dividends distributed by Malaysian resident companies under a single-tier dividend are not taxable. Further, the Government does not levy withholding tax on dividend payment. Therefore, there is no withholding tax imposed on dividends paid to non-residents by Malaysian resident companies. There is no Malaysian capital gains tax arising from the disposal of listed shares.

(ii) India

Certain of our subsidiaries in India are prohibited from paying dividend to parties outside of India. Foreign shareholder/holding company are taxed on any gains realised on their exit, dividends, interest, royalties and fee for technical services on a gross basis. The applicable tax rates are prescribed under the Indian Income Tax Act, 1961, read with the tax treaties, where applicable. Remittance of dividends, interest, royalties and fee for technical services are also subject to the provisions of the FEMA. Dividend, interest, royalties and fee for technical services can be freely repatriated by an Indian company to its foreign shareholder's holding company under the FEMA Regulations without requiring permission from the central bank of India i.e. RBI, subject to completion of formalities in connection therewith.

Impact on the availability of cash and cash equivalents for use by the holding company and remittance of dividends, interest or other payments to shareholders of the holding company

Any cash and cash equivalents, available for use by the foreign shareholders/holding company, shall be subject to tax payable (including tax deducted at source by Indian company) as prescribed under the India's domestic tax laws.

(iii) China

Regulation related to foreign exchange

Pursuant to the *Regulations of the PRC on Foreign Exchange Administration* promulgated on 5 August 2008 and various regulations issued by the State Administration of Foreign Exchange ("**SAFE**") and other relevant PRC governmental authorities, RMB is freely convertible only to the extent of current account items such as trade-related receipts and payments, interest and dividends. Capital account items, such as direct equity investments, loans and repatriation of investments, require the prior approval of the SAFE or its local counterpart for conversion of RMB into a foreign currency such as USD and remittance of the foreign currency outside the PRC.

Regulation related to dividend distribution

The principal laws governing dividend distributions by our PRC subsidiary include the Company Law of the PRC which was promulgated on 29 December 1993 and amended on 26 October 2018. Dividend distribution by a wholly foreign-owned enterprises ("**WFOE**") is further governed by the Foreign Investment Law of the PRC which was promulgated on 15 March 2019 and became effective on 1 January 2020, and its implementation regulations were promulgated on 26 December 2019 and became effective on 1 January 2020.

PRC companies may pay dividends only out of their accumulated profits, if any, which are determined in accordance with the PRC accounting standards. In addition, PRC companies are required to set aside each year at least 10% of their after-tax profit based on the PRC accounting standards to their statutory general reserve fund until the cumulative amount of such reserve fund reaches 50% of their registered capital. These reserves are not distributable as cash dividends. Furthermore, a WFOE in the PRC may also be required to set aside individual funds for employee welfare, bonuses and development at its discretion and as stipulated in its articles of association. These reserves or funds are not distributable as dividends.

(iv) Mexico

There is no restriction on the repatriation of capital and remittance of profits out of Mexico. After tax-profit account ("**CUFIN**") represents profits that have already been subject to Mexican income tax ("**ISR**"). In the event that a dividend is a non-CUFIN distribution, the company is subject to ISR at 42.86%. Conversely, if the dividend is a CUFIN distribution, it would not be subject to ISR.

From year 2014 onwards, an additional 10.0% withholding tax was levied on dividends (CUFIN and non-CUFIN) paid by Mexican company to Mexican individuals and non-Mexican tax residents (corporate or individual) to the extent that the dividends result from profits generated after 31 December 2013.

Other kinds of payments (e.g. interests, royalties, services) made to foreign related parties may be subject to income tax withholding, the rate may vary depending on the type of payment made. The withholding tax rate may be reduced with a tax treaty to avoid double taxation if certain tax requirements are met. There are certain deductibility limitations for the Mexican company making these payments to foreign related parties, which shall be analysed case by case.

(v) Indonesia

Repatriation of capital

The Indonesian law allows for foreign investors to transfer and repatriate capital, profits, dividends and other income. However, the Indonesian government has the right to enforce the provisions of the laws and regulation which require the reporting of implementation of fund transfers and defer the repatriation if the investor has any unsettled legal liabilities in Indonesia.

Remittance of profit

There are no restrictions on the remittance of profits from Indonesia to overseas. However, pursuant to Bank Indonesia Regulation No. 18/19/PBI/2016 on Foreign Exchange Transaction to Indonesian Rupiah between Bank and Foreign Parties dated 5 September 2016, Indonesian commercial banks are restricted from transferring IDR overseas and therefore, any remittance of profit from Indonesia must first be converted to a foreign currency.

Taxation of dividends for a non-resident individual or non-resident entity (a "Non-Indonesian Holder")

Dividends declared by the Indonesian subsidiaries out of retained earnings and distributed to a Non-Indonesian Holder in respect of shares are subject to Indonesian income tax, currently at the rate of 20%, on the amount of the distribution (in the case of cash dividends) or on the shareholders' proportional share of the value of the distribution. A lower rate provided under certain double taxation treaties may be applicable provided that, among other, the recipient is the beneficial owner of the dividend (certain criteria must be met as regulated by the Indonesian tax authorities) and is able to complete and provide a Certificate of Tax Residence, i.e. Indonesian Directorate General of Taxation Form to the Indonesian companies.

(vi) Peru

There is no restriction on the repatriation of capital and remittance of profits out of Peru. Withholding taxes will apply in the payment of dividends or profits as indicated below:

(a) Income tax

A company incorporated in Peru is subject to taxation on its worldwide income at a tax rate of 29.5% on net income.

(b) Withholding taxes

Peruvian entities must withhold taxes on income paid to foreign entities at the following rates:

(i) 5.0%: Dividend and profit distributions.
(ii) 4.99%: Interest on loans (provided certain conditions are met).
(iii) 30.0%: Interest on loans granted by related parties.
(iv) 15.0%: Technical assistance services.
(v) 30.0% (unless otherwise specifically provided): Other kinds of income (including royalties and digital services).

(c) VAT

A 18.0% VAT applies to, among others, the sale of goods, rendering or first use of services within the country and the import of goods. Peruvian VAT is structured under a debit/credit system, according to which input VAT may be used as a credit against output VAT (subject to certain rules).

(vii) Bolivia

There are no restrictions on the repatriation of capital and the remittance of profits to foreign beneficiaries. According to Bolivian tax law, the distribution of profits from Bolivian sources (dividends from companies domiciled in Bolivia) to foreign beneficiaries is subject to a 12.5% withholding tax that corresponds to the Corporate Income Tax - Foreign Beneficiaries.

Additionally, Law 3446, Financial Transaction Taxes (*Impuesto a las Transacciones Financieras*), enacted in 2006, establishes a Financial Transaction Tax to remittances abroad made through the Bolivian Financial System subject to a 0.3% withholding tax which is applied by a financial entity.

Finally, the Central Bank of Bolivia collects a commission of 2.0% from any transfer of money abroad.

Net profits generated from foreign investment (dividends) may be transferred abroad in foreign currency freely through the financial system, subject to compliance with tax obligations and registration of the foreign investment with the Central Bank of Bolivia.

(viii) Philippines

Under Philippines law, profits remitted by a branch to its head office which are "effectively connected" with the conduct of its trade or business in the Philippines (i.e., profits derived from the business activity in which the corporation is engaged) are generally subject to a final withholding tax of 15.0%. The tax base for branch profit remittance tax is the profit applied or earmarked for remittance abroad without deduction for the tax component thereof. Profits that are not "effectively connected" with the conduct of the foreign corporation's business in the Philippines (e.g., interests received from savings deposit, dividends received from another corporation) are not subject to branch profit remittance tax, but may be subject to other applicable income taxes under Philippines law.

(ix) United States

Under the laws of United States, payments made by the company to a foreign shareholder as dividends, interest, royalties or other amounts from United States sources, which are considered fixed and determinable, annual or periodic, are generally subject to a flat withholding tax of 30.0% of the gross amount of the payment.

(x) Thailand

Any dividends declared by a Thai corporation shall be paid within one month from the date such shareholders' or directors' resolution (as the case may be) has been passed and at each distribution of dividend, at least 5.0% of the profits shall be put into a reserve fund until the company's reserve fund reaches 10.0% of its capital or more.

Thai foreign exchange controls are administered by the Bank of Thailand which has granted commercial banks and certain other entities the authority to conduct foreign exchange transactions as authorised agents of the Bank of Thailand. The Bank of Thailand has instituted measures since 1998 to restrict certain foreign exchange transactions relating to the THB currency by domestic financial institutions with non-residents of Thailand and to safeguard against instability and speculation in the domestic currency market. However, relaxations may be granted from time to time as the Bank of Thailand considers appropriate to the particular financial circumstances. These measures, among other things: (i) limit the value of foreign exchange transactions relating to the THB currency that commercial banks in Thailand can enter with a non-resident who has underlying trade or investment activities in Thailand for such foreign exchange transactions not exceeding the actual value of the underlying trade or investment activity and, for the transactions without any underlying trade or investment activity in Thailand, not exceeding THB200 million (equivalent to RM25.2 million) per non-resident and its related parties as a group, except for foreign exchange spot transactions that relate to the THB currency; and (ii) regulate direct loans granted to non-residents.

The outward remittance from Thailand of, among other cases, (i) dividends after payment of the applicable Thai taxes (if applicable), (ii) proceeds from sales (including capital gains) of securities (e.g. shares, warrants, investment units, bonds, debentures, promissory notes, bills of exchange), (iii) interest on loan from overseas (including inter-company loan) in which such loan is remitted in Thailand and (iv) principal payment of loan from overseas (including inter-company loan) in which such loan is remitted in Thailand, is required to inform the relevant authorised agent without having to submit additional supporting documents or evidence if the amount is less than USD200,000 (equivalent to RM0.8 million) or the equivalent amount in relevant currency per remittance. If the amount is at least USD200,000 (or its equivalent) in the relevant currency, a form must be submitted to the authorised agent together with documents or evidence as to the particular transaction.

In relation to taxation, the repatriation of the following forms of funds abroad from a Thai corporation to a foreign corporation is subject to the following withholding taxes according to Thai tax laws:

(a) the dividend of a Thai corporation payable to a foreign corporation is a taxable/assessable income and, unless any tax treaty benefits, it is subject to withholding tax at the rate of 10.0%;

(b) a decrease of the capital in a Thai corporation (either by reducing the number of shares or lowering the par value of each share) at the amount which does not exceed the total amount of profits and reserves payable to a foreign corporation is a taxable/assessable income of such foreign corporation and, unless any tax treaty benefits, it is subject to withholding tax at the rate of 15.0%; and

(c) the benefit returned after the dissolution of a Thai corporation with monetary value exceeding its investment cost payable to a foreign corporation is a taxable/assessable income of such foreign corporation and, unless any tax treaty benefits, it is subject to withholding tax at the rate of 15.0%.

When a Thai corporation repatriates funds to a foreign corporation, the Thai corporation is required to withhold the applicable withholding taxes mentioned above from the funds payable and remit such taxes withheld to the Thai Revenue Department.

(xi) Colombia

(a) **Foreign exchange regime**

The general foreign exchange control regime in Colombia is governed by the following main regulations: (i) Law 9 of 1991; (ii) External Resolution No. 1 of 2018 issued by the Central Bank (Banco de la República); (iii) External Circular DCIP-83 and its amendments, issued by the Central Bank, (iv) Decree 1068 of 2015; and (v) Decree 119 of 2017. The Colombian foreign exchange regime imposes no restrictions on foreign exchange operations, including capital flows in foreign or domestic currency between Colombia and other countries or between residents and non-residents. This includes remittances of dividends in foreign currency to their foreign shareholders overseas and repatriation of funds or investment back to home country, provided that repatriation of funds must always be declared before the Colombian Central Bank and are subject to exchange regulation, including the fact that Colombian law requires that such operations be undertaken only through authorised foreign exchange market intermediaries or through compensation accounts.

Under the Colombian foreign exchange regime, foreign capital investments in Colombian companies are considered direct foreign investment and must be mandatorily channelled through the foreign exchange market, for which purpose it is necessary to report the investment with the Colombian Central Bank by filing foreign exchange declarations. The registration of the foreign investment grants the foreign investor the following exchange rights:

(i) reinvesting profits or retaining the surplus of non-distributed profits with right to be remitted abroad.

(ii) capitalise the sums with right to be remitted abroad, which comprehend resources in local currency or any other good or right which is the product of obligations derived from the investment.

(iii) remit abroad in a freely convertible currency the net profits periodically generated by their investments.

(iv) remit abroad in freely convertible currency the amounts received as a result of the transfer of the investment in the country, or of the liquidation of the company, portfolio or capital reduction.

Bearing in mind the above, foreign capital investments in Colombia, its reinvestment and the repatriation of the corresponding profits must be channelled through the foreign exchange market, via a foreign exchange market intermediary or compensation accounts. Where a foreign investor has carried out an operation that must be mandatorily channelled through the foreign exchange market, without duly registering and channelling it through the foreign exchange market, such foreign investor will not be entitled to the abovementioned exchange rights.

(b) **Taxation**

Taxation of dividends in Colombia

Unless otherwise provided in any applicable tax treaty, as a general rule, dividends paid by a Colombian company to non-Colombian-tax residents (foreign companies, for instance) are subject to income tax in Colombia, depending on the classification of said dividends, as follows:

(I) "Untaxed dividends": According to articles 48 and 49 of the Colombian Tax Code, "Untaxed dividends" refer to dividends that are paid out from business profits that were fully taxed at the level of the dividend-distributing company.

In this case, the payment of "Untaxed dividends" are subject to a 10% withholding tax for income tax purposes, following article 245 of the Colombian Tax Code.

(II) "Taxed dividends": According to articles 48 and 49 of the Colombian Tax Code, "Taxed dividends" refer to dividends that are paid out from business profits that were not fully tax at the level of the dividend-distributing company. In this regard, it should be noted that it is possible that the company might not be fully taxed on its business profits because of the application of certain tax benefits that cannot be shifted from the company to its shareholders (for instance, exempt incomes, compensation of tax losses, special deductions, etc.).

In this case, the payment of "Taxed dividends" are subject to a withholding tax for the general income tax purposes, as follows:

Year 2019	Year 2020	Year 2021	Years following 2021
33%	32%	31%	30%

Once, the withholding tax for the general income tax purposes has been subtracted from the so-called "Taxed dividends", the 10.0% withholding tax is then applied to the resulting amount, according to article 245 of the Colombian Tax Code.

(xii) Mongolia

Under Mongolian laws, the investor shall have the right to a free repatriation of capital and the remittance of profits upon full performance of tax obligations in the territory of Mongolia.

There are applicable taxations imposed pursuant to the Mongolian Corporate Income Tax Law and the applicable tax treaties with Mongolia i.e. Double Taxation Treaty between Mongolia and Singapore. Income derived from Mongolia which include dividend paid by Mongolian entity to a non-resident entity shall be subject to Mongolian income tax at the rate of 20%. However, under the Double Taxation Treaty between Mongolia and Singapore, the tax charged shall not exceed 5% of the gross amount of dividends if (i) the beneficial owner is a company which holds directly at least 25% of the capital of the company paying the dividends; and (ii) the beneficial owner of the dividends is a resident of Singapore.

Save as disclosed above, there are no restrictions under Mongolian laws on the repatriation of capital and the remittance of profit by or to the corporation that directly affect the availability of cash and cash equivalent for use by the corporation.

(xiii) Morocco

Generally, investors who invest foreign currency in Morocco are allowed to repatriate the same amount without prior authorisation from the foreign exchange office. Certain forms of repatriation of funds for the benefit of foreign investors (including dividends, profits made by Moroccan branches of foreign companies, interests on shareholders' loans and proceeds resulting from sale of shares and assets or liquidation of a Moroccan company) are not subject to the prior authorisation of the foreign exchange regulator. Their repatriation is uncapped and is not subject to any time limit provided that certain requirements are met which include, among others, it must have at least 3 years of activity and the accounts must be certified without reservation by an auditor. As an exception, payment of management fees, research and development costs to a foreign company requires the prior approval from the foreign exchange office.

Morocco has executed tax treaties with several countries providing for the absence of double taxation, including the Morocco-Malaysia Convention which aims to ban double taxation.

14.6 MATERIAL CONTRACTS

Save as disclosed below, our Group has not entered into any material contracts that are not in the ordinary course of our business within the period covered by the historical financial information as disclosed in this Prospectus and up to the date of this Prospectus:

14.6.1 Share sale agreement dated 26 February 2021 between our Company and DXN Global in respect of the disposal of the entire equity interest in DXN Plantation Sdn. Bhd. ("DXN Plantation")

On 26 February 2021, our Company entered into a share sale agreement with DXN Global for the disposal of 150,000 ordinary shares and 68,000 preference shares in DXN Plantation, representing 100% of the issued share capital of DXN Plantation, for a consideration of RM2.6 million ("**DXN Plantation Consideration**").

In addition to the DXN Plantation Consideration, DXN Global agreed to repay in full to our Company, for and on behalf of DXN Plantation, the intercompany loan amounting to RM95.6 million as at 26 February 2021 ("**DXN Plantation Intercompany Loan**"). Our Company utilised the dividends payable to DXN Global on 26 February 2021 in the amount equivalent to the aggregate sum of the DXN Plantation Consideration and the DXN Plantation Intercompany Loan as payment towards the DXN Plantation Consideration and the DXN Plantation Intercompany Loan. The sale and purchase of the shares was completed on 26 February 2021.

14.6.2 Share sale agreement dated 26 February 2021 between our Company and DXN Global in respect of the disposal of the entire equity interest in DXN Land Sdn. Bhd. ("DXN Land") and Yiked-DXN Stargate Sdn. Bhd. ("YDSSB")

On 26 February 2021, our Company entered into a share sale agreement with DXN Global for the disposal of the following:

(i) 5,000,000 ordinary shares in DXN Land, representing 100% of the total issued share capital of DXN Land;

(ii) 390,000 redeemable preference shares in YDSSB, representing 100% of the total issued redeemable preference shares of YDSSB; and

(iii) 2,510,000 ordinary shares in YDSSB, representing 100% of the total issued share capital of YDSSB,

for a total consideration of RM44.5 million ("**DXN Land and YDSSB Consideration**").

In addition to the DXN Land and YDSSB Consideration, DXN Global agreed to repay in full to our Company, for and on behalf of DXN Land, the intercompany loan amounting to RM4.6 million as at 26 February 2021 ("**Intercompany Loan**"). Our Company utilised the dividends declared payable to DXN Global on 26 February 2021 in the amount equivalent to the aggregate sum of the DXN Land and YDSSB Consideration, and the Intercompany Loan as payment towards the DXN Land and YDSSB Consideration and the Intercompany Loan. The sale and purchase of the shares was completed on 26 February 2021.

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

On 17 May 2022, DXN Corporation Ningxia entered into a share sale agreement with Fujian Anxi Jinjiang Source Tea Technology Co., Ltd for the disposal of its entire 80.0% interest in the total registered share capital in Florin Fujian for a consideration of RMB58,660,000 (equivalent to RM39.0 million). Out of the total disposal consideration, RMB40,000,000 (equivalent to RM26.6 million) will be paid in 2 tranches where the first tranche of RMB10,000,000 (equivalent to RM6.6 million) will be paid in 3 instalments within 3 to 15 business days from the date of the Florin Fujian SSA and the second tranche of RMB30,000,000 (equivalent to RM19.9 million) will be paid by the purchaser to DXN Corporation Ningxia within 30 days after the purchaser has obtained a bank loan which is expected to be obtained within three months. The balance purchase consideration of RMB18,660,000 million (equivalent to RM12.4 million) will be offset in cash and goods supply.

The transfer of the shares will be made within seven working days from the receipt of payment of second tranche. The sale and purchase of the shares was completed on [●].

14.7 MATERIAL LITIGATION

As at the LPD, our Group is not engaged in any governmental, legal or arbitration proceedings, including those relating to bankruptcy, receivership or similar proceedings which may have or have had, material or significant effects on our financial position or profitability in the 12 months immediately preceding the date of this Prospectus.

14.8 CONSENTS

The written consents of the Principal Adviser, Legal Advisers, Joint Global Coordinators, Joint Bookrunners, Joint Managing Underwriters, Joint Underwriters, Share Registrar, Issuing House and company secretaries as listed in the Corporate Directory of this Prospectus for the inclusion in this Prospectus of their names in the form and context in which such names appear have been given before the issue of this Prospectus and have not subsequently been withdrawn.

The written consent of KPMG PLT for the inclusion of its name, the Accountants' Report, the Reporting Accountants' Letter on the Pro Forma Consolidated Statements of Financial Position and all references thereto in the form and context in which they are included in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn.

The written consent of Frost & Sullivan for the inclusion of its name, the IMR Report and all references thereto in the form and context in which they are included in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn.

14.9 DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at our registered office during office hours for a period of six months from the date of this Prospectus:

(i) our Constitution;

(ii) our material contracts as referred to in Section 14.6 of this Prospectus;

(iii) our audited consolidated financial statements for the FYEs 28 February 2019, 29 February 2020 and 28 February 2021 and FPE 31 December 2021;

(iv) audited financial statements of each of our subsidiaries for the past three financial years (save for certain subsidiaries which are not required to prepare audited financial statements under their respective country's corporation laws);

(v) Reporting Accountants' Letter on the Pro Forma Consolidated Statements of Financial Position as included in Section 12.5 of this Prospectus;

(vi) Accountants' Report as included in Section 13 of this Prospectus;

(vii) IMR Report as included in Section 8 of this Prospectus;

(viii) By-Laws as included in Annexure D of this Prospectus; and

(ix) letters of consent referred to in Section 14.8 of this Prospectus.

14.10 RESPONSIBILITY STATEMENTS

Our Directors, our Promoter and the Selling Shareholders have seen and approved this Prospectus. They collectively and individually accept full responsibility for the accuracy of the information. Having made all reasonable enquiries, and to the best of their knowledge and belief, they confirm there is no false or misleading statement or other facts which if omitted, would make any statement in this Prospectus false or misleading.

Maybank IB, being the Principal Adviser, Joint Global Coordinator and Joint Bookrunner for the Institutional Offering, and Joint Managing Underwriter and Joint Underwriter for the Retail Offering, acknowledges that, based on all available information, and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning our IPO.

15. PROCEDURES FOR APPLICATION

THIS SUMMARY OF PROCEDURES FOR APPLICATION AND ACCEPTANCE DOES NOT CONTAIN THE DETAILED PROCEDURES AND FULL TERMS AND CONDITIONS AND YOU CANNOT RELY ON THIS SUMMARY FOR PURPOSES OF ANY APPLICATION FOR OUR IPO SHARES. YOU MUST REFER TO THE DETAILED PROCEDURES AND TERMS AND CONDITIONS AS SET OUT IN THE "DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE" ACCOMPANYING THE ELECTRONIC COPY OF OUR PROSPECTUS ON THE WEBSITE OF BURSA SECURITIES. YOU SHOULD ALSO CONTACT THE ISSUING HOUSE FOR FURTHER ENQUIRIES.

Unless otherwise defined, all words and expressions used in this Section shall carry the same meaning as ascribed to them in our Prospectus.

Unless the context otherwise requires, words used in the singular include the plural, and vice versa.

15.1 OPENING AND CLOSING OF APPLICATIONS

OPENING OF THE APPLICATION PERIOD : 10:00 A.M., [●]

CLOSING OF THE APPLICATION PERIOD : 5:00 P.M., [●]

In the event there is any change to the dates and times stated above, we will advertise the notice of changes in widely circulated English and Bahasa Malaysia daily newspapers within Malaysia.

Late Applications will not be accepted.

15.2 METHODS OF APPLICATION

15.2.1 Application of our Issue Shares under the Retail Offering

Application must accord with our Prospectus and our Constitution. The submission of an Application Form does not mean that the Application will succeed.

Types of Application and category of investors	Application method
Applications by the Eligible Persons	Pink Application Form only
Applications by the Malaysian Public:	
(i) Individuals	White Application Form or Electronic Share Application or Internet Share Application
(ii) Non-individuals	White Application Form only

15.2.2 Application of our Offer Shares under the Institutional Offering

Malaysian institutional and selected investors and foreign institutional and selected investors being allocated our Offer Shares under the Institutional Offering (other than Bumiputera investors approved by the MITI) will be contacted directly by the respective Joint Global Coordinators and Joint Bookrunners and will follow the instructions as communicated by the respective Joint Global Coordinators and Joint Bookrunners.

Bumiputera investors approved by the MITI who have been allocated our Offer Shares will be contacted directly by the MITI and should follow the instructions as communicated through the MITI.

15.3 ELIGIBILITY

15.3.1 General

You must have a CDS account and a correspondence address in Malaysia. If you do not have a CDS account, you may open a CDS account by contacting any of the ADAs set out in the list of ADAs accompanying the electronic copy of our Prospectus on the website of Bursa Securities. The CDS account must be in your own name. **Invalid, nominee or third party CDS accounts will not be accepted for the Applications.**

Only **ONE** Application Form for each category from each applicant will be considered and **APPLICATIONS MUST BE FOR AT LEAST 100 IPO SHARES OR MULTIPLES OF 100 IPO SHARES.**

MULTIPLE APPLICATIONS WILL NOT BE ACCEPTED UNLESS EXPRESSLY ALLOWED IN THESE TERMS AND CONDITIONS. AN APPLICANT WHO SUBMITS MULTIPLE APPLICATIONS IN HIS OWN NAME OR BY USING THE NAME OF OTHERS, WITH OR WITHOUT THEIR CONSENT, COMMITS AN OFFENCE UNDER SECTION 179 OF THE CMSA AND IF CONVICTED, MAY BE PUNISHED WITH A MINIMUM FINE OF RM 1,000,000 AND A JAIL TERM OF UP TO 10 YEARS UNDER SECTION 182 OF THE CMSA.

AN APPLICANT IS NOT ALLOWED TO SUBMIT MULTIPLE APPLICATIONS IN THE SAME CATEGORY OF APPLICATION.

15.3.2 Application by the Malaysian Public

You can only apply for our Issue Shares if you fulfil all of the following:

(i) you must be one of the following:

  (a) a Malaysian citizen who is at least 18 years old as at the date of the Application for our Issue Shares; or

  (b) a corporation/institution incorporated in Malaysia with a majority of Malaysian citizens on your board of directors/trustees and if you have a share capital, more than half of the issued share capital, excluding preference share capital, is held by Malaysian citizens; or

  (c) a superannuation, co-operative, foundation, provident, pension fund established or operating in Malaysia;

(ii) you must not be a director or employee of the Issuing House or an immediate family member of a director or employee of the Issuing House; and

(iii) you must submit the Application by using only one of the following methods:

  (a) White Application Form;

  (b) Electronic Share Application; or

  (c) Internet Share Application.

15.3.3 Application by the Eligible Persons

The Eligible Persons (including any entities, wherever established) will be provided with Pink Application Forms and letters from us detailing their respective allocation. The applicants must follow the notes and instructions in the said document and where relevant, in our Prospectus.

15.4 PROCEDURES FOR APPLICATION BY WAY OF APPLICATION FORM

The Application Form must be completed in accordance with the notes and instructions contained in the respective category of the Application Form.

Applications made on the incorrect type of Application Form or which do not conform **STRICTLY** to the terms of our Prospectus or the respective category of Application Form or notes and instructions or which are illegible will not be accepted.

The FULL amount payable is RM[●] for each IPO Share.

Payment must be made out in favour of "**MIH SHARE ISSUE ACCOUNT NO [●]**" and crossed "**A/C PAYEE ONLY**" and endorsed on the reverse side with your name and address.

Each completed Application Form, accompanied by the appropriate remittance and legible photocopy of the relevant documents may be submitted using one of the following methods:

(i) despatched by **ORDINARY POST** in the official envelopes provided to the following address:

Malaysian Issuing House Sdn Bhd
(Registration No. 199301003608 (258345-X))
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan

or

P.O. Box 00010
Pejabat Pos Jalan Sultan
46700 Petaling Jaya
Selangor Darul Ehsan

(ii) **DELIVERED BY HAND AND DEPOSITED** in the drop-in boxes provided at front portion of Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan,

so as to arrive not later than 5.00 p.m. on [●] or such other time and date as our Directors and the Joint Underwriters may, in their absolute discretion, mutually decide as the date or time for closing.

We, together with the Issuing House, will not issue any acknowledgement of the receipt of your Application Form or Application monies. Please direct all enquiries in respect of the Application Form to the Issuing House.

15.5 APPLICATION BY WAY OF ELECTRONIC SHARE APPLICATION

Only Malaysian individuals may apply for our Issue Shares offered to the Malaysian Public by way of Electronic Share Applications.

Electronic Share Applications may be made through the ATM of the following Participating Financial Institutions and their branches, namely Affin Bank Berhad, Alliance Bank Malaysia Berhad, AmBank (M) Berhad, CIMB Bank Berhad, Malayan Banking Berhad, Public Bank Berhad and RHB Bank Berhad. A processing fee will be charged by the respective Participating Financial Institutions (unless waived) for each Electronic Share Application.

The exact procedures, terms and conditions for Electronic Share Application are set out on the ATM screens of the relevant Participating Financial Institutions.

Please refer to the detailed procedures and terms and conditions of Electronic Share Application set out in the "**Detailed Procedures for Application and Acceptance**" accompanying the electronic copy of this Prospectus on the website of Bursa Securities or contact the relevant Participating Financial Institution for further enquiries.

15.6 APPLICATION BY WAY OF INTERNET SHARE APPLICATION

Only Malaysian individuals may use the Internet Share Application to apply for our Issue Shares offered to the Malaysian Public.

Internet Share Applications may be made through an internet financial services website of the Internet Participating Financial Institutions, namely Affin Bank Berhad, Alliance Bank Malaysia Berhad, CIMB Bank Berhad, CGS-CIMB Securities Sdn Bhd, Malayan Banking Berhad, Public Bank Berhad and RHB Bank Berhad. A processing fee will be charged by the respective Internet Participating Financial Institutions (unless waived) for each Internet Share Application.

The exact procedures, terms and conditions for Internet Share Application are set out on the internet financial services website of the respective Internet Participating Financial Institutions.

Please refer to the detailed procedures and terms and conditions of Internet Share Application set out in the "**Detailed Procedures for Application and Acceptance**" accompanying the electronic copy of this Prospectus on the website of Bursa Securities or contact the relevant Participating Financial Institution for further enquiries.

15.7 AUTHORITY OF OUR BOARD AND THE ISSUING HOUSE

The Issuing House, on the authority of our Board reserves the right to:

(i) reject the Applications which:

   (a) do not conform to the instructions of our Prospectus, Application Forms, Electronic Share Application and Internet Share Application (where applicable); or

   (b) are illegible, incomplete or inaccurate; or

   (c) are accompanied by an improperly drawn up, or improper form of, remittance; or

(ii) reject or accept any Application, in whole or in part, on a non-discriminatory basis without the need to give any reason; and

(iii) bank in all Application monies (including those from unsuccessful/partially successful applicants) which would subsequently be refunded, where applicable (without interest), in accordance with Section 15.9 of this Prospectus.

If you are successful in your Application, our Board reserves the right to require you to appear in person at the registered office of the Issuing House at any time within 14 days of the date of the notice issued to you to ascertain that your Application is genuine and valid. Our Board shall not be responsible for any loss or non-receipt of the said notice nor shall it be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.

15.8 OVER/UNDER-SUBSCRIPTION

In the event of over-subscription for the Retail Offering, the Issuing House will conduct a ballot in the manner approved by our Directors to determine the acceptance of applications in a fair and equitable manner. In determining the manner of balloting, our Directors will consider the desirability of allotting and allocating our Issue Shares to a reasonable number of applicants for the purpose of broadening the shareholding base of our Company and establishing a liquid and adequate market for our Shares.

The basis of allocation of Shares and the balloting results in connection therewith will be furnished by the Issuing House to Bursa Securities, all major English and Bahasa Malaysia newspapers as well as posted on the Issuing House's website at www.mih.com.my within one business day after the balloting event.

Pursuant to the Listing Requirements, we are required to have a minimum of 25.0% of our Company's enlarged issued Shares to be held by at least 1,000 public shareholders holding not less than 100 Shares each upon our Listing. We expect to achieve this at the point of our Listing. In the event the above requirement is not met, we may not be allowed to proceed with our Listing. In the event thereof, monies paid in respect of all Applications will be returned in full (without interest).

In the event of an under-subscription of our Issue Shares by the Malaysian Public and/or Eligible Persons, subject to the clawback and reallocation as set out in Section 4.2.4 of our Prospectus, any of the abovementioned Issue Shares not applied for will then be subscribed by the Joint Underwriters based on the terms of the Retail Underwriting Agreement.

15.9 UNSUCCESSFUL/PARTIALLY SUCCESSFUL APPLICANTS

If you are unsuccessful/partially successful in your Application, your Application monies (without interest) will be refunded to you in the following manner.

15.9.1 For applications by way of Application Form

(i) The Application monies or the balance of it, as the case may be, will be returned to you through the self-addressed and stamped Official "A" envelope you provided by ordinary post (for fully unsuccessful Applications) or by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend/distribution) or if you have not provided such bank account information to Bursa Depository, the balance of Application monies will be refunded via banker's draft sent by ordinary/registered post to your last address maintained with Bursa Depository (for partially successful Applications) within ten Market Days from the date of the final ballot at your own risk.

(ii) If your Application is rejected because you did not provide a CDS account number, your Application monies will be refunded via banker's draft sent by ordinary/registered post to your address as stated in the National Registration Identity Card or any official valid temporary identity document issued by the relevant authorities from time to time or the authority card (if you are a member of the armed forces or police) at your own risk.

(iii) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected or unsuccessful or only partly successful will be refunded (without interest) by the Issuing House as per items (i) and (ii) above (as the case may be).

(iv) The Issuing House reserves the right to bank into its bank account all Application monies from unsuccessful applicants. These monies will be refunded (without interest) within ten Market Days from the date of the final ballot by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash divided/distribution) or by issuance of banker's draft sent by registered post to your last address maintained with Bursa Depository if you have not provided such bank account information to Bursa Depository or as per item (ii) above (as the case may be).

15.9.2 For applications by way of Electronic Share Application and Internet Share Application

(i) The Issuing House shall inform the Participating Financial Institutions or Internet Participating Financial Institutions of the unsuccessful or partially successful Applications within two Market Days after the balloting date. The full amount of the Application monies or the balance of it will be credited without interest into your account with the Participating Financial Institution or Internet Participating Financial Institution (or arranged with the Authorised Financial Institutions) within two Market Days after the receipt of confirmation from the Issuing House.

(ii) You may check your account on the fifth Market Day from the balloting date.

(iii) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected will be refunded (without interest) by the Issuing House by crediting into your account with the Participating Financial Institution or Internet Participating Financial Institution (or arranged with the Authorised Financial Institutions) not later than ten Market Days from the date of the final ballot. For Applications that are held in reserve and which are subsequently unsuccessful or partially successful, the relevant Participating Financial Institution will be informed of the unsuccessful or partially successful Applications within two Market Days after the final balloting date.

The Participating Financial Institution will credit the Application monies or any part thereof (without interest) within two Market Days after the receipt of confirmation from the Issuing House.

15.10 SUCCESSFUL APPLICANTS

If you are successful in your Application:

(i) Our IPO Shares allotted to you will be credited into your CDS account.

(ii) A notice of allotment will be despatched to you at your last address maintained with the Bursa Depository, at your own risk, before our Listing. This is your only acknowledgement of acceptance of your Application.

(iii) In accordance with Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as Prescribed Securities. As such, our IPO Shares issued/offered through our Prospectus will be deposited directly with Bursa Depository and any dealings in these Shares will be carried out in accordance with the SICDA and Rules of Bursa Depository.

(iv) In accordance with Section 29 of the SICDA, all dealings in our Shares will be by book entries through CDS accounts. No physical share certificates will be issued to you and you shall not be entitled to withdraw any deposited securities held joint with Bursa Depository or its nominee as long as our Shares are listed on Bursa Securities.

(v) In the event that the Final Retail Price is lower than the Retail Price, the difference will be refunded to you without any interest thereon. The refund will be credited into your bank account for purposes of cash dividend/ distribution if you have provided such bank account information to Bursa Depository or despatched, in the form of cheques, by ordinary post to your address maintained with Bursa Directory if you have not provided such bank account information to Bursa Depository, or by crediting into your account with the Electronic Participating Financial Institutions for applications made via the Electronic Share Application or by crediting into your account with the Internet Participating Financial Institutions for applications made via the Internet Share Application, within ten Market Days from the date of final ballot of application, at your own risk.

15.11 ENQUIRIES

Enquiries in respect of the Applications may be directed as follows:

Mode of application	Parties to direct the queries
Application Form	Issuing House Enquiry Services Telephone at +603-7890 4700
Electronic Share Application	Participating Financial Institutions
Internet Share Application	Internet Participating Financial Institutions or Authorised Financial Institutions

The results of the allocation of our Issue Shares derived from successful balloting will be made available to the public at the Issuing House's website at www.mih.com.my, **one Market Day** after the balloting date.

You may also check the status of your Application at the above website, **five Market Days** after the balloting date or by calling your respective ADA during office hours at the telephone number as stated in the list of ADAs set out in the Detailed Procedures for Application and Acceptance accompanying the electronic copy of our Prospectus on the website of Bursa Securities.

ANNEXURE A: OUR MAJOR LICENCES, PERMITS AND APPROVALS

DETAILS OF OUR MAJOR LICENCES, PERMITS AND APPROVALS

We have various licences and permits for our operations in Malaysia and other jurisdictions where we operate. Details of the major licences, permits and approvals obtained by the Company and the material subsidiaries for our operations and the status of compliance as at the LPD are as follows:

A. OPERATIONAL LICENCES

No.	Licencee	Approving authority/ Issuer	Description of licence, permit or approval	Licence/ permit/ Serial/ reference no.	Validity period	Major conditions imposed	Status of compliance
	Malaysia						
1.	DXN	Alor Setar City Council	Trade, Business and Industrial Licence	G 43/I) 6/33 / L-41923	Up to 20 May 2023	Nil	Complied
2.	DXN Pharma	MITI	Manufacturing licence for health food supplements and pharmaceutical products and Spirulina cultivation at the following place of manufacturing: Lot 947, 1319 & 1306, Mukim Malau, 06000 Kubang Pasu, Kedah[(1)]	A 017787 / A 030258	Effective from 19 March 2010	(1) Licence holder is encouraged to ensure that the composition of the company's board of directors mirrors the company equity structure as much as possible. The MITI has to be informed on matters concerning the appointment and any changes to the members of the company's board of directors (2) For domestic sales, the company has to use the services operated by Malaysian citizen as much as possible including appointing locally owned distributor where at least 30% of its sales to the domestic market has to be distributed by Bumiputera distributor	Complied

ANNEXURE A: OUR MAJOR LICENCES, PERMITS AND APPROVALS *(Cont'd)*

No.	Licencee	Approving authority/ Issuer	Description of licence, permit or approval	Licence/ permit/ Serial/ reference no.	Validity period	Major conditions imposed	Status of compliance
						(3) Expansion of production capacity or diversification of output requires approval from the licensing officer (Secretary General, MITI) (4) The MITI has to be informed of the sale of shares in the company (5) The company has to train Malaysian citizens so that the transfer of technology and expertise can be channelled at all levels of positions	
3.	DXN Pharma	MOH	Licence to manufacture the 54 products specified in the list attached to the licence at the following manufacturing premises: Lot 1109, Mukim Malau, Daerah Kubang Pasu, 06000 Jitra, Kedah and to sell by wholesale or to supply the products specified.	MALLP20220038	Up to 31 December 2022	Compliance with the CDCR and requirements of GMP and/or Good Distribution Practice as defined by the Drug Control Authority	Complied
4.	DXN Pharma	Kubang Pasu Municipal Council	Trade, Business and Industrial Licence – health food and pharmaceutical at the following address: Lot 1109, Mukim Malau, Daerah Kubang Pasu, 06000 Jitra, Kedah	101/27/17-2109	Up to 3 January 2023	Nil	Complied

ANNEXURE A: OUR MAJOR LICENCES, PERMITS AND APPROVALS *(Cont'd)*

No.	Licencee	Approving authority/ Issuer	Description of licence, permit or approval	Licence/ permit/ Serial/ reference no.	Validity period	Major conditions imposed	Status of compliance
5.	DXN Industries	MITI	Manufacturing licence for instant beverages and toiletries at the following place of manufacturing: HS (M) 376, PT 1307, Mukim Malau, Daerah Kubang Pasu, 06000 Jitra, Kedah	A 013421 / B 000334[(2)]	Effective from 24 December 2002	(1) The MITI has to be informed of the sale of shares in the company (2) The company has to train Malaysian citizens so that the transfer of technology and expertise can be channelled at all levels of positions	Complied
6.	DXN Industries	Kubang Pasu Municipal Council	Business and Trade Licence – cosmetic and toiletries factory at the following address: PT 1304, Jln Bukit Wang Malau, 06000 Jitra, Kedah	101/27/17-2563	Up to 3 January 2023	Nil	Complied
7.	DXN Marketing	MDTCA	Direct Sales Licence for DXN Marketing to carry on a direct sales business	AJL 93432 / 000749	Up to 29 October 2022	(1) Licence holder is not allowed to do the following: (a) Transfer ownership of the direct sales licence; (b) Adopt a marketing plan that is not approved by the direct sales officers; (c) Sell goods and/or services apart from what have been approved by the MDTCA; and (d) Amend any part of the marketing plan for a period of two years after obtaining prior approval	Complied

ANNEXURE A: OUR MAJOR LICENCES, PERMITS AND APPROVALS *(Cont'd)*

No.	Licencee	Approving authority/ Issuer	Description of licence, permit or approval	Licence/ permit/ Serial/ reference no.	Validity period	Major conditions imposed	Status of compliance
						(2) Licence holder has to obtain approval from the MDTCA for the following matters: (a) Amend any part of the marketing plan; (b) Promote any new goods and/or services; (c) Hold any campaign, promotion or any form of advertisement for the purpose of promoting the company's products; (d) Amend the price structure of the goods and/or services and other things related to the items and/or services before the abovementioned have been marketed by the company; (e) Carry out any amendment to the business premises address, telephone number or company fax; and (f) Amend the name of the company, equity structure and the company's directors	

ANNEXURE A: OUR MAJOR LICENCES, PERMITS AND APPROVALS *(Cont'd)*

No.	Licencee	Approving authority/ Issuer	Description of licence, permit or approval	Licence/ permit/ Serial/ reference no.	Validity period	Major conditions imposed	Status of compliance
						(3) Licence holder has to carry out the following matters: (a) Take action against distributor / agent that practises sales by way of force / coercion / fraud including lucky draw, free gift deal, discount or sponsorship as well as issue endorsement brochures other than those issued by the company; and (b) Record the official direct sales licence number on the signboard, all types of advertisements, printed materials, letterhead and the company's official website for the purpose of public review	
8.	DXN Marketing	Petaling Jaya City Council	Trade, Business and Industrial Licence	L950000176475	Up to 31 December 2022	Nil	Complied
	India						
1.	DXN Manufacturing India	Chief Coconut Development Officer, Coconut Development Board	Membership certificate of Coconut Development Board issued for the following goods only: (a) Virgin coconut oil; (b) Coconut water; (c) Coconut palm jaggery;	0101(22)/Mkg-18193330	Up to 31 March 2023	Nil	Complied

ANNEXURE A: OUR MAJOR LICENCES, PERMITS AND APPROVALS *(Cont'd)*

No.	Licencee	Approving authority/ Issuer	Description of licence, permit or approval	Licence/ permit/ Serial/ reference no.	Validity period	Major conditions imposed	Status of compliance
			(d) Coconut oil cake; (e) Coconut; (f) Coconut palm sugar; and (g) Raw coconut kernel				
2.	DXN Manufacturing India	Department of Drugs Control, Government of Puducherry	Licence to manufacture Ayurvedic Siddha or Unani Drugs in Form 25D for the following products only: (a) Morinoni juice; (b) Nonizhi juice; and (c) Roselle juice	17174239	Up to 31 January 2027	Nil	Complied
3.	DXN Manufacturing India	Member Secretary, Department of Science, Technology, Environment, Puducherry Pollution Control Committee	Water Consent Order (Renewal) for the manufacture of the following products: (a) Spirulina capsules / tablets – 1,600,000 capsules / tablets per day; (b) Murinzi juice / Roselle flower juice – 1,700 bottles per day; and (c) Virgin coconut oil – 10,000 units per day	(O19PUD129019) / (2022)	Up to 31 May 2025	Nil	Complied
4.	DXN Manufacturing India	Member Secretary, Department of Science, Technology, Environment, Puducherry Pollution Control Committee	Air Consent Order (Renewal) for the manufacture of the following products: (a) Spirulina capsules / tablets – 1,600,000 capsules / tablets per day; (b) Murinzi juice / Roselle flower juice – 1,700 bottles per day; and	(O19PUD129019) / (2022)	Up to 31 May 2025	Nil	Complied

ANNEXURE A: OUR MAJOR LICENCES, PERMITS AND APPROVALS *(Cont'd)*

No.	Licencee	Approving authority/ Issuer	Description of licence, permit or approval	Licence/ permit/ Serial/ reference no.	Validity period	Major conditions imposed	Status of compliance
			(c) Virgin coconut oil – 10,000 units per day				
5.	Daxen Agritech	Environmental Engineer, PCB Baddi, Himachal Pradesh State Pollution Control Board	Renewal of consent to operate for the manufacture of following products: (a) Ayurvedic medicine capsules – 600,000 units per year; (b) Ready to use coffee – 3,000,000 units per year; and (c) Herbal juice – 10,000 units per year	PCB/RO Baddi (2210) Daxeon Agritech/08-3754-55	Up to 31 March 2024	Nil	Complied
6.	Daxen Agritech	Regional Officer, State Pollution Control Board, Odisha, Department of Forest & Environment, Government of Odisha	Consent to Operate Order for the manufacture of Ganoderma mushroom powder, spawn and mushroom	646 /18-19/ RO-SPCB/ Angul (WPC & APC) / 140/MISC/RO SPCB/AGL/50/ 2016-17	Up to 31 March 2023	Nil	Complied
7.	Daxen Agritech	Chief Inspector of Factories, Himachal Pradesh	Registration and Licence to Work a Factory for the Himachal Pradesh plant	L&E(FAC)9-201756-2174	Up to 31 December 2026	For maximum number of workers to be employed being 100	Complied

ANNEXURE A: OUR MAJOR LICENCES, PERMITS AND APPROVALS *(Cont'd)*

No.	Licencee	Approving authority/ Issuer	Description of licence, permit or approval	Licence/ permit/ Serial/ reference no.	Validity period	Major conditions imposed	Status of compliance
8.	Daxen Agritech	Director Ayurveda-cum-Licensing Authority, Department of Ayurveda, Government of Himachal Pradesh	Certificate of Renewal of Licence to Manufacture for sale of Ayurvedic drugs	HP-202-Ay	Up to 28 March 2023	Nil	Complied
9.	DXN Pharma (through DXN Marketing India)	Licensing Authority, Central Drugs Standard Control Organisation, Ministry of Health and Family Welfare	Registration Certificate for import of cosmetics (body care products): (a) Gano Massage Oil (75ml); and (b) Tea Tree Cream (30 gms), each being manufactured at the facility situated at DXN Pharma, Lot 1109, Mukim Malau, Daerah Kubang Pasu, 06000 Jitra, Kedah	COS-778/15	Effective from 4 January 2022	(1) DXN Marketing India (importer) being held responsible for the activities of DXN Pharma (manufacturer) in India (2) DXN Pharma or DXN Marketing India informing the licensing authority in case any administrative action is taken (such as market withdrawal, regulatory restrictions or any 'not of standard quality' report is issued by any regulatory authority of any country where the cosmetics are sold) or any action equivalent to that taken in any other country with reference to such cosmetics, to also be carried out in India; and	Complied

ANNEXURE A: OUR MAJOR LICENCES, PERMITS AND APPROVALS *(Cont'd)*

No.	Licencee	Approving authority/ Issuer	Description of licence, permit or approval	Licence/ permit/ Serial/ reference no.	Validity period	Major conditions imposed	Status of compliance
						(3) DXN Pharma or DXN Marketing India informing the licensing authority (within 30 days), in case of any additional variant/ cosmetic/ manufacturing location/ change in labelling/ testing of any cosmetic. DXN Pharma or DXN Marketing India to obtain necessary approvals in respect of the aforesaid	
10.	DXN Industries (through DXN Marketing India)	Licensing Authority, Central Drugs Standard Control Organisation, Ministry of Health and Family Welfare	Registration Certificate for import of the following cosmetics: (a) Aloe v hand and body lotion (250ml); (b) Chubby baby oil (200ml); (c) Talcum powder(250ml); (d) Ganozhi soap (75 gms); (e) Aloe v cleansing gel (100ml); (f) Ganozhi toner(150ml); (g) Ganozhi liquid cleanser(150ml); (h) Ganozhi moisturizing micro emulsion (50ml); (i) Ganozhi shampoo (250ml); (j) Ganozhi toothpaste (150gms); (k) Zhimeko (30 gms); (l) Aloe v facial scrub (75gms); (m) Aloe v hydrating toner (100 ml); (n) Aloe hydrating mask (100gms),	COS-873/15; COS/19/001019; and COS/20/000178	Up to 1 May 2027	(1) DXN Marketing India (importer) being held responsible for the activities of DXN Industries (manufacturer) in India; (2) DXN Industries or DXN Marketing India informing the licensing authority in case any administrative action is taken (such as market withdrawal, regulatory restrictions or any 'not of standard quality' report is issued by any regulatory authority of any country where the cosmetics are sold) or any action equivalent to that taken in any other country with reference to such cosmetics, to also be carried out in India; and	Complied

ANNEXURE A: OUR MAJOR LICENCES, PERMITS AND APPROVALS *(Cont'd)*

No.	Licencee	Approving authority/ Issuer	Description of licence, permit or approval	Licence/ permit/ Serial/ reference no.	Validity period	Major conditions imposed	Status of compliance
			(o) Aloe v aqua gel (50ml); and (p) Aloe v nutricare cream (30ml)			(3) DXN Industries or DXN Marketing India informing the licensing authority (within 30 days), in case of any additional variant/ cosmetic/ manufacturing location/ change in labelling/ testing of any cosmetic. DXN Industries or DXN Marketing India to obtain necessary approvals in respect of the aforesaid	
	China						
1.	DXN Corporation Ningxia	Ningxia Hui Autonomous Region Market Supervision and Administration Department	Business Licence for biotechnology R&D; R&D, production, import and export and sales of health products, food, beverages, craft products and nursing cosmetics; R&D, production, import, export and sales of raw materials of traditional Chinese medicine, cultivation of fruit and vegetable fungi, aquaculture and animal breeding and other related products; Investment consultation of the above business projects (Does not include consulting activities which shall be provided through market research and statistical activities and other industries that restrict foreign investment)	91640000MA75W9T24K	Up to 9 December 2065	Nil	Complied

ANNEXURE A: OUR MAJOR LICENCES, PERMITS AND APPROVALS *(Cont'd)*

No.	Licencee	Approving authority/ Issuer	Description of licence, permit or approval	Licence/ permit/ Serial/ reference no.	Validity period	Major conditions imposed	Status of compliance
2.	DXN Corporation Ningxia	Shizuishan City Market Supervision Administration	Food Business Filing Record for pre-packaged food sales (Does not include refrigerated or frozen food) and special food (function food)	Ning Shi (Da) Shi Bei No.0271 in 2021	Effective from 3 November 2021	Nil	Complied
3.	DXN Corporation Ningxia	Shizuishan Municipal Market Supervision Administration	Food Production Licence: beverages, fruit product, seafood, instant noodles, tea	SC106640202 00073	Up to 25 November 2026	Nil	Complied
4.	DXN Corporation Ningxia	Management Committee of Yinchuan high-tech Industrial Development Zone	Ningxia Hui Autonomous Region Registration certificate of enterprise investment projects	2018-640202-15-03-002131	Effective from 30 May 2018	The new plant covers an area of 10,000 square meters, including 9,000 square meters of the main plant and 1,000 square meters of the power workshop. Six production lines of various varieties and other supporting facilities are purchased	Complied
5.	DXN Corporation Ningxia	Management Committee of Yinchuan high-tech Industrial Development Zone	Ningxia Hui Autonomous Region Registration certificate of enterprise investment projects	2018-640202-14-03-002132	Effective from 30 May 2018	The new plant covers an area of 12,000 square meters, including 11,000 square meters of the main plant and 1,000 square meters of the auxiliary workshop. Eight production lines of various varieties and other supporting facilities are purchased	Complied
6.	DXN Corporation Ningxia	Management Committee of Yinchuan high-tech Industrial Development Zone	Ningxia Hui Autonomous Region Registration certificate of enterprise investment projects	2018-640202-41-03-002150	Effective from 30 May 2018	The new plant covers an area of 6,000 square meters, including 5,000 square meters of the main plant and 1,000 square meters of the environmental protection workshop. Three production lines of various varieties and other supporting facilities are purchased	Complied

ANNEXURE A: OUR MAJOR LICENCES, PERMITS AND APPROVALS *(Cont'd)*

No.	Licencee	Approving authority/ Issuer	Description of licence, permit or approval	Licence/ permit/ Serial/ reference no.	Validity period	Major conditions imposed	Status of compliance
7.	DXN Agrotech Ningxia	Shizuishan Market Supervision Administration	Business licence for cultivation, R&D and sales of characteristic agricultural products such as Spirulina, Ganoderma, edible fungi, Cordyceps sinensis, colorful algae and chinese herbal medicine; planting, R&D, production and sales of rice, corn, melons, fruits and vegetables; planting and sales of flower seedlings; aquaculture and sales; breeding technology promotion services; planting technology extension services; processing of agricultural and sideline-products; sales of pre-packaged food and bulk food; leisure agricultural sightseeing tourism services; agricultural technology extension services; warehousing services; conference and exhibition services; technical services and technical guidance for the construction of planting and breeding greenhouses (for projects that must be approved according to law, business activities can be carried out only with the approval of relevant departments	91640200MA76041TXU	Up to 19 March 2047	Nil	Complied
8.	DXN Agrotech Ningxia	Shizuishan Market Supervision Administration	Food Business Licence for pre-packaged food (including refrigerated and frozen food)	JY16402020056348	Up to 22 July 2024	Nil	Complied

ANNEXURE A: OUR MAJOR LICENCES, PERMITS AND APPROVALS *(Cont'd)*

No.	Licencee	Approving authority/ Issuer	Description of licence, permit or approval	Licence/ permit/ Serial/ reference no.	Validity period	Major conditions imposed	Status of compliance
9.	DXN Agrotech Ningxia	Shizuishan Market Supervision Administration	Food Production Licence for aquatic products	SC122640200 00102	Up to 17 February 2024	Nil	Complied
10.	DXN Agrotech Ningxia	Management Committee of Yinchuan high-tech Industrial Development Zone	Ningxia Hui Autonomous Region Registration certificate of enterprise investment projects	2018-640202-01-03-007249	Effective from 19 October 2018	The project covers a total area of 8,000 square meters and a total construction area of 8,000 square meters. After being put into operation, the annual output of edible mycelium will reach the production scale of 330 tonnes. The construction of edible mycelium production base covers an area of 12 mu, including the construction of edible mycelium production plant, warehouse and office in the plant, the purchase of raw and auxiliary materials and relevant equipment of primary processing production line, and the supporting improvement of public and auxiliary works in the plant	Complied
	Mexico						
1.	DXN Mexico	General Coordination of Ecology of the State of Tlaxcala	Construction and operation of DXN Mexico's industrial warehouse for manufacturing activities of natural foods and supplements into tablets and capsules	MIA-I-032/2019	Up to 23 August 2022[(3)]	Nil	Complied
2.	DXN Mexico	General Coordination of Ecology of the State of Tlaxcala	Operating licence for Tlaxcala Property 1	LAE-T/IN-I-/016/02	Valid until revoked	Nil	Complied

ANNEXURE A: OUR MAJOR LICENCES, PERMITS AND APPROVALS *(Cont'd)*

No.	Licencee	Approving authority/ Issuer	Description of licence, permit or approval	Licence/ permit/ Serial/ reference no.	Validity period	Major conditions imposed	Status of compliance
3.	DXN Mexico	Tetla de la Solidaridad City Hall	Municipal operating licence for Tlaxcala Property 1 to be used for food processing and wholesale trade of raw materials for other industries	0101	Up to 28 April 2023	Nil	Complied
	Indonesia						
1.	Daxen Indonesia	Government of Indonesia through Online Single Submission System	NIB Proof of registration of Daxen Indonesia to carry out business activities and as identity for Daxen Indonesia in carrying out its business activities	8120003701684	Effective from 18 July 2018	Nil	Complied
2.	Daxen Indonesia	Ministry of Health of Indonesia	Traditional Medicine Industry Licence Permit granted to Daxen Indonesia to carry out business in the traditional medicine industry	FP.02.03/IV/626/2017	Effective from 29 September 2017	Daxen Indonesia shall submit the report periodically every six months including the type and amount of used raw materials, as well as the type, quantity, and value of the total production	Complied
3.	Daxen Indonesia	Indonesian Council of Ulama	Written fatwa issued by Indonesian Council of Ulama stating the halal status of a product	HS1B23456/062021/DXN	Up to 23 June 2023	Nil	Complied
4.	Daxen Indonesia	Indonesian Council of Ulama	Letter of Halal Undertaking issued by Indonesian Council of Ulama stating the halal status of a product	SKH0575/SH/ LPPOM MUI/VI/2021	Up to 23 June 2023	Nil	Complied

ANNEXURE A: OUR MAJOR LICENCES, PERMITS AND APPROVALS *(Cont'd)*

No.	Licencee	Approving authority/ Issuer	Description of licence, permit or approval	Licence/ permit/ Serial/ reference no.	Validity period	Major conditions imposed	Status of compliance
5.	Daxen Indonesia	Indonesia Investment Coordinating Board	Industrial Business Licence to produce the following: (i) Capsule (300,000,000 pcs); (ii) Powder drink (1,000,000 kg); and (iii) Tablet (37,500,000 pcs)	931/1/IU/I/PMA/KESEHATAN/2011	Effective from 21 December 2011	Nil	Complied
6.	Daehsan Indonesia	Government of Indonesia through Online Single Submission System	NIB Proof of registration of Daehsan Indonesia to carry out business activities and as identity for Daehsan Indonesia in carrying out its business activities	8120002702741	Effective from 31 May 2021	Nil	Complied
7.	Daehsan Indonesia	Government of Indonesia through Online Single Submission System	Direct Selling Business Licence Permit granted to Daehsan Indonesia to conduct multi-level marketing business activity	81200027027410001	Effective from 19 January 2022	Daxen Indonesia to submit business activity report to central government of Indonesia	Complied
	<u>Peru</u>						
1.	DXN Peru	General Directorate of Medicines, Supplies and Drugs	Drugstore Authorisation to allows the licencee to operate the drugstore	849SS/DIGEMID/DAS/EEF	Effective from 27 March 2012	Nil	Complied

ANNEXURE A: OUR MAJOR LICENCES, PERMITS AND APPROVALS *(Cont'd)*

No.	Licencee	Approving authority/ Issuer	Description of licence, permit or approval	Licence/ permit/ Serial/ reference no.	Validity period	Major conditions imposed	Status of compliance
2.	DXN Peru	General Directorate of Medicines, Supplies and Drugs	Authorisation of Technical Direction in favour of Mary Johanna Rivera Nuñez to allow the pharmaceutical chemist to direct the activity of a specific drugstore	3320-2014/DIGEMID/DAS/EEF	Effective from 24 July 2014	Nil	Complied
	Bolivia						
1.	DXN Bolivia S.R.L.	National Customs of Bolivia	Permit of Foreign Trade Operator authorising the company to import and export different types of products	180790027	Effective from 28 July 2014	Nil	Complied
2.	DXN Bolivia S.R.L.	National service of agriculture health and food safety	Phytosanitary permit authorising the import, commercialisation and transport of products of plant origin	07-9136	Up to 19 September 2023	Nil	Complied
	Philippines						
1.	DIPL Philippines Branch	Securities and Exchange Commission	Licence to Transact Business to carry on the business of import, export, purchase, acquisition, sale at wholesale, insofar as may be permitted by law, of all kinds of health food, traditional medicine, all kinds of confectioneries, food products and groceries on a multi-level marketing basis	A199912396	Effective from 8 September 1999	Only to carry out business according to its primary purpose, which is to carry on the business of import, export, purchase, acquisition, sale at wholesale, insofar as may be permitted by law, of all kinds of health food, traditional medicine, all kinds of confectioneries, food products and groceries on a multi-level marketing basis	Complied
2.	DIPL Philippines Branch	Philippine FDA	Licence to Operate ("**LTO**") as Cosmetic Distributor/ Importer	3000001255550	Up to 28 January 2023	Nil	Complied

ANNEXURE A: OUR MAJOR LICENCES, PERMITS AND APPROVALS *(Cont'd)*

No.	Licencee	Approving authority/ Issuer	Description of licence, permit or approval	Licence/ permit/ Serial/ reference no.	Validity period	Major conditions imposed	Status of compliance
3.	DIPL Philippines Branch	Philippine FDA	LTO as Food Wholesaler for Door 2 & 3 Ground Floor Esperanza Bldg. A. C Cortes Ave., Ibabao, Mandaue, Cebu	30000013745 52	Up to 24 April 2024	Nil	Complied
4.	DIPL Philippines Branch	Philippine FDA	LTO as Food Wholesaler for Rm. 214 GRDC Bldg., KM 7 JP Laurel Avenue Lanang, Brgy. Rafael Castillo, Agdao Distict, Davao City, Davao del Sur	30000013702 60	Up to 21 April 2024	Nil	Complied
5.	DIPL Philippines Branch	Philippine FDA	LTO as Food Wholesaler for 3rd Level Galleria De San Francisco, Penafrancia Avenue, San Francisco, Naga City, Camarines Sur	30000013616 11	Up to 15 June 2024	Nil	Complied
6.	DIPL Philippines Branch	Philippine FDA	LTO as Food Importer for 1498 Quezon Avenue, Brgy. South Triangle, Quezon City, Metro Manila	CFRR-NCR-FI-1114751	Up to 28 January 2027	Nil	Complied
7.	DIPL Philippines Branch	Philippine FDA	LTO as Distributor Importer / Wholesaler of Household/Urban Hazardous Substances	CCHUHSRR-NCR-HUHSI/W-1028	Up to 28 March 2025	Nil	Complied
	United States						
1.	Daxen USA	County of Los Angeles, California	The Los Angeles County Business Licence entitles the licencee to carry on business or occupation specified at 565 Brea Canyon Road B, Walnut, CA 9178	517317	Up to 30 September 2022	Nil	Complied

ANNEXURE A: OUR MAJOR LICENCES, PERMITS AND APPROVALS *(Cont'd)*

No.	Licencee	Approving authority/ Issuer	Description of licence, permit or approval	Licence/ permit/ Serial/ reference no.	Validity period	Major conditions imposed	Status of compliance
2.	Daxen USA	California State Board of Equalization	The California State Board of Equalization Seller's Permit is issued to the licencee to engage in the business of selling tangible personal property at 565 Brea Canyon Road Ste. B, Walnut, CA 9178	97-982875	Effective from 1 March 2002	Nil	Complied
	<u>Thailand</u>						
1.	DXN Thailand	Food and Drug Administration, Ministry of Public Health	Licence for Import/Order Food into the Thailand	10-3-01342	Up to 31 December 2022	Nil	Complied
2.	DXN Thailand	Food and Drug Administration, Ministry of Public Health	Licence to Import Herbal Products into Thailand	HB 10-2-42-1	Up to 31 December 2024	Nil	Complied
3.	DXN Thailand	Office of The Consumer Protection Board	Letter Confirming the Registration of Direct Sale Business Operation	Nor.Ror. 0307/542	Effective from 21 January 2003	The minimum paid-up capital must be THB1 million (equivalent to RM0.1 million)	Complied
	<u>Mongolia</u>						
1.	Daxen Mongolia	The Ministry of Health of Mongolia	Special permit to conduct professional activities in medical field Import and supply of Biologically Active Products	No. XX-18/23/3706	Up to 26 March 2026	Nil	Complied

PRODUCT LICENCES AND CERTIFICATIONS

Details of the product licences and certifications obtained by our Company and the material subsidiaries of our Group for our operations as at the LPD are as follows:

1) Malaysia
Halal certificate issued by the Department of Islamic Development Malaysia ("**JAKIM**") is needed to certify the halal status of a product sold in Malaysia. JAKIM is appointed as the sole issuer of halal certificates for any food, goods or related services. As at the LPD, we have obtained halal certificates for 236 products which comprise of food and beverages and cosmetic products. All the halal certificates are valid and being complied. The halal certificates carry a two to three years validity and are renewable upon expiry.

2) India
Licence in form C ("**Form C**") under the Food Safety and Standards Act 2006 is required to manufacture, store, distribute, sale and import food in India. Form C state licences are issued by designated officer in the state licensing authority under the relevant state government and the central licences are issued by the designated officer in the central licensing authority under the central government. Form C licence would also contain a list of product categories against the kind of business undertaken by the licence holder. As at the LPD, we have obtained the Form C for 16 product categories in aggregate which include food and beverages and cosmetic products across 17 states and 2 union territories in India. All the Form C are valid and being complied. The validity of the Form C varies depending on the issuing authority but would typically be issued for a period of three to five years and are renewable upon expiry.

3) China
The certificate for the record of export food production ("**Certificate of Export**") issued by the Customs Immigration Inspection and Quarantine Bureau, and Yinchuan Customs of the People's Republic of China are required for the purpose of food safety requirements for exports from China. As at the LPD, we have obtained the Certificate of Export for 14 products which comprise of food and beverages. All the Certificate of Export are valid and being complied. The Certificates of Export do not have an expiry date and are issued for the long term.

Halal certificates issued by the Halal Certification Services Center Inc. are required to certify the halal status of a product sold in China. As at the LPD, we have obtained the halal certificates for 36 products which comprise of food and beverages. All the halal certificates are valid and being complied. The halal certificates carry a validity of one year and are renewable upon expiry.

4) Mexico
Operation notice is required to be submitted to the Federal Commission Against Sanitary Risk ("**COFEPRIS**") for each manufacture, commercialisation facility or establishment and all the products under the corresponding operation notice are required to be registered with COFEPRIS. As at the LPD, we have obtained the registrations for 59 products which comprise of food and beverages and cosmetic products. All the registrations are valid and being complied. The registrations carry an unlimited validity period.

5) Indonesia

Food and Drugs Supervisory Agency / Badan Pengawas Obat dan Makanan ("**BPOM**") Distribution Licence issued by BPOM is required for the distribution of food, beverages, cosmetics and medicines in Indonesia. As at the LPD, we have obtained the distribution licences for 13 health supplement products. All the distribution licences are valid and being complied. The distribution licences carry a five years validity and are renewable upon expiry.

6) Peru

Sanitary registration for food and beverages and cosmetics products issued by the General Directorate of Environmental Health and General Directorate of Medicines, Supplies, and Drugs respectively are needed to manufacture, import and market the registered products in Peru. As at the LPD, we have obtained sanitary registrations for 29 food and beverages and 15 cosmetic products. All the sanitary registrations are valid and being complied. The sanitary registrations for food and beverages carry a five years validity while the sanitary registrations for cosmetic products carry a seven to eight years validity with both being renewable upon expiry.

7) Bolivia

Sanitary registration issued by The National Service of Agricultural Health and Food Safety authorises the manufacture, storage, import, commercialisation and transport of food and beverages for human consumption in Bolivia. As at the LPD, we have obtained a health registration for 14 food and beverages. All the health registrations are valid and being complied. The sanitary registration carries a five years validity and is renewable upon expiry.

8) Philippines

The certificate of Product Registration ("**CPR**") issued by the Philippine FDA serves as an authorisation for importation and distribution of specific health products after evaluation and approval of submitted registration requirements. The scope of products regulated would include, but not limited to, cosmetic products, household/urban hazardous substances, drugs, traditional medicine, herbal medicines, processed food products, food supplements, raw materials, ingredients and additives for food. As at the LPD, we have obtained the CPRs for 165 products comprising of food and beverages and cosmetic products of which 26 products are not yet distributed in Philippines. Save for 6 imported household products that do not have CPRs, all the CPRs are valid and being complied. The CPRs carry a validity period of two to five years and are renewable upon expiry.

9) United States

Product registrations are not required for the sale of dietary supplements. In relation to food and beverages, there are product registration requirements in the United States. Some cosmetic products placed on the market in the United States also require product registration. As at the LPD, we have 29 food and beverages and 21 cosmetic products being sold in the United States and none of the products require product registration.

10) Thailand

The Certificate of Food Registration ("**CFR**"), the Certificate of Traditional Medicine Registration ("**CTMR**") and the Certificate of Cosmetics Registration ("**CCR**") are issued by the Food and Drug Administration, Ministry of Public Health for the purpose of importation and sale of registered products in Thailand. As at the LPD, we have obtained the CFRs for 18 food and beverages, the CTMRs for 2 traditional medicine products and the CCRs for 46 cosmetics products. All the registrations are valid and being complied. The CFRs and CTMRs carry a lifetime validity while the CCRs have a three years validity and are renewable upon expiry.

11) Colombia

Sanitary registration issued by the Colombian National Food and Drug Surveillance Institute ("**INVIMA**") authorises the import and sale of dietary supplements in Colombia. On the other hand, the INVIMA issues Obligatory Heath Notifications to authorise the import and sale of cosmetic products in Colombia. As at the LPD, we have obtained sanitary registration for 8 dietary supplements and 25 Obligatory Health Notifications for cosmetic products. All the sanitary registrations are valid and being complied. The Obligatory Health Notifications for cosmetic products will be reduced as DXN Colombia is undertaking a homologation process for 4 cosmetic products, 2 of which have been approved by the INVIMA, to recognise DXN Peru's licence for the purpose of continuing to commercialise these products in Colombia. For such purpose and until the approval of the homologation procedure, it cannot be affirmed that these Obligatory Health Notifications are valid and being complied. However, at the moment, DXN Colombia is not in breach of regulatory requirements for the import and commercialisation of these products. The sanitary registrations for dietary products carry a ten years validity while the Obligatory Health Notifications for cosmetic products carry a seven years validity, both of which are renewable upon expiry.

12) Mongolia

Biologically active product ("**BAD**") registration issued by the Ministry of Health is required for the import and supply of biologically active products in Mongolia. As at the LPD, we have obtained the BAD registrations for 18 BADs. All the registrations are valid and being complied. The BAD registrations carry a five years validity and are renewable upon expiry.

13) Morocco

The certificate of registration issued by the Ministry of Health - Medicines and Pharmaceuticals Department authorises the sale of special nutrition dietary supplements and cosmetic and personal care products in Morocco. As at the LPD, we have obtained certificates of registration for nine special nutrition dietary supplements and 28 cosmetic and personal care products. All the certificates of registration are valid and being complied. The certificates of registrations carry a one year or five years validity and are renewable upon expiry.

ANNEXURE A: OUR MAJOR LICENCES, PERMITS AND APPROVALS *(Cont'd)*

Notes:

(1) In relation to Lot 947, the land was surrendered together with Lot 946 and Lot 761 and re-alienated into Lot 1966 and Lot 1967 which was then subsequently re-surrendered and re-alienated into GM 1291 Lot 60039 and GM1292 Lot 60041, Mukim Malau, Daerah Kubang Pasu, Kedah. In relation to Lot 1306, new land title has since been issued under GM 1065, Lot 1728 Alor Nipan, Mukim Malau, Daerah Kubang Pasu, Kedah.

(2) The Malaysian Investment Development Authority issued a duplicate copy of the licence (serial number: B 000334) dated 4 June 2010. The original copy of the licence (serial number: A 021200) dated 23 April 2003 is missing.

(3) The licence expired in February 2020 but the General Coordination of Ecology of the State of Tlaxcala of Mexico granted an extension of validity in order to complete the authorised project.

ANNEXURE B: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT

B.1 MATERIAL PROPERTIES OWNED BY OUR GROUP

As at the LPD, details of the material properties owned by our Group are as follows:

No.	Registered owner/Beneficial owner/Title Lot. no./ Postal address/ Tenure	Description of property/ Existing use	Date of issuance of CCC or equivalent	Built-up area/ Land area (approximate) (sq. metres unless otherwise stated)	Category of land use/ Express condition/ Restriction in interest	Encumbrances on property	NBV as at 31 December 2021 (RM'000)
Malaysia							
1.	DXN Pharma / 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 – 30 May 2002 Coffee factory – 29 November 2004 Cosmetic factory – 20 May 2007	Pharmaceutical factory 2,700 Coffee factory 3,337 Cosmetic factory 13,545 / 26,058	**<u>Category of land use</u>** Industrial ("*Perusahaan / Perindustrian*") **<u>Express condition</u>** Industry (Medicinal fungi) ("*Perusahaan (Ubat Kulat)*") **<u>Restriction in interest</u>** Nil	Nil	23,734
2.	DXN Pharma / Geran Mukim 1109 Lot 2116, Mukim Malau, Daerah Kubang Pasu, Negeri Kedah / Kg. Padang Panjang, Jalan Bukit Wang, 06000 Jitra, Kedah / Freehold	Manufacturing and cultivation facility consisting of a single storey detached warehouse, single storey detached farm office, visitor hall, single storey detached agro dryer building, seven Ganoderma sheds known as Gano Sheds (A), ancillary building comprising stability rooms, souvenir house and storage rooms.	Farm office – 21 November 2002 Visitor hall – 28 December 2002 Warehouse – 27 November 2002 Agro dryer building, Gano Sheds (A) and ancillary building – Nil[(1)(2)]	Farm office and visitor hall 2,305 Warehouse 2,099 Agro dryer building 111 Ganoderma sheds 1,313 Ancillary building 180 / 14,293	**<u>Category of land use</u>** Industrial ("*Perusahaan / Perindustrian*") **<u>Express condition</u>** Industry (Medicinal fungi) ("*Perusahaan (Ubat Kulat)*") **<u>Restriction in interest</u>** Nil	Nil	3,000

No.	Registered owner/Beneficial owner/Title Lot. no./ Postal address/ Tenure	Description of property/ Existing use	Date of issuance of CCC or equivalent	Built-up area/ Land area (approximate) (sq. metres unless otherwise stated)	Category of land use/ Express condition/ Restriction in interest	Encumbrances on property	NBV as at 31 December 2021 (RM'000)
3.	DXN Pharma / Geran Mukim 1089 Lot 2115, Mukim Malau, Daerah Kubang Pasu, Negeri Kedah / Kg. Padang Panjang, Jalan Bukit Wang, 06000 Jitra, Kedah / Freehold	Two single storey detached buildings for grinding and processing of Mycelium	5 October 2000	Mycelium processing building 3,374 Grinding building 618 / 8,820	**<u>Category of land use</u>** Building **<u>Express condition</u>** The land held under this title to be used as site for one building for (business site) only. **<u>Restriction in interest</u>** Restriction against dealings on the land to be developed as business site provided that a tarred road reserve and drainage is built and maintained in accordance with the standards and approval of the Ministry of Works and the Local Authority respectively.	Nil	1,876
4.	DXN Pharma / Geran Mukim 1085 Lot 2112, Mukim Malau, Daerah Kubang Pasu, Negeri Kedah / Kg. Padang Panjang, Jalan Bukit Wang, 06000 Jitra, Kedah / Freehold	Cultivation facility consisting of two single storey detached utility cabins, one single storey detached sawdust storage and 14 sheds used for the cultivation of Ganoderma, collectively known as Gano Sheds (C). The properties are currently not in use.	Nil(1)(3)	Ganoderma sheds 3,414 / 8,520	**<u>Category of land use</u>** Building **<u>Express condition</u>** The land held under this title to be used as site for one building for (business site) only.	Nil	609

No.	Registered owner/Beneficial owner/Title Lot. no./ Postal address/ Tenure	Description of property/ Existing use	Date of issuance of CCC or equivalent	Built-up area/ Land area (approximate) (sq. metres unless otherwise stated)	Category of land use/ Express condition/ Restriction in interest	Encumbrances on property	NBV as at 31 December 2021 (RM'000)
					Restriction in interest Restriction against dealings on the land to be developed as business site provided that a tarred road reserve and drainage is built and maintained in accordance with the standards and approval of the Ministry of Works and the Local Authority respectively.		
5.	DXN Pharma / Geran Mukim 1292 Lot 60041, Mukim Malau, Daerah Kubang Pasu, Negeri Kedah / Kg. Padang Panjang, Jalan Bukit Wang, 06000 Jitra Kedah / Freehold	Manufacturing and cultivation facility consisting of a single storey detached soap factory for the production of household items, four Spirulina ponds for the cultivation of Spirulina and other ancillary buildings such as one switch room, one green house, two storage rooms, one single storey detached solar dry house and one single storey detached warehouse. The properties are currently not in use.	Nil[(1)(4)]	Soap factory 1,211 Spirulina ponds 2,791 Switch room 72 Green house 37 Storage room 388 Solar dry house 163 Warehouse 364 / 21,460	**Category of land use** Industrial ("*Perusahaan / Perindustrian*") **Express condition** Heavy Industry Site ("*Tapak Industri Berat*") The land held under this title to be used as site for one industrial building (Heavy Industry Site) only. **Restriction in interest** Restriction against dealings on the land to be developed as business site provided that a tarred road reserve and drainage is built and maintained in accordance with the standards and approval of the Ministry of Works and the Local Authority respectively.	Nil	2,000

ANNEXURE B: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT *(Cont'd)*

No.	Registered owner/Beneficial owner/Title Lot. no./ Postal address/ Tenure	Description of property/ Existing use	Date of issuance of CCC or equivalent	Built-up area/ Land area (approximate) (sq. metres unless otherwise stated)	Category of land use/ Express condition/ Restriction in interest	Encumbrances on property	NBV as at 31 December 2021 (RM'000)
6.	DXN Pharma / Geran Mukim 16 Lot 832, Mukim Malau, Daerah Kubang Pasu, Negeri Kedah / Kg. Padang Panjang, Jalan Bukit Wang, 06000 Jitra, Kedah / Freehold	30 sheds for cultivation of Ganoderma known as Gano Sheds (B). The properties are currently not in use.	Nil(1)(5)	8,777 / 22,840	**Category of land use** Agriculture **Express condition**(6) Rubber Plantation ("Kebun Getah"): Prohibited from planting, developing or allowing to grow on this land rubber trees save for materials from Hevea Brasiliensis or other types of rubber producing trees approved by the Principal Agricultural Officer Prohibited from erecting or building factory or any other kinds of factory on this land without the letter of approval from the Principal Agricultural Officer. **Restriction in interest** Nil	Nil	2,202

No.	Registered owner/Beneficial owner/Title Lot. no./ Postal address/ Tenure	Description of property/ Existing use	Date of issuance of CCC or equivalent	Built-up area/ Land area (approximate) (sq. metres unless otherwise stated)	Category of land use/ Express condition/ Restriction in interest	Encumbrances on property	NBV as at 31 December 2021 (RM'000)
7.	DXN Pharma / Geran Mukim 978 Lot 1319, Mukim Malau, Daerah Kubang Pasu, Negeri Kedah / Kg. Padang Panjang, Jalan Bukit Wang, 06000 Jitra, Kedah / Freehold	Cultivation facility consisting of one single storey detached spray dry building, 12 Spirulina ponds, one single storey detached R&D biochar building, two single storey detached R&D alternative fuel office/workshop, one single storey detached ceramic building, one single storey detached vehicle workshop, one single storey detached machinery store, two plastic houses and one storage room. The properties are currently not in use.	Nil (1)(7)	Spray dry building 1,054 R&D biochar building 324 R&D alternative fuel offices / workshops and plastic houses 1,074 Ceramic building 220 Vehicle workshop 96 Machinery store 1,008 Spirulina ponds 6,077 Storage room 117 / 21,780	**Category of land use** Agriculture(8) **Express condition** Special Condition for Plant Type & (Rubber Plants) ("*Syarat Khas Bagi Jenis Tanaman & (Tanaman Getah)*") (i) Land held under this title to be planted with rubber trees, oil palm, coconut trees. Other plants may be planted on this land provided the Landowner notifies the Collector of Land Revenue of the change of plant type and the area size of the plantation. (ii) Not more than 1/10 of this land may be used for buildings allowed under Section 115(4) of the NLC. **Restriction in interest** Nil	Nil	1,316

ANNEXURE B: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT *(Cont'd)*

No.	Registered owner/Beneficial owner/Title Lot. no./ Postal address/ Tenure	Description of property/ Existing use	Date of issuance of CCC or equivalent	Built-up area/ Land area (approximate) (sq. metres unless otherwise stated)	Category of land use/ Express condition/ Restriction in interest	Encumbrances on property	NBV as at 31 December 2021 (RM'000)
8.	DXN Pharma / Geran Mukim 2158 Lot 2729, Mukim Binjal, Daerah Kubang Pasu, Negeri Kedah / Kg. Padang Panjang, Jalan Bukit Wang, 06000 Jitra, Kedah / Freehold	15 sheds for the cultivation of Ganoderma and mushrooms, one single storey detached mushroom bag log production building known as Gano Binjal 1 and ancillary buildings such as one water tank and one retention pond. The properties are currently not in use.	Nil[(1)(9)]	2,409 / 18,170	**Category of land use** Agriculture **Express condition**[(10)] Rubber Plantation ("*Kebun Getah*") Prohibited from erecting or building any type of factory on this land without a letter of approval from the Principal Agricultural Officer. **Restriction in interest** Nil	Nil	1,883
9.	DXN / Geran Mukim 7819 Lot 5893, Bandar Alor Setar, Daerah Kota Setar, Negeri Kedah / Wisma DXN, 213, Lebuhraya Sultan Abdul Halim, 05400 Alor Setar, Kedah / Freehold	Three storey detached headquarters office building known as Wisma DXN	5 August 1995	495 / 193	**Category of land use** Building **Express condition** The land held under this title to be used as site for one building for business and office only. **Restriction in interest** Nil	Nil	1,153
10.	DXN Mycotech / Geran No. 337285 Lot 10084, Bandar Cyberjaya, Daerah Sepang, Negeri Selangor / N/A / Freehold	Three storey wellness and retreat centre and 150 units of service suite known as DXN Cyberville	4 February 2022[(11)]	23,708 / 19,578	**Category of land use** Building **Express condition** Business building	This land was charged to OCBC Bank (Malaysia) Berhad vide No. Perserahan 36536/2016 on 28 April 2016	99,335

No.	Registered owner/Beneficial owner/Title Lot. no./ Postal address/ Tenure	Description of property/ Existing use	Date of issuance of CCC or equivalent	Built-up area/ Land area (approximate) (sq. metres unless otherwise stated)	Category of land use/ Express condition/ Restriction in interest	Encumbrances on property	NBV as at 31 December 2021 (RM'000)
					Restriction in interest The land held under this title shall not be transferred, leased or charged without prior consent from State Authority.	and still subsisting	
11.	Amazing Discovery / (3 Lots) 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	24 December 2018	3,009 / 97,861	*Lot 587 and 671:* **Category of land use** Nil ("*Tiada*") **Express condition** 1. The land comprised in this title shall not be affected by any provision of the NLC or any other written law prohibiting mining or the removal of specified materials beyond the boundaries of the land. 2. The provision of the law in relation to the creation of a private right of way shall apply to this land. **Restriction in interest** Nil *Lot 10048:* **Category of land use** Building	Nil	18,739

No.	Registered owner/Beneficial owner/Title Lot. no./ Postal address/ Tenure	Description of property/ Existing use	Date of issuance of CCC or equivalent	Built-up area/ Land area (approximate) (sq. metres unless otherwise stated)	Category of land use/ Express condition/ Restriction in interest	Encumbrances on property	NBV as at 31 December 2021 (RM'000)
					Express condition The land comprised in this title shall be used for the purpose of a tourism building only. **Restriction in interest** The land comprised in this title shall not be transferred, leased, sub-leased or charged in any way without prior written consent from State Authority.		
China							
1.	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 land:** 30 June 2020(12) **For building:** 27 July 2017(13)	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	**Category of land use** Industrial/Office **Express condition** N/A **Restriction in interest** N/A	Nil	2,586

ANNEXURE B: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT *(Cont'd)*

No.	Registered owner/Beneficial owner/Title Lot. no./ Postal address/ Tenure	Description of property/ Existing use	Date of issuance of CCC or equivalent	Built-up area/ Land area (approximate) (sq. metres unless otherwise stated)	Category of land use/ Express condition/ Restriction in interest	Encumbrances on property	NBV as at 31 December 2021 (RM'000)
2.	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 the construction of which is still in progress	**For land:** 18 February 2021[14]	N/A / 8,001	**Category of land use** Industrial **Express condition** N/A **Restriction in interest** N/A	Nil	522
India							
1.	DXN Manufacturing India[15] / **Telangana:** UDL Land situated at Siddipet Industrial Park in Sy. No. 392 of Mandapally Village, Siddipet (Urban) Mandal and in Sy.No.206 of Rajagopalet Village of Nanganoor Mandal, Siddipet District, Telangana / Survey No. 392 and 206, Siddipet Industrial Park, Rajagopalpet and Mandapally Vilage, 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; k) commercial lab;	Occupation Certificate dated 12 November 2021 Completion Certificate dated 13 September 2021	69,681 / 189,919	**Category of land use** Factory – The UDL Land is allotted only for Integrated Cultivated and Processing/Manufacturing unit for Spirulina and Ganoderma based nutraceutical products. **Express condition** Industrial **Restriction in interest** N/A	Nil	121,670

ANNEXURE B: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT *(Cont'd)*

No.	Registered owner/Beneficial owner/Title Lot. no./ Postal address/ Tenure	Description of property/ Existing use	Date of issuance of CCC or equivalent	Built-up area/ Land area (approximate) (sq. metres unless otherwise stated)	Category of land use/ Express condition/ Restriction in interest	Encumbrances on property	NBV as at 31 December 2021 (RM'000)
		l) double storey canteen building; and m) two security cabins					
2.	DXN Manufacturing India / **Tamil Nadu:** **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 **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	Cultivation and manufacturing facility consisting of factory buildings for the cultivation and manufacturing of Spirulina, juice and virgin coconut oil and a warehouse	Part Occupancy Certificate dated 17 March 2022[16]	6,123 / 72,627	**Category of Land use** – Healthcare (Industrial Products) **Express condition** – Industrial **Restriction in interest** N/A	Nil	5,960

ANNEXURE B: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT *(Cont'd)*

No.	Registered owner/Beneficial owner/Title Lot. no./ Postal address/ Tenure	Description of property/ Existing use	Date of issuance of CCC or equivalent	Built-up area/ Land area (approximate) (sq. metres unless otherwise stated)	Category of land use/ Express condition/ Restriction in interest	Encumbrances on property	NBV as at 31 December 2021 (RM'000)
	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						
	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						
	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 /						

ANNEXURE B: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT *(Cont'd)*

No.	Registered owner/Beneficial owner/Title Lot. no./ Postal address/ Tenure	Description of property/ Existing use	Date of issuance of CCC or equivalent	Built-up area/ Land area (approximate) (sq. metres unless otherwise stated)	Category of land use/ Express condition/ Restriction in interest	Encumbrances on property	NBV as at 31 December 2021 (RM'000)
	R.S.No. 141/4 & 142/5, Whirlpool Road, Thiruvandar Koil, Mannadipet Commune, Pondicherry 605102 / Freehold						
Indonesia							
1.	Daxen Indonesia / Right-to-Build/*Hak Guna Bangunan* (HGB) No. 46/Cicadas / Gunung Putri, Bogor, Jawa Barat Jl Pancasila Iv Kp Parung Tanjung Rt 002 Rw 013, Desa Cicadas, Kec Gunung Putri, Kab Bogor, Gunung Putri, Kab. Bogor / Leasehold for the period expiring on 29 November 2024	Manufacturing facility consisting of factory buildings, staff hostel, warehouse, musalla and guard posts	Nil[17]	1,309 / 4,120	**Category of land use** Construct and own the building over land **Express condition** N/A **Restriction in interest** N/A	Nil	272
Mexico							
1.	DXN México / Lot 3 Block 18, in Ciudad Industrial Xicohténcatl, Comunidad de José María Morelos y Pavón, Municipality of Tetla, State of Tlaxcala	Manufacturing facility for the manufacture of coffee and chocolate products for distribution in Mexico	Civil Protection Programme dated 6 April 2022[18]	1,814 / 20,000	**Category of land use** Industrial land use **Express condition** N/A **Restriction in interest** N/A	Nil	2,787

ANNEXURE B: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT *(Cont'd)*

No.	Registered owner/Beneficial owner/Title Lot. no./ Postal address/ Tenure	Description of property/ Existing use	Date of issuance of CCC or equivalent	Built-up area/ Land area (approximate) (sq. metres unless otherwise stated)	Category of land use/ Express condition/ Restriction in interest	Encumbrances on property	NBV as at 31 December 2021 (RM'000)
2.	DXN México / 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	Manufacturing facility for the manufacture of coffee products, food supplements and beverages[(19)]	N/A	9,725 / 44,542	**Category of land use** Industrial land use **Express condition** DXN México acquired the property with retention of title from Fideicomiso de la Ciudad Industrial Xicohténcatl. The retention of title shall be cancelled until DXN México completes the construction of the project (industrial building). In the event of sale, Fideicomiso de la Ciudad Industrial Xicohténcatl has the right of first refusal. **Restriction in interest** N/A	DXN Mexico acquired the property with retention of title from Fideicomiso de la Ciudad Industrial Xicohténcatl, which will be cancelled until DXN México completes the construction of the industrial plant.	16,374

Notes:

(1) The CCC or equivalent has yet to be obtained and we have since vacated and ceased operations at the premises.

*(2) We had on 14 April 2022 submitted the application for KM approval to Kubang Pasu Municipal Council ("**KPMC**"). Upon receipt of KM, we expect to submit the application for building plans ("**BP**") approval to the KPMC and expect to obtain the CCC for the agro dryer building, Gano Sheds (A) and the ancillary building by September 2023. As advised by the KPMC and upon receipt of KM, we also expect to submit an application for the surrender of GM 1109 Lot 2116 and its adjoining land held under GM 1134 Lot 2150 for re-alienation by Kubang Pasu Land & District Office ("**PDT Kubang Pasu**") into one amalgamated industrial title. We expect to obtain the approval for the surrender of GM 1109 Lot 2116 and GM 1134 Lot 2150 for re-alienation into one amalgamated industrial title by November 2023.*

*(3) On the advice of the KPMC, we had on 11 January 2022 applied to Jabatan Pengairan dan Saliran ("**JPS**") and Lembaga Sumber Air Negeri Kedah ("**LSANK**") for their respective consent to support our KM application. We had on 7 April 2022 received a letter of no objection from the LSANK and had on 21 April 2022 submitted the application for KM approval to the KPMC pending consent from the JPS. Upon receipt of KM, we expect to submit the application for BP approval to the KPMC and expect to obtain the CCC for Gano Sheds (C) by October 2023. We have also received feedback from the KPMC to submit our application to PDT Kubang Pasu for the surrender and re-alienation and variation of the category of land use to "Industrial" and we expect to submit the application to PDT Kubang Pasu by October 2022 upon receipt of KM approval. We expect to obtain the approval from the PDT Kubang Pasu for the surrender and re-alienation and variation of the category of land use by October 2023.*

(4) We had on 27 February 2022 submitted the application for KM approval to the KPMC. On the advice of the KPMC, we had on 11 January 2022 applied to the JPS and the LSANK for their respective consent to support our KM application. We had on 7 April 2022 received a letter of no objection from the LSANK and had on 19 April 2022 re-submitted the application for KM approval to the KPMC pending consent from the JPS. Upon receipt of KM, we expect to submit the application for BP approval to the KPMC and expect to obtain the CCC for the soap factory and four Spirulina ponds by April 2024. We currently source Spirulina from DXN Agrotech Ningxia's Spirulina cultivation farms in China and third-party suppliers.

(5) We had on 26 May 2022 submitted the application for the KMT. Upon receipt of KMT, we expect to submit the application for PS approval to the KPMC and we expect to obtain the PS for Gano Sheds (B) by February 2023. A PS is sought as we are unable to apply for a KM due to the zoning of the land which is zoned for agriculture whereas the KPMC deems the operations on the land as industrial.

(6) As advised by the KPMC, we had on 6 October 2021 submitted the application for the variation of the express condition to 'Tanaman Herba' to allow for the cultivation of Ganoderma thereon to PDT Kubang Pasu. We expect to obtain the approval for the variation of the express condition by October 2022.

(7) We had on 27 February 2022 submitted the application for KM approval to the KPMC. On the advice of the KPMC, we had on 11 January 2022 applied to the JPS and the LSANK for their respective consent to support our KM application. We had on 7 April 2022 received a letter of no objection from the LSANK and had on 19 April 2022 re-submitted the application for KM approval to the KPMC pending consent from the JPS. Upon receipt of KM, we expect to submit the application for BP approval to the KPMC and expect to obtain the CCC for all buildings by April 2024. We currently source Spirulina from DXN Agrotech Ningxia's Spirulina cultivation farms in China and third-party suppliers.

(8) Upon receipt of KM approval, we expect to submit the application for the surrender and re-alienation and amalgamation with GM1292 Lot 60041 for the variation of the category of land use to "Industrial" and the express condition of the land to allow for the manufacturing and cultivation of Spirulina thereon by December 2022 to PDT Kubang Pasu. We expect to obtain the approval for the surrender and re-alienation for the variation of category of land use and amalgamation with GM1292 Lot 60041 into one industrial title by December 2023.

(9) We had on 13 December 2021 submitted the application for the KMT. We had on 19 January 2022 obtained a conditional approval from the KPMC for the KMT application subject to amendments to the building plan and fulfilment of certain conditions and have since reverted with additional documents requested by the KPMC. We have on 22 June 2022 submitted our application for PS and have on 24 July 2022 received a conditional approval subject to amendments to the building plan and fulfilment of certain conditions. We expect to obtain the PS for Gano Binjal 1 by December 2022. A PS is sought as we are unable to apply for a KM due to the zoning of the land which is zoned for residential whereas the KPMC deems the operations on the land as industrial.

(10) We had on 6 March 2022 submitted to PDT Kubang Pasu the application for State Authority consent for the usage of agricultural land for other purpose than stated in the land title to allow for the manufacturing and cultivation of Ganoderma thereon. We expect to obtain State Authority consent for the usage of agricultural land for other purpose than stated in the land title by March 2023.

(11) The partial CCC for Phase 1 of the property was issued on 4 February 2022. Construction of Phase 2 of the wellness and retreat centre is due to be completed end of 2022. Upon completion, our Company will submit the application for Development Order and Building Plans approval to Sepang Municipal Council for the CCC.

(12) Ningxia Property Ownership Certificate No. Ning (2020) Shizuishan City Real Estate No. D0005075 and dated 30 June 2020 issued for the land use right of the industrial land and property.

(13) Ningxia Property Ownership Certificate No, Ning (2017) Shizuishan City Dawukou District Real Estate No. 0008002 dated 27 July 2017 issued for the buildings erected on the industrial land and property.

(14) Ningxia Property Ownership Certificate No. Ning (2021) Shizuishan City Real Estate No. D000137 dated 18 February 2021 issued for the land use right of the industrial land.

(15) Sale deed transferring the property to DXN Manufacturing India is expected to be executed by the Telangana State Industrial Infrastructure Corporation Limited by end of June 2022.

*(16) The part occupational certificate was issued by the Puducherry Planning Authority ("**PPA**") for the existing buildings on Properties 1 to 5. The company will apply to the PPA for a full occupational certificate after completion of construction of two other buildings which are yet to be constructed per the approved building plan.*

(17) The SLF has yet to be obtained for the manufacturing facility. We have appointed a consultant and has submitted the application for the SLF to the Bogor Regency Office of Spatial Planning and Residential on 6 April 2022. We expect to obtain the SLF for the manufacturing facility by August 2022. We are able to continue our operations at the manufacturing facility as the Government Regulation No. 16 of 2021 on Implementing Regulation of Law Number 28 of 2002 does not prohibit Daxen Indonesia from operating despite not having a SLF.

(18) The Civil Protection Programme is renewed annually.

(19) The construction of the facility has been substantially completed and a Termination of Works Certificate dated 7 January 2022 was issued by the local authorities which evidence that the construction has been completed to the authorities' satisfaction and in accordance with the construction license granted for such purposes. We expect to commence operation of this facility by the end of July 2022.

Save as disclosed above, none of the properties are in breach of any land use conditions and/or are in non-compliance with current statutory requirements, land rules or building regulations which will have a material adverse impact on our operations or the utilisation of our assets on the said properties. No valuations have been conducted on any of the properties disclosed above.

B.2 MATERIAL PROPERTIES LEASED/TENANTED BY OUR GROUP

As at the LPD, details of the material properties leased/tenanted by our Group are as follows:

No.	Name of lessor/lessee or landlord/tenant or tenant or sub-tenant/Lot. no./Postal address	Description of property/ Existing use	Date of issuance of CCC or equivalent	Built-up area / Land area (approximate) (sq. metres unless otherwise stated)	Period of tenancy or lease	Annual rental (RM unless otherwise stated)
Malaysia						
1.	Darulaman Realty Sdn Bhd (lessor) / DXN Industries (lessee) H.S.(D) 7953 PT 2365 and H.S.(D) 19781 PT 1784 both located on Bandar Darul Aman, Daerah Kubang Pasu, Negeri Kedah Plot 75, Jalan Polimas, Kawasan Perindustrian Darulaman, 06000 Jitra, Kedah	One storey building / Ceramic production and R&D	29 November 1994	Main building 3,600 Facility building 139 Canteen 310 Guard post 24 / 13,679	60-year lease from 23 April 1991 to 22 April 2051	N/A(1)
China						
1.	DXN Agrotech Ningxia (consignee) / Zaoxiang Villagers Committee (consignor) North of Longma Road, east of Binhu Avenue, and south of Yushantan Street, Zaoxiang Village, Xinghai Town, Dawukou District, Ningxia 753000	Plantation for the cultivation and processing of Spirulina and agro-based plantation	N/A	535,196 / 666,666.7	1 March 2017 to 31 December 2028	Cultivated land RMB420,000/year and wasteland RMB200,000/year

ANNEXURE B: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT *(Cont'd)*

No.	Name of lessor/lessee or landlord/tenant or tenant or sub-tenant/Lot. no./Postal address	Description of property/ Existing use	Date of issuance of CCC or equivalent	Built-up area / Land area (approximate) (sq. metres unless otherwise stated)	Period of tenancy or lease	Annual rental (RM unless otherwise stated)
India						
1.	Daxen Agritech (Lessee) / Pranabananda Das (Lessor) Khata No. 115/290, Sukai Kateni, Plot No 648, 615, 617, 630 & 619 Sukai Kateni, Dhenkanal Sadar, Dhenkanal Odisha	Cultivation and manufacturing facility used for the cultivation of RG, incubation grinding & drying, RG cooking & administration office	N/A	4,129 / 28,328	Out of the total 28,328 sq. metres, 4,047 sq. metres are leased up to 22 December 2035 and the balance 24,281 sq. metres are leased up to 22 December 2030	INR74,800 for 24,281 sq. metres INR13,800 for 4,047 sq. metres
2.	Daxen Agritech (Lessee) / HP State Industrial Department through Governor of Himachal Pradesh (Lessor) Plot No. 120, Industrial Area, Baddi District, Solan, Himachal Pradesh	Manufacturing facility for the manufacture of Ayurvedic medicine and coffee products	N/A	482 / 800	Valid up to 16 March 2084	N/A(2)

Notes:

(1) DXN Industries purchased the lease for the properties for a consideration amount of RM4,000,000 from the previous lessee and the lease agreement between Darulaman Realty Sdn Bhd and the previous lessee was subsequently assigned to DXN Industries via a deed of assignment dated 2 December 2019.

(2) Daxen Agritech purchased the lease for the property for a consideration amount of INR48,505 (equivalent to RM2,717).

None of the properties disclosed are in breach of any land use conditions and/or are in non-compliance with current statutory requirements, land rules or building regulations which will have a material adverse impact on our operations or the utilisation of our assets on the said properties. No valuations have been conducted on any of the properties disclosed above.

B.3 MATERIAL EQUIPMENT

The material plants and equipment used by our business operations are as follows:

Description	**NBV as at 31 December 2021 (RM'000 unless otherwise stated)**
Machinery and equipment at the cultivation and manufacturing facility at Telangana, India comprising, amongst others, 41 utilities related equipment such as air compressors, diesel generators and various plant operation systems, equipment and machinery involved in the cultivation of Ganoderma and Spirulina such as autoclaves, grinding machines and dryers, two bottle filling machines, three powder compaction machines, three capsule filling machines, four tablet compression machine, four packing machines, 10 blending machines, three mixing machines, various other machines involved in manufacturing activities, lab test equipment, as well as various other production tools and implements as well as general use equipment	16,480
Machinery and equipment at the cultivation and manufacturing facility at Kedah, Malaysia comprising, amongst others, three solar panel systems, 84 coffee production machines, 216 packing machines, 54 juice line production machines, 23 curry paste machines, 76 laboratory equipment, 44 personal care production machines, 16 capsuling machines, 30 skin care and cosmetic production machines, 42 grinding machines, 10 tableting machines, one household production machine, and various other production tools and implements as well as general use equipment	15,272
Machinery and equipment at the Spirulina cultivation and manufacturing facility at Ningxia, China comprising, amongst others, seven units of water supply system equipment such as pumps and water treatment systems, six units of harvesting and filtering machines, two spray dry machines, a heating supply system, a grinding machine, five warehousing equipment including forklifts, loaders and cabinets, two mixing machines, one air compressor, one generator, four equipment relating to aquaculture R&D including a wave maker and a fish feed granulator, seven equipment relating to agro R&D including micro-cultivators and related instruments and various other production tools and implements as well as general use equipment	3,483
Machinery and equipment at the manufacturing facility at Tlaxcala, Mexico comprising, amongst others, 52 coffee production machines, two grinding machines, nine Ganoderma production machines, two packing machines, 9 lab test equipment and various other production tools and implements as well as general use equipment	2,924
Machinery and equipment at the coffee and beverage manufacturing facility at Ningxia, China comprising, amongst others, 12 tableting machines, 16 packing machines, four noodle-making machines, 10 enzyme and jam pre-processing machines, 14 facilities supporting machines such as generators, conveyor belts, compressors and water tanks, one carbonated machine, seven batch printing equipment, six metal detectors, five grinding machines, five sterilization equipment and various other machines involved in the manufacturing process as well as other production tools, implements and general use equipment	2,423

ANNEXURE B: OUR MATERIAL PROPERTIES, PLANTS AND EQUIPMENT *(Cont'd)*

Description	NBV as at 31 December 2021 (RM'000 unless otherwise stated)
Machinery and equipment at the cultivation and manufacturing facility at Pondicherry, India comprising, amongst others, 25 machines relating to the production of Spirulina products such as Spirulina capsule filling and polishing machines, Spirulina tablet machines and other related Spirulina processing tools, 21 machines relating to the production of juice products such as juice filling machines, juice capping machines and other juice product related processing tools, 12 machines relating to the production of virgin coconut oil products such as filling machines, packing machines, a virgin coconut oil shelling machine, other virgin coconut oil related processing tools and various other production tools and implements as well as general use equipment	1,369
Machinery and equipment at the manufacturing facility at Baddi, India comprising, amongst others, four stick pack filling machines, 23 capsule filling machines, three mixing machines, three sachet filling machines, six packing machines, three tablet machine, one labelling machine, one sealing machine and various other related processing tools and general use equipment	1,031
Machinery and equipment at the cultivation and manufacturing facility at Odisha, India comprising, amongst others, two grinding machines, 52 cultivation related machinery and equipment such as electrical installations, irrigation systems, generators and boilers, three sieving machines, two lab equipment, one drilling machine and various other production tools and implements as well as general use equipment	1,028
	44,010

ANNEXURE C: OUR TRADEMARKS, BRAND NAMES AND OTHER INTELLECTUAL PROPERTY RIGHTS

Save as disclosed below, as at the LPD, we do not have any patents, trademarks, brand names, technical assistance agreements, franchises and other intellectual property rights which our Group's business or profitability is materially dependent on:

Trademarks and Trade dress

As at the LPD, we have registered over 400 trademarks and trade dress which are used for our operations in over 40 countries. We have the following material trademarks and trade dress in the principal markets that we operate:

Malaysia

No.	Trademark [1]	Registered owner / Applicant	Registration no.	Place of registration	Expiry Date	Class/ Description of trademark
1.		DXN (Registered owner)	(i) 07023599 (Class 3); (ii) 07023600 (Class 30); and (iii) 07023601 (Class 32)	Malaysia	30 November 2027	3: Toothpaste; dentifrices; soap; body foam; shampoo; conditioner; lotion; skin cleansing gel; milk and foam; toner; moisturizer; skin cream; perfume; cosmetics; household cleaning products; car wash soap; dish washing detergent; all included in Class 3. 30: Coffee, artificial coffee; tea; herbal tea; candy; sweets; herbal candy; cocoa beverages; soy based beverages; vinegar; all included in Class 30. 32: Mineral water; aerated water; fruit juice; fruit drinks; syrup; non-alcoholic beverages; enzymatic drinks; all included in Class 32.
		DXN Industries (Registered owner)	(i) 2017014245 (Class 11); and (ii) 2017014244 (Class 21)	Malaysia	22 December 2027	11: Apparatus for lighting, heating, steam generating, cooking, refrigerating, drying, ventilating, air filter, water supply, sanitary purposes, electric kettle, filters for drinking water, water purifying apparatus and machines, electric pot and electric appliances for making yoghurt; all included in Class 11.

ANNEXURE C: OUR TRADEMARKS, BRAND NAMES AND OTHER INTELLECTUAL PROPERTY RIGHTS *(Cont'd)*

No.	Trademark [1]	Registered owner / Applicant	Registration no.	Place of registration	Expiry Date	Class/ Description of trademark
						21: Household or kitchen utensils and containers; cooking pots and pans, glassware, porcelain and earthenware not included in other classes, crockery, mugs, and toothbrushes; electric and non electronic; all included in Class 21.
2.	DXN	DXN (Registered owner)	95011178	Malaysia	20 October 2022	5: Pharmaceutical preparations included in Class 5.
		DXN (Registered owner)	TM2020024331	Malaysia	20 October 2030	3: Baby oils (toiletries]); body and beauty care preparations for cosmetic purposes; car wash detergents; cleansing foam; cosmetic creams and gels for the face, hands and body; cosmetics; dentifrices; dishwasher detergents; herbal extracts for cosmetic purposes; lipsticks; moisturizers; perfumes; shampoos; soap; talcum powder for cosmetic purposes; toothpaste; skin creams; toners for cosmetic use; skin cleansers; lotions for cosmetic purposes; tea-tree oil; massage oils; toiletry preparations; face masks (cosmetics); eye creams; household cleaning products; eyeliner; mascara; blusher; eyebrow pencils; lip glosses; eyeshadows; make-up removers; foundation; facial serums; beauty masks; facial masks.

ANNEXURE C: OUR TRADEMARKS, BRAND NAMES AND OTHER INTELLECTUAL PROPERTY RIGHTS *(Cont'd)*

No.	Trademark [1]	Registered owner / Applicant	Registration no.	Place of registration	Expiry Date	Class/ Description of trademark
						5: Bee pollen for use as a dietary food supplement; food for babies; antibacterial pharmaceuticals; antibacterial preparations; balms for medical purposes; cough syrups; cough drops; dietary food supplements; disinfectants for chemical toilets; pearl powder for medical purposes; pharmaceutical preparations; probiotic bacteria (food supplements); traditional Chinese medicines; dietary and nutritional supplements; dietetic preparations adapted for medical purposes; herbal supplements; herbal teas for medicinal purposes; herbal medicines; vitamin supplements; pills for pharmaceutical purposes; serums. 30: Artificial coffee; cocoa-based beverages; coffee; candy mints; caramels (sweets); candies; cocoa; coffee-based beverages; goji berry tea; herbal tea preparations for making beverages; herbal teas, other than for medicinal use; sweets; tea; tea-based beverages; vinegar; fermented tea; baked goods; black tea; fruit vinegar; honey; breakfast cereals; brewed coffee; butter cookies; cappuccino; cereals prepared for human consumption; chili paste for use as a seasoning; chocolate; cookies; yogurt confectionery; curry paste; green tea; instant noodles; oolong tea (Chinese tea). 32: Aerated water; fruit beverages; fruit juices; mineral water; non-alcoholic beverages; soya-based beverages, other than milk substitutes; syrups for beverages; aloe vera drinks, non-alcoholic; drinking water; fruit-based beverages.

ANNEXURE C: OUR TRADEMARKS, BRAND NAMES AND OTHER INTELLECTUAL PROPERTY RIGHTS *(Cont'd)*

No.	Trademark [(1)]	Registered owner / Applicant	Registration no.	Place of registration	Expiry Date	Class/ Description of trademark
3.	DXN	DXN (Registered owner)	(i) 04008739 (Class 3); (ii) 04008736 (Class 16); (iii) 04008735 (Class 30); and (iv) 04008738 (Class 32)	Malaysia	25 June 2024	3: Cosmetics; cleansers; creams; lotions; hair lotions; toiletries; soaps; toothpaste; shower gels; shower foams; body foam; shampoos; dentifrices; cleaning preparations; perfumery; essential oils; all included in Class 3. 16: Newsletters; envelopes; printed publications; notebooks; stationery; tickets; writing pads; document files; adhesive tapes; stickers; letterheads; all included in Class 16. 30: Coffee beverages; artificial coffee; unroasted coffee; roasted coffee; chocolate beverages; cocoa beverages; tea beverages; chocolate confectionary; cereals; coffee confectionary; honey; candies; sweets; all included in Class 30. 32: Non-alcoholic juice; non-alcoholic fruit beverages; non-alcoholic drinks; non-alcoholic fruit drinks; fruit juices; fruit drinks; fruit beverages; preparations for making beverages; mineral and aerated waters; syrups and other preparations for making beverages; all included in Class 32.
		DXN (Registered owner)	95011185	Malaysia	20 October 2022	5: Pharmaceutical preparations included in Class 5.
		DXN Industries (Registered owner)	(i) 2017014246 (Class 11); and (ii) 2017014243 (Class 21)	Malaysia	22 December 2027	11: Apparatus for lighting, heating, steam generating, cooking, refrigerating, drying, ventilating, air filter, water supply, sanitary purposes, electric kettle, filters for drinking water, water purifying apparatus and machines, electric pot and electric appliances for making yoghurt; all included in Class 11.

ANNEXURE C: OUR TRADEMARKS, BRAND NAMES AND OTHER INTELLECTUAL PROPERTY RIGHTS *(Cont'd)*

No.	Trademark [1]	Registered owner / Applicant	Registration no.	Place of registration	Expiry Date	Class/ Description of trademark
						21: Household or kitchen utensils and containers; cooking pots and pans, glassware, porcelain and earthenware not included in other classes, crockery, mugs, and toothbrushes; electric and non-electronic; all included in Class 21.
4.	Andro-G	DXN Marketing (Registered owner)	05008779	Malaysia	2 June 2025	5: Traditional Chinese medicine; raw material medicine; nutrient additives for medical purposes; health foods; dietetic foods preparations adapted for medical purposes; vitamin preparations; herbal preparations and food supplements; herbal medicines and food supplements; herbal and pharmaceutical products; dietetic substances adapted for medical use; all included in Class 5.
5.	Aqua zeon	DXN (Registered owner)	07023598	Malaysia	30 November 2027	11: Apparatus for water supply; energy water system; water filtering apparatus; water filtering system; filters for drinking water; filters (part of household or industrial installations); water distilling apparatus and system; all included in Class 11.
6.	COCOZHI Cocozhi	DXN Marketing (Registered owner)	02005629	Malaysia	17 May 2032	30: Cocoa beverages; cocoa-based beverages; cocoa products; chocolates; chocolate beverages; chocolate-based beverages; all included in Class 30.

ANNEXURE C: OUR TRADEMARKS, BRAND NAMES AND OTHER INTELLECTUAL PROPERTY RIGHTS *(Cont'd)*

No.	Trademark [1]	Registered owner / Applicant	Registration no.	Place of registration	Expiry Date	Class/ Description of trademark
7.	CORDYPINE	DXN (Registered owner)	04006436	Malaysia	13 May 2024	32: Non-alcoholic juice; non-alcoholic fruit beverages; non-alcoholic drinks; non-alcoholic beverages; fruit juices; fruit drinks; fruit juice beverages; preparations for making beverages; mineral and aerated waters; syrups and other preparations for making beverages; all included in Class 32.
8.	DAXEN	DXN Marketing (Registered owner)	95007437	Malaysia	25 July 2032	5: Herbal preparations and food supplements; all included in Class 5.
9.	德信 DAXEN	DXN Marketing (Registered owner)	95007438	Malaysia	25 July 2032	5: Herbal preparations and food supplements; all included in Class 5.
10.	DXN Cafe	DXN (Registered *owner*)	2017014242	Malaysia	22 December 2027	43: Services for providing food and drink, cafe services, food and drink catering, restaurant services, hotel services, hotel reservations, motel services; all included in Class 43.

ANNEXURE C: OUR TRADEMARKS, BRAND NAMES AND OTHER INTELLECTUAL PROPERTY RIGHTS *(Cont'd)*

No.	Trademark [1]	Registered owner / Applicant	Registration no.	Place of registration	Expiry Date	Class/ Description of trademark
11.	DXN energy PLUS DXN energy PLUS	DXN Industries (Registered owner)	2016056195	Malaysia	6 April 2026	11: Drinking water filter; water purifying apparatus and machines; all included in Class 11.
12.	GANOCELIUM	DXN Marketing (Registered owner)	03009846	Malaysia	6 August 2023	5: Medicines containing mushroom extracts; health supplements; herbal preparations; all included in Class 5.
13.	Ganozhi	DXN Marketing (Registered owner)	01001090	Malaysia	29 March 2031	3: Dentifrices; toothpaste; shampoos; body foam; hair lotions; soaps; cleaning preparations; cosmetics; perfumery; essential oils; all included in Class 3.
14.	GANOTHERAPY	DXN Marketing (Registered owner)	95011179	Malaysia	20 October 2022	5: Herbal preparations and food supplements; all included in Class 5.
15.	MORINZYME	DXN (Registered owner)	04006435	Malaysia	13 May 2024	32: Non-alcoholic juice; non-alcoholic fruit beverages; non-alcoholic drinks; non-alcoholic beverages; fruit juices; fruit drinks; fruit juice beverages; preparations for making beverages; mineral and aerated waters; syrups and other preparations for making beverages; all included in Class 32.

ANNEXURE C: OUR TRADEMARKS, BRAND NAMES AND OTHER INTELLECTUAL PROPERTY RIGHTS *(Cont'd)*

No.	Trademark [(1)]	Registered owner / Applicant	Registration no.	Place of registration	Expiry Date	Class/ Description of trademark
16.	ONE WORLD ONE MARKET	DXN Marketing (Registered owner)	2011050962	Malaysia	25 April 2031	35: Marketing; direct marketing; multi-level marketing; business administration and business consultancy; business planning; business analysis and business management; commercial management and assistance; advertising and publicity services; organising trade fairs and exhibitions for commercial or advertising purposes; business organisation and sales promotion consultancy; business consultation in the nature of providing assistance to others in connection with establishing and operating distributorships, wholesale and retail sales, all in the field of pharmaceutical products, food and health supplements; the bringing together (excluding the transport thereof) of a variety of goods, namely pharmaceutical products, food and health supplements, enabling customers to conveniently view and purchase those goods from a global computer network, retail stores, wholesale outlets, distributor outlets or from general merchandise catalogues by mail, telephone, fax and/or all other communication and telecommunication order; advisory and consultancy services in relation to the foregoing services; all included in Class 35.
17.	REISHI GANO (RG)	DXN Marketing (Registered owner)	01012904	Malaysia	28 September 2031	5: Traditional medicine containing mushroom extracts; health supplements; herbal preparations; all included in Class 5.

ANNEXURE C: OUR TRADEMARKS, BRAND NAMES AND OTHER INTELLECTUAL PROPERTY RIGHTS *(Cont'd)*

No.	Trademark [(1)]	Registered owner / Applicant	Registration no.	Place of registration	Expiry Date	Class/ Description of trademark
18.	Tropical Morinzhi	DXN Industries (Registered owner)	99004922	Malaysia	7 June 2029	32: Non-alcoholic beverages, morinda citrifolia juice; all included in Class 32.
19.	zhi Café zhi Café	DXN Marketing (Registered owner)	03003869	Malaysia	3 April 2023	30: Coffee beverages; coffee-based beverages; coffee beverages with milk; unroasted coffee; artificial coffee; coffee flavourings; vegetal preparations for use as coffee substitutes; all included in Class 30.

Note:

(1) Trademarks 2 and 8 are in colour. The first trademark in the series under Trademarks 11 and 19 are in colour.

ANNEXURE C: OUR TRADEMARKS, BRAND NAMES AND OTHER INTELLECTUAL PROPERTY RIGHTS *(Cont'd)*

India

No.	Trademark	Registered owner / Applicant	Registration no.	Place of registration	Expiry Date	Class/ Description of trademark
1.		DXN (Registered owner)	1024956	India	10 July 2031	16: Paper, cardboard and goods made from these materials not include in other classes, printed materials, photographs, artists materials, office requisites, price lists brochures, catalogues, printers type, printing blocks.
			1288001	India	2 June 2024	3: Cosmetics, soap, toothpaste; shower gels, shower foams; shampoo, cleansers, toners, creams, masks, lipsticks, perfume. 16: Newsletters, envelopes, printed publications, notebooks, stationery tickets, writing pads, document files, adhesive tapes; stickers. 30: Coffee beverages, chocolate beverages, cocoa beverages, tea beverages, chocolate confectionary, cereals, coffee confectionary, non-medicated nutrient powder, non-medicated nutrient tablet.
			1626615	India	30 November 2027	32: Mineral water; aerated water; fruit juice; fruit drinks; syrup; non-alcoholic beverages; enzymatic drinks.
		DXN Industries (Registered owner)	2413529	India	17 October 2032	32: Mineral water; aerated water; fruit juice; fruit drinks; syrup for beverages; non-alcoholic beverages; energy drinks; vegetable drinks and vegetable juices [beverages].
		DXN Marketing (Registered owner)	933284	India	20 June 2030	5: Herbal preparations, food supplements.

ANNEXURE C: OUR TRADEMARKS, BRAND NAMES AND OTHER INTELLECTUAL PROPERTY RIGHTS *(Cont'd)*

No.	Trademark	Registered owner / Applicant	Registration no.	Place of registration	Expiry Date	Class/ Description of trademark
2.	DXN	DXN Marketing (Registered owner)	1328229	India	24 December 2024	3: Cosmetics, cleansers, creams, lotions, hair lotions, toiletries, soaps preparations, shower gels, shower foams, body foams, shampoos, dentifrices, cleaning preparations, perfumery, essential oils. 5: Traditional Chinese medicine, raw material medicine, nutrient additives for medical purposes, pharmaceutical preparations, pharmaceutical preparations for skin care, health foods, dietetic foods, preparations adapted for medical purposes, cosmeceutical preparations, vitamin preparations, herbal preparations and food supplement, herbal medicines, food supplementary, herbal and pharmaceutical products, medicated tea, dietetic substances adapted for medical use, herbal preparations made of natural medicated mushrooms, traditional medicine containing mushroom extracts. 30: Coffee beverages, artificial coffee, unfrosted coffee, roasted coffee, chocolate beverages, cocoa beverages, tea beverages, chocolate confectionery, cereals, coffee confectionery, honey candies, sweets.
3.	COCOZHI Cocozhi	DXN Marketing (Registered owner)	1105191	India	17 May 2032	30: Cocoa beverages; cocoa-based beverages; cocoa-products; chocolates; chocolate, beverages; chocolate-based beverages.
4.	DAXEN	DXN (Registered owner)	1037381	India	16 August 2031	30: Food supplement.

ANNEXURE C: OUR TRADEMARKS, BRAND NAMES AND OTHER INTELLECTUAL PROPERTY RIGHTS *(Cont'd)*

No.	Trademark	Registered owner / Applicant	Registration no.	Place of registration	Expiry Date	Class/ Description of trademark
5.	DAXEN	DXN (Registered owner)	1287997	India	2 June 2024	30: Coffee beverages, chocolate beverages, cocoa beverages, tea beverages, chocolate confectionary, cereals, coffee confectionary, non-medicated nutrient powder, non-medicated nutrient tablet.
6.	DXN REISHI GANO TEA	DXN Marketing (Registered owner	2822536	India	6 October 2024	30: Tea and tea products; carbonated and non carbonated tea based beverages; iced tea; non medicinal herbal tea and infusions.
7.	DXN SPIRULINA	DXN Marketing (Registered owner	(6) 2822538 (Class 29); and	India	6 October 2024	29: Algae extracts for use as food, food stuff; dietetic foodstuffs and food supplements not for medical use based on albumen and minerals.
			(ii) 2822539 (Class 30)			30: Foodstuffs of plant origin, not for medical purposes, on the basis of carbohydrates and fibres, with added mixtures of vitamins, mineral nutrients and trace elements, either separate or in combination; iced tea; fruit sauces (condiments); ketchup; tea-based beverages; coffee-based beverages.
8.	GANOCELIUM (GL)	DXN (Registered owner)	1287996	India	2 June 2024	5: Ayurvedic, nutrient or dietary supplements, pharmaceutical preparations.
			2893092	India	5 February 2025	5: Food supplement preparations containing vitamin and mineral substances.
			1024954	India	10 July 2031	30: Food supplement.

ANNEXURE C: OUR TRADEMARKS, BRAND NAMES AND OTHER INTELLECTUAL PROPERTY RIGHTS *(Cont'd)*

No.	Trademark	Registered owner / Applicant	Registration no.	Place of registration	Expiry Date	Class/ Description of trademark
9.	GANOTHERAPY	DXN (Registered owner)	1626614	India	30 November 2027	42: Medical services, alternative complementary medical services, medical services relating to fitness, nutrition and health, provision of information relating to all of the aforesaid services, advisory and consultancy services relating to all of the aforesaid services.
10.	Ganozhi	DXN (Registered owner)	1024958	India	10 July 2031	3: Soap, shampoo, body foam, toothpaste.
			1287998	India	2 June 2024	3: Cosmetics, soap, toothpaste, shower gels, shower foams, shampoo; cleansers, toner, creams, masks, lipsticks, perfume.
11.	LINGZHI	DXN (Registered owner)	2893091	India	5 February 2025	30: Tea, coffee, cocoa beverages; cocoa based beverages; cocoa products; chocolates; chocolate, beverages; chocolate-based beverages.
12.	LINGZHI Beverage	DXN (Registered owner)	1024957	India	10 July 2031	30: Instant coffee.
13.	Morinzhi	DXN (Registered owner)	1024955	India	10 July 2031	32: Health drink concentrate.
			1288000	India	2 June 2024	32: Non-alcoholic juice, non-alcoholic fruit beverages, non-alcoholic drinks, non-alcoholic fruit drinks, fruit juices, fruit drinks, fruit beverages, preparations for making beverages.

ANNEXURE C: OUR TRADEMARKS, BRAND NAMES AND OTHER INTELLECTUAL PROPERTY RIGHTS *(Cont'd)*

No.	Trademark	Registered owner / Applicant	Registration no.	Place of registration	Expiry Date	Class/ Description of trademark
14.	ONE WORLD ONE MARKET	DXN Marketing (Registered owner)	2149347	India	24 May 2031	35: Marketing; direct marketing; multi-level marketing; business administration and business consultancy; business planning; business analysis and business management; commercial management and assistance; advertising and publicity services; organising trade fairs and exhibitions for commercial or advertising purposes; business organisation and sales promotion consultancy; business consultation in the nature of providing assistance to others in connection with establishing and operating distributorships, wholesale and retail sales, all in the field of pharmaceutical products, food and health supplements; the bringing together (excluding the transport thereof) of a variety of goods, namely pharmaceutical products, food and health supplements, enabling customers to conveniently view and purchase those goods from a global computer network, retail stores, wholesale outlets, distributor outlets or from general merchandise catalogues by mail, telephone, fax and/or all other communication and telecommunication order; advisory and consultancy services in relation to the foregoing services.
15.	REISHI GANO (RG)	DXN (Registered owner)	1287999	India	2 June 2024	5: Ayurvedic, nutrient or dietary supplements, pharmaceutical preparation.
			2893093	India	5 February 2025	5: Food supplements.
			1024953	India	10 July 2031	30: Food supplement.

ANNEXURE C: OUR TRADEMARKS, BRAND NAMES AND OTHER INTELLECTUAL PROPERTY RIGHTS *(Cont'd)*

China

No.	Trademark	Registered owner / Applicant	Registration no.	Place of registration	Expiry Date	Class/ Description of trademark
1.	DXN	DXN (Registered owner)	4463061	China	13 June 2028	3: Peppermint oil (aromatic oil); fragrant bag (a mixture of dry petals and spices); animal cosmetics.
			4046293	China	27 January 2027	5: Traditional Chinese medicine; raw material medicine; nutrient additives for medical purposes; pharmaceutical preparations; pharmaceutical preparations for skin care; health foods; dietetic foods preparations adapted for medical purposes; cosmeceutical preparation; vitamin preparations.
			4463060	China	13 June 2028	5: Air freshener; pest killer; chemical preparations for veterinary use.
			4051683	China	6 March 2028	16: Newsletters.
			4463059	China	13 August 2027	29: Processed nuts; canned mushrooms; frozen fruits; ginger sauce; yoghurt; jelly; beef soup; human consumption fish powder; palm nut oil; fruit salad.
			23890526	China	20 April 2028	29: Edible seaweed extract, dried edible fungus.
			34537104	China	27 July 2029	29: Milk tea (milk-based); cocoa milk (milk-based); milk beverages (milk-based); condensed milk; beaten butter; plant oil; soy milk powder; yoghurt; rice milk; oatmeal.

ANNEXURE C: OUR TRADEMARKS, BRAND NAMES AND OTHER INTELLECTUAL PROPERTY RIGHTS *(Cont'd)*

No.	Trademark	Registered owner / Applicant	Registration no.	Place of registration	Expiry Date	Class/ Description of trademark
			34537105	China	6 August 2029	29: Flesh; fruit slices; edible pollen; apple puree; snacks based on fruits and vegetables; dried vegetables; vegetable soup;. jam; fruit preserves; dried dates.
			42379216	China	13 August 2030	29: Salmon (not alive); tuna (not alive); anchovy; oyster (not alive); crayfish (not alive); lobster (not alive); sea urchin (not alive); clam dry; shrimp (not alive); crab (not alive).
			42373317	China	13 August 2030	29: Fish (not alive); crustaceans (not alive); shellfish (not alive); dried fish fillet; boiled and dried fish; dried clams; dried edible fungi; dried clam; pickled fish products; food related to fish; fish meal for human consumption; processed fish seeds; dry edible seaweed.
			42363911	China	13 August 2030	31: Alive edible aquatic animals; crustaceans (living); edible insects (live); shellfish (alive); alive animals; alive fish; alive poultry; shrimp (alive); fish eggs; silkworm.
			4051684	China	13 June 2026	30: Coffee beverages; chocolate beverages; cocoa beverages; tea beverages; chocolate confectionary; cereals; coffee confectionary; honey; non-medical nutrient powder; non-medical nutrient tablet.
			23890527	China	6 September 2028	30: Edible fragrance.
			34537106	China	27 July 2029	30: Cocoa with milk; unroasted coffee; chocolate cream; coffee; condiments for coffee; coffee beverage; chocolate beverage; coffee beverage with milk; cocoa beverage.

ANNEXURE C: OUR TRADEMARKS, BRAND NAMES AND OTHER INTELLECTUAL PROPERTY RIGHTS *(Cont'd)*

No.	Trademark	Registered owner / Applicant	Registration no.	Place of registration	Expiry Date	Class/ Description of trademark
			4463159	China	13 August 2027	31: Fresh grapes; fresh mushrooms; pollen (raw material); brewing malt; mushroom propagating bacteria; wheat; bark; animal food distillery waste; fresh edible fungi; bacterial species.
			42378375	China	20 August 2030	31: Eel (alive); salmon (alive); tuna (alive); crab (alive); abalone (alive); anchovy (alive); lobster (alive); sea cucumber (alive); crayfish (alive); oysters (alive).
			34537107	China	27 July 2029	31: Mushroom breeding fungi; fresh edible fungi; germ (seed) for cultivating plants; plant seeds; fungi; fresh truffles; fresh mushrooms; fresh fruit; unprocessed seaweed for human or animal consumption; unprocessed seeds.
			4046292	China	20 April 2030	32: Non-alcoholic juice; non-alcoholic fruit beverages; non-alcoholic beverages; non-alcoholic drinks; non-alcoholic fruit drinks; fruit juices; fruit drinks; fruit beverages; preparations for making beverages.
			35704810	China	27 June 2030	32: Beer; malt beer; non-alcoholic cocktail; pastilles for sparkling beverages; soda water; sparkling water; milk tea (mainly non milk); soft drink; coke; tea flavour non-alcoholic beverage.
			39489771	China	13 July 2030	32: Lactic acid beverage (fruit products, non-milk); malt beer; beer; seasoned beer; energy drinks; concentrated fruit juice; fruit smoothie; fruit juice beverage with pulp; coffee flavoured non-alcoholic beverages; plant beverage.

ANNEXURE C: OUR TRADEMARKS, BRAND NAMES AND OTHER INTELLECTUAL PROPERTY RIGHTS *(Cont'd)*

No.	Trademark	Registered owner / Applicant	Registration no.	Place of registration	Expiry Date	Class/ Description of trademark
2.	DLX	DXN (Registered owner)	4542554	China	20 February 2028	30: Oatmeal; instant noodle; starch products; vinegar.
3.	德立信	DXN (Registered owner)	(i) 4046275 (Class 3) (ii) 4046298 (Class 5) (iii) 4046297 (Class 16)	China	6 February 2027	3: Cosmetics; cleansers; creams; lotions; toiletries; soaps; toothpaste; shower gels; shower foams; shampoo. 5: Traditional Chinese medicine; raw material medicine; nurture additives for medical purposes; pharmaceutical preparations; pharmaceutical preparations for skin care; health foods; dietetic foods preparations adapted for medical purposes; cosmetic preparation; vitamin preparations. 16: Newsletters; envelopes; printed publications; note books; stationery tickets; writing pads; document files; adhesive tapes; stickers.
			6107565	China	20 February 2030	5: Traditional Chinese medicine; raw material medicine; nurture additives for medical purposes; pharmaceutical preparations; pharmaceutical preparations for skin care; health foods; dietetic foods preparations adapted for medical purposes; cosmetic preparation; vitamin preparations.

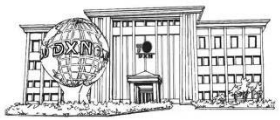
ANNEXURE C: OUR TRADEMARKS, BRAND NAMES AND OTHER INTELLECTUAL PROPERTY RIGHTS *(Cont'd)*

No.	Trademark	Registered owner / Applicant	Registration no.	Place of registration	Expiry Date	Class/ Description of trademark
4.	Fermented Coffee Bean DXN CIVATTINO 德信狸猫咖啡 DXN CIVATTINO Fermented Coffee Bean	DXN (Registered owner)	29939265	China	13 February 2029	30: Coffee, condiments for coffee; coffee beverages; cocoa; chocolate beverages; fruity tea beverages; coffee flavourings; edible fragrance; unroasted coffee.
5.	德希恩	DXN (Registered owner)	(i) 29939267 (Class 3) (ii) 29939264 (Class 29) (iii) 29939268 (Class 44)	China	6 February 2029	3: Soap; facial cleanser; shower gel; moisturising lotion; toner; toothpaste; conditioner; skin care cosmetics; cosmetics; shampoo. 29: Edible seaweed extract; dry edible fungi; coffee creamer; canned vegetables; milk products; dried vegetables; jam; cheese; snacks based on fruits and vegetables; fruit-based snacks. 44: Medical clinic services; medical massages; beauty services; massages; gardening; medical services for fitness, nutrition and health; diet and nutrition guidance; rehabilitation center; gym; optician services.
			(i) 29422704 (Class 16) (ii) 29422703 (Class 32)	China	6 January 2029	16: Newsletters; envelopes (stationeries); printed publications; notebooks; tickets (stationeries); writing pads; document files; stamp pads; transparent films; adhesive tapes.

ANNEXURE C: OUR TRADEMARKS, BRAND NAMES AND OTHER INTELLECTUAL PROPERTY RIGHTS *(Cont'd)*

No.	Trademark	Registered owner / Applicant	Registration no.	Place of registration	Expiry Date	Class/ Description of trademark
						32: Beer; water (beverages); carbonated water; non-alcoholic beverages; beverage making ingredients; yoghurt beverages (fruit products, non-dairy); plant beverages; tea flavoured alcoholic beverages; fruit concentrate beverages (non-alcoholic beverages); carbonated drinks.
			29939266	China	6 May 2029	30: Coffee; tea beverages; coffee condiments; oatmeals; cocoa; cereals; instant noodles; rice-based snacks; coffee beverages.
6.	德希恩	DXN (Registered owner)	40592909	China	20 April 2030	29: Edible seaweed extract; canned fruit; jam; fruit paste; fruit based snacks; dried edible fungi; dried vegetables; jelly; snacks based on fruits and vegetables; vegetable soup.
			40610170	China	20 June 2030	30: Oatmeal food; cereal products; rice ball; instant noodles; noodles based prefabricated food; soy sauce; vinegar; instant rice; prepackaged lunch (mainly rice, but also meat, fish or vegetables).
			40600770	China	20 June 2030	32: Beer; non-alcoholic fruit juice beverage; sparkling water; tea flavor non-alcoholic beverage; fruit juice beverage with pulp; plant beverage; concentrated fruit juice; lactic acid beverage (fruit products, non-milk); milk tea (mainly non milk); non-alcoholic ingredients for making beverages.

ANNEXURE C: OUR TRADEMARKS, BRAND NAMES AND OTHER INTELLECTUAL PROPERTY RIGHTS *(Cont'd)*

No.	Trademark	Registered owner / Applicant	Registration no.	Place of registration	Expiry Date	Class/ Description of trademark
7.		DXN (Registered owner)	40607270	China	20 April 2030	29: Vegetables; jelly; snacks based on fruits and vegetables; vegetable soup.
			40598329	China	13 July 2030	30: Coffee beverage; condiments for coffee; chocolate beverage; cocoa beverage; tea beverage; tea; mint; sweets (candy); sugar; fruity flavoured tea beverage.
			40594187	China	20 July 2030	32: Beer; non-alcoholic fruit juice beverage; sparkling water; tea flavor non-alcoholic beverage; fruit juice beverage with pulp; plant beverage; concentrated fruit juice; lactic acid beverage (fruit products, non-milk); milk tea (mainly non milk); non-alcoholic ingredients for making beverages.
8.	GANOTHERAPY	DXN (Registered owner)	6407531	China	6 April 2030	44: Medical services; alternative complementary medical services; medical services relating to the fitness, nutrition and health; pharmacy advice.
9.	GANOZHI	DXN (Registered owner)	6407568	China	27 March 2030	3: Cosmetics; bath lotion; hair lotion; dentifrices; shampoos; soaps; face cleaning preparations; non-medical face wash; non-medical face scrubs; astringent for cosmetic purposes; lotions for cosmetic purposes; cream for cosmetic purposes; essential oils; perfumes.

Mexico

No.	Trademark [(1)]	Registered owner / Applicant	Registration/ Application no.	Place of registration	Expiry/ Application Date	Class/ Description of trademark
1.		DXN Mexico (Registered owner)	(i) 1116800 (Class 3); (ii) 1117214 (Class 5); (iii) 1116799 (Class 30); and (iv) 1114606 (Class 32)	Mexico	9 July 2029	3: Preparations for whitening and other substances for laundrying clothes; preparations for cleaning, polishing, degreasing and scraping; soap; perfumery products, essential oils, cosmetics, hair lotions; dentifrices. 5: Pharmaceutical and veterinary products; hygienic and sanitary products for medical use; dietary substances for medical use, food for babies: plasters, material for dressings; material for dental fillings and impressions: disinfectants; products to eliminate harmful animals; fungicides, herbicides. 30: Coffee, tea, cocoa, sugar, rice, tapioca, sago, substitute of coffee; flours and preparations based on cereals, bread, pastry and confectionery products, ice creams; honey, molasses syrup; yeast, baking powders; salt, mustard; vinegar, sauces (condiments); spices; ice. 32: Beer; mineral and aerated water, and other non-alcoholic beverages; fruit drinks and fruit juices; syrup and other preparations to make beverages.
			2220114	Mexico	17 March 2031	29: Dried fruits products, dried fruit.

ANNEXURE C: OUR TRADEMARKS, BRAND NAMES AND OTHER INTELLECTUAL PROPERTY RIGHTS *(Cont'd)*

No.	Trademark [1]	Registered owner / Applicant	Registration/ Application no.	Place of registration	Expiry/ Application Date	Class/ Description of trademark
			2155901	Mexico	30 July 2030	35: Advertising; commercial business management; commercial administration; office work, product sales services by catalogue, commercialisation pharmaceutical products, dietary substances for medical use, food supplements, vitamin preparations, soap, perfumery products, essential oils, essential oils, capacity products, sectionals dry fruit, coffee-based beverages, coffee drinks, instant coffee, cereal-based foods for human consumption, cereals, food processed cereals for human consumption, sweet mint pills, non-alcoholic fruit juices, candies, pots and pans (non-electric), steam pots (cooking items), pressure cookers, filters to purify water on account of third parties (commercial intermediary).
2.	Cocozhi	DXN Mexico (Registered owner)	2292873	Mexico	20 September 2022	30: Coffee, tea, cocoa and coffee substitutes; rice; tapioca and sago; flours and cereal-based preparations; bread, pastry and confectionery products; ice cream; sugar, honey, molasses syrup; yeast, baking powders; salt; mustard; vinegar, sauces (condiments); spices; ice.
3.		DXN Mexico (Registered owner)	2292874	Mexico	12 May 2025	30: Coffee, tea, cocoa and coffee substitutes, rice; tapioca and sago; flours and cereal-based preparations; bread; pastry and confectionery products; ice creams; sugar; honey; molasses syrup: yeast. baking powders; salt, mustard, vinegar, sauces (condiments); spices; ice.

ANNEXURE C: OUR TRADEMARKS, BRAND NAMES AND OTHER INTELLECTUAL PROPERTY RIGHTS *(Cont'd)*

No.	Trademark [1]	Registered owner / Applicant	Registration/ Application no.	Place of registration	Expiry/ Application Date	Class/ Description of trademark
4.	DXN CORDYCEPS	DXN Mexico (Registered owner)	2218962	Mexico	12 March 2031	30: Cereal-based foods for human consumption; cereals; processed food cereals for human consumption; instant coffee; coffee drinks; coffee-based drinks; coffee (toasted, powdered, grain or drink).
5.		DXN Mexico (Registered owner)	1606335	Mexico	24 September 2025	35: Advertising, commercial business management; commercial administration; office work; grouping for the benefit of third parties of pharmaceutical products, dietary substances for medical use, food supplements, vitamin preparations, so that consumers can examine them and purchase them at their convenience, such services may be offered by wholesale and retail by a services catalogue or websites.
6.	GANO	DXN Mexico (Registered owner)	1365298	Mexico	19 December 2022	3: Oils for cosmetic use.
7.		DXN Mexico (Registered owner)	1590018	Mexico	25 June 2025	3: Soaps; perfumery products, essential oils; cosmetics, hair lotions; dentifrices.

No.	Trademark [1]	Registered owner / Applicant	Registration/ Application no.	Place of registration	Expiry/ Application Date	Class/ Description of trademark
8.		DXN Mexico (Registered owner)	1590481	Mexico	25 June 2025	5: Pharmaceutical and veterinary products; hygienic and sanitary products for medical use; food and dietary substances for medical or veterinary use, food for babies; food supplements for people and animals; plasters, dressings materials; material for dental fillings and impressions: disinfectants; products to eliminate harmful animals; fungicides, herbicides.
9.		DXN Mexico (Registered owner)	1578593	Mexico	8 July 2025	3: Soaps; perfumery products, essential oils, cosmetics, hair lotions; dentifrices.
10.		DXN Mexico (Registered owner)	1578594	Mexico	8 July 2025	3: Soaps; perfumery products, essential oils, cosmetics, hair lotions; dentifrices.
11.	Ganozhi	DXN Mexico (Registered owner)	1359472	Mexico	7 December 2022	3: Soaps; perfumery products, essential oils, cosmetics, hair lotions; dentifrices.

ANNEXURE C: OUR TRADEMARKS, BRAND NAMES AND OTHER INTELLECTUAL PROPERTY RIGHTS *(Cont'd)*

No.	Trademark [(1)]	Registered owner / Applicant	Registration/ Application no.	Place of registration	Expiry/ Application Date	Class/ Description of trademark
12.	GANOZHI TOOTHPASTE	DXN Mexico (Registered owner)	1590020	Mexico	25 June 2025	3: Soaps; perfumery products, essential oils, cosmetics, hair lotions; dentifrices.
13.	**LINGZHI**	DXN Mexico (Registered owner)	1684439	Mexico	16 June 2026	32: Preparations to make beverages.
14.	DXN Lion's Mane	DXN Mexico (Registered owner)	2371178	Mexico	16 March 2032	5: Food supplements.
15.	**MORINZHI**	DXN Mexico (Registered owner)	1365301	Mexico	19 December 2022	5: Pharmaceutical and veterinary preparations; hygienic and sanitary preparations for medical use; food and dietary substances for medical or veterinary use, baby food; food supplements for people and animals; plasters, dressing material; material for dental fillings and impressions; disinfectants; preparations for the elimination of harmful animals; fungicides, herbicides.

ANNEXURE C: OUR TRADEMARKS, BRAND NAMES AND OTHER INTELLECTUAL PROPERTY RIGHTS *(Cont'd)*

No.	Trademark [1]	Registered owner / Applicant	Registration/ Application no.	Place of registration	Expiry/ Application Date	Class/ Description of trademark
16.	MORINZYME	DXN Mexico (Registered owner)	(i) 1359475 (Class 5); and (ii) 1359473 (Class 32)	Mexico	7 December 2022	5: Pharmaceutical and veterinary preparations; hygienic and sanitary preparations for medical use; food and dietary substances for medical or veterinary use, baby food; food supplements for people and animals; plasters, dressing material; material for dental fillings and impressions; disinfectants; preparations for the elimination of harmful animals; fungicides, herbicides. 32: Beers; mineral and aerated waters and other soft drinks; fruit drinks and fruit juices; syrups and other preparations for making beverages.
17.	ONE WORLD ONE MARKET	DXN Mexico (Registered owner)	90776	Mexico	7 May 2024	35: Advertising; commercial business management; commercial administration; office work, grouping for the benefit of third parties of catalogue sales services and marketing of pharmaceutical products, dietary substances for medical use, food supplements, vitamin preparations.
18.		DXN Mexico (Registered owner)	1590484	Mexico	25 June 2025	5: Pharmaceutical and veterinary preparations; hygienic and sanitary preparations for medical use; food and dietary substances for medical or veterinary use, baby food; food supplements for people and animals, plasters, material for dressings; material for dental fillings and impressions; disinfectants; preparations to eliminate harmful animals; fungicides, herbicides.

ANNEXURE C: OUR TRADEMARKS, BRAND NAMES AND OTHER INTELLECTUAL PROPERTY RIGHTS *(Cont'd)*

No.	Trademark [(1)]	Registered owner / Applicant	Registration/ Application no.	Place of registration	Expiry/ Application Date	Class/ Description of trademark
19.		DXN Mexico (Registered owner)	1363899	Mexico	12 December 2022	30: Tea.
20.		DXN Mexico (Registered owner)	1582492	Mexico	8 July 2025	5: Pharmaceutical and veterinary preparations; hygienic and sanitary preparations for medical use; food and dietary substances for medical or veterinary use, baby food; food supplements for people and animals; plasters, material for dressings; material for dental fillings and impressions; disinfectants; preparations to eliminate harmful animals; fungicides, herbicides.
21.	UN MUNDO UN MERCADO	DXN Mexico (Registered owner)	65155	Mexico	4 May 2031	35: Advertising; commercial business management; commercial administration; office work, catalogue sales services, marketing of pharmaceutical products, dietary substances for medical use, food supplements, vitamin preparations, for third parties (commercial intermediary).
22.		DXN Mexico (Registered owner)	1605158	Mexico	24 September 2025	35: Advertising, commercial business management; commercial administration; home office; groups for the benefit of third parties of pharmaceutical products, dietary substances for medical use, food supplements, vitamin preparations, so that consumers can examine them and purchase them at their convenience, such services may be provided wholesale, retail, through catalogue and/or websites.

Note:

(1) Trademarks 1-3, 5, 7-10, 12, 14, 18, 20 and 22 are in colour.

ANNEXURE C: OUR TRADEMARKS, BRAND NAMES AND OTHER INTELLECTUAL PROPERTY RIGHTS *(Cont'd)*

Indonesia

No.	Trademark[1]	Registered owner / Applicant	Registration no.	Place of registration	Expiry Date	Class/ Description of trademark
1.	DXN	DXN Marketing (Registered owner)	IDM000367148	Indonesia	11 February 2031	5: Food products are abstinence for medical purposes, pharmaceutical, preparations for medical purposes namely supplements, vitamins and minerals.
2.	DXN	DXN Industries (Registered owner)	IDM000529779	Indonesia	25 September 2032	30: Coffee; artificial coffee; tea; herbal tea; candy, sweets; herbal candy; soy based beverages (milk substitutes); cocoa beverages; vinegar.
3.	Andro-G	Daxen Indonesia (Registered owner)	IDM000365839	Indonesia	01 February 2031	5: Food products are abstinence for medical purposes, pharmaceutical, preparations for medical purposes namely supplements, vitamins and minerals.
4.	Cocozhi	DXN Marketing (Registered owner)	IDM000512511	Indonesia	3 October 2023	30: Cocoa and cocoa mixes; chocolate beverages; cocoa beverages with milk; chocolates; chocolate-based beverages; cocoa-based beverages.

ANNEXURE C: OUR TRADEMARKS, BRAND NAMES AND OTHER INTELLECTUAL PROPERTY RIGHTS *(Cont'd)*

No.	Trademark[(1)]	Registered owner / Applicant	Registration no.	Place of registration	Expiry Date	Class/ Description of trademark
5.	德信 DA XEN	DXN Marketing (Registered owner)	IDM000367149	Indonesia	11 February 2031	5: Food products are abstinence for medical purposes, pharmaceutical, preparations for medical purposes namely supplements, vitamins and minerals.
6.	DAXEN	DXN Marketing (Registered owner)	IDM000367152	Indonesia	11 February 2031	5: Food products are abstinence for medical purposes, pharmaceutical, preparations for medical purposes namely supplements, vitamins and minerals.
7.	DAXEN GL-30	DXN Marketing (Registered owner)	IDM000200074	Indonesia	7 August 2028	5: Food products are abstinence for medical purposes.

ANNEXURE C: OUR TRADEMARKS, BRAND NAMES AND OTHER INTELLECTUAL PROPERTY RIGHTS *(Cont'd)*

No.	Trademark[(1)]	Registered owner / Applicant	Registration no.	Place of registration	Expiry Date	Class/ Description of trademark
8.		DXN Marketing (Registered owner)	IDM000200075	Indonesia	7 August 2028	5: Food products are abstinence for medical purposes.
9.		DXN Marketing (Registered owner)	IDM000199369	Indonesia	7 August 2028	5: Food products are abstinence for medical purposes.
10.		DXN Marketing (Registered owner)	IDM000200076	Indonesia	7 August 2028	5: Food products are abstinence for medical purposes.
11.		Daxen Indonesia (Registered owner)	IDM000548936	Indonesia	10 September 2024	5: Food products are abstinence for medical purposes, pharmaceutical, preparations for medical purposes namely supplements, vitamins and minerals.

ANNEXURE C: OUR TRADEMARKS, BRAND NAMES AND OTHER INTELLECTUAL PROPERTY RIGHTS *(Cont'd)*

No.	Trademark[(1)]	Registered owner / Applicant	Registration no.	Place of registration	Expiry Date	Class/ Description of trademark
12.	Ganozhi	Daxen Indonesia (Registered owner)	IDM000548937	Indonesia	10 September 2024	3: Preparations for whitening and washing, cleaning, shining, fat removing and rubbing preparations, bath soap, shampoo, cosmetics.
13.	Morinzhi	Daxen Indonesia (Registered owner)	IDM000365841	Indonesia	1 February 2031	5: Food products are abstinence for medical purposes, pharmaceutical, preparations for medical purposes namely supplements, vitamins and minerals.
14.	ONE WORLD ONE MARKET	DXN Marketing (Registered owner)	IDM000380934	Indonesia	1 June 2031	35: Marketing; direct marketing; multi-level marketing; business administration and business consultancy; business planning; business analysis and business management; commercial management and assistance; advertising and publicity services; organising trade fairs and exhibitions for commercial or advertising purposes; business organisation and sales promotion consultancy; business consultation in the nature of providing assistance to others in connection with establishing and operating distributorships, wholesale and retail sales, all in the field of pharmaceutical products, food and health supplements; the bringing together (excluding the transport thereof) of a variety of goods, namely pharmaceutical products, food and health supplements, enabling customers to conveniently view and purchase those goods from a global computer network, retail stores, wholesale outlets, distributor outlets or from general merchandise catalogues by mail, telephone, fax and/or all other communication and telecommunication order; advisory and consultancy services in relation to the foregoing services.

ANNEXURE C: OUR TRADEMARKS, BRAND NAMES AND OTHER INTELLECTUAL PROPERTY RIGHTS *(Cont'd)*

No.	Trademark[1]	Registered owner / Applicant	Registration no.	Place of registration	Expiry Date	Class/ Description of trademark
15.	Reishi	Daxen Indonesia (Registered owner)	IDM000550156	Indonesia	10 September 2024	3: Preparations for whitening and washing, cleaning, shining, fat removing and rubbing preparations, bath soap, shampoo, cosmetics.
16.	pica	Daxen Indonesia (Registered owner)	IDM000551727	Indonesia	10 September 2024	30: Coffee; artificial coffee; tea; herbal tea; candy, sweets; herbal candy; soy based beverages (milk substitutes); cocoa beverages; vinegar.
17.	ZHI MINT	Daxen Indonesia (Registered owner)	IDM000547996	Indonesia	03 September 2024	30: Coffee; artificial coffee; tea; herbal tea; candy, sweets; herbal candy; soy based beverages (milk substitutes); cocoa beverages; vinegar.
18.	Zhi Tea	Daxen Indonesia (Registered owner)	IDM000687495	Indonesia	15 October 2024	5: Food products are abstinence for medical purposes, pharmaceutical, preparations for medical purposes namely supplements, vitamins and minerals.
19.	1 2 1 ONE TO ONE	Daxen Indonesia (Registered owner)	IDM000365836	Indonesia	01 February 2031	3: Preparations for whitening and washing, cleaning, shining, fat removing and rubbing preparations, bath soap, shampoo, cosmetics.

Note:

(1) Trademarks 1, 3, 6-13 and 15-18 are in colour.

Peru

No.	Trademark [1]	Registered owner / Applicant	Registration no.	Place of registration	Expiry Date	Class/ Description of trademark
1.		DXN Peru (Registered owner)	P00161800	Peru	26 February 2030	03: Bleaching preparations and other substances for laundry use; cleaning, polishing, scouring and abrasive preparations; perfumery, essential oils; cosmetics and toiletry preparations; non-medicated dentifrices.
			T00001241	Peru	21 June 2030	5: Nutritional supplement, healthcare products.
						30: Coffee, tea, cocoa, edible ices, molasses syrup, flours.
			T00000540	Peru	2 December 2029	32: Non-alcoholic beverages; fruit beverages and fruit juices.
2.		DXN Peru (Registered owner)	P00274900	Peru	25 January 2029	5: Nutritional supplements.
3.		DXN Peru (Registered owner)	P00279294	Peru	22 May 2029	3: Non-medicated cosmetics.

ANNEXURE C: OUR TRADEMARKS, BRAND NAMES AND OTHER INTELLECTUAL PROPERTY RIGHTS *(Cont'd)*

No.	Trademark [1]	Registered owner / Applicant	Registration no.	Place of registration	Expiry Date	Class/ Description of trademark
4.	One World One Market[2]	DXN Peru (Registered owner)	L00005281	Peru	21 November 2031	32: Non-alcoholic beverages; fruit beverages and fruit juices.
5.	Un Mundo Un Mercado[2]	DXN Peru (Registered owner)	L00005291	Peru	9 December 2031	32: Non-alcoholic beverages; fruit beverages and fruit juices.

Notes:

(1) Trademarks 1 and 2 are in colour.

(2) This commercial slogan accompanies the trademark with the registration no. T00000540.

Bolivia

No.	Trademark[1]	Registered owner / Applicant	Registration/ Application no.	Place of registration	Expiry/ Application Date	Class/ Description of trademark
1.	DXN	DXN Industries (Registered owner)	(i) 136641-C (Class 3); (ii) 136642-C (Class 5); (iii) 136643-C (Class 30); and (iv) 136644-C (Class 32)	Bolivia	18 May 2032	3: Bleaching preparations and other substances for laundry use; cleaning, polishing, scouring and abrasive preparations; non-medicated soaps; perfumery, essential oils, non-medicated cosmetics, non-medicated hair lotions; non-medicated dentifrices. 5: Pharmaceuticals, medical and veterinary preparations; sanitary preparations for medical purposes; dietetic food and substances adapted for medical or veterinary use, food for babies; dietary supplements for humans and animals; plasters, materials for dressings; material for stopping teeth, dental wax; disinfectants; preparations for destroying vermin; fungicides, herbicides. 30: Coffee, tea, cocoa and artificial coffee; rice; tapioca and sago; flour and preparations made from cereals; bread, pastries and confectionery; edible ices; sugar, honey, treacle; yeast, baking-powder; salt, mustard; vinegar, sauces (condiments); spices; ice for refreshment. 32: Beers; mineral and aerated waters and other non-alcoholic beverages; fruit beverages and fruit juices; syrups and other preparations for making beverages.
		DXN Bolivia (Applicant)	(i) 2911-2019 (class 30); and (ii) 2912-2019 (class 35)	Bolivia	Application date: 04 July 2019[2]	30: Coffee, tea, cocoa and artificial coffee; rice; tapioca and sago; flour and preparations made from cereals; bread, pastries and confectionery; edible ices; sugar, honey, treacle; yeast, baking-powder; salt, mustard; vinegar, sauces (condiments); spices; ice for refreshment.

ANNEXURE C: OUR TRADEMARKS, BRAND NAMES AND OTHER INTELLECTUAL PROPERTY RIGHTS *(Cont'd)*

No.	Trademark[(1)]	Registered owner / Applicant	Registration/ Application no.	Place of registration	Expiry/ Application Date	Class/ Description of trademark
						35: Advertising; business management; business administration; office functions.
2.	COCOZHI	DXN Bolivia (Registered owner)	177442-C	Bolivia	19 January 2028	30: Coffee, tea, cocoa and artificial coffee; rice; tapioca and sago; flour and preparations made from cereals; bread, pastries and confectionery; edible ices; sugar, honey, treacle; yeast, baking-powder; salt, mustard; vinegar, sauces (condiments); spices; ice for refreshment.
3.	eWORLD	DXN Bolivia (Registered owner)	188810-C	Bolivia	26 November 2029	35: Advertising; business management; business administration; office functions.
4.	GANOZHI	DXN Bolivia (Registered owner)	177443-C	Bolivia	19 January 2028	30: Coffee, tea, cocoa and artificial coffee; rice; tapioca and sago; flour and preparations made from cereals; bread, pastries and confectionery; edible ices; sugar, honey, treacle; yeast, baking-powder; salt, mustard; vinegar, sauces (condiments); spices; ice for refreshment.
5.	LINGZHI	DXN Bolivia (Registered owner)	192008-C	Bolivia	31 December 2030	30: Coffee, tea, cocoa and artificial coffee; rice; tapioca and sago; flour and preparations made from cereals; bread, pastries and confectionery; edible ices; sugar, honey, treacle; yeast, baking-powder; salt, mustard; vinegar, sauces (condiments); spices; ice for refreshment.

ANNEXURE C: OUR TRADEMARKS, BRAND NAMES AND OTHER INTELLECTUAL PROPERTY RIGHTS *(Cont'd)*

No.	Trademark[1]	Registered owner / Applicant	Registration/ Application no.	Place of registration	Expiry/ Application Date	Class/ Description of trademark
6.	Lemonzhi	DXN Bolivia (Registered owner)	192396-C	Bolivia	19 March 2031	30: Coffee, tea, cocoa and artificial coffee; rice; tapioca and sago; flour and preparations made from cereals; bread, pastries and confectionery; edible ices; sugar, honey, treacle; yeast, baking-powder; salt, mustard; vinegar, sauces (condiments); spices; ice for refreshment.
7.	ONE WORLD ONE MARKET	DXN Marketing (Registered owner)	138318-C	Bolivia	24 July 2022	35: Marketing; direct marketing; multi-level marketing; business administration and business consultancy; business planning; business analysis and business management; commercial management and assistance; advertising and publicity services; organising trade fairs and exhibitions for commercial or advertising purposes; business organisation and sales promotion consultancy; business consultation in the nature of providing assistance to others in connection with establishing and operating distributorships, wholesale and retail sales, all in the field of pharmaceutical products, food and health supplements; the bringing together (excluding the transport thereof) of a variety of goods, namely pharmaceutical products, food and health supplements, enabling customers to conveniently view and purchase those goods from a global computer network, retail stores, wholesale outlets, distributor outlets or from general merchandise catalogues by mail, telephone, fax and/or all other communication and telecommunication order; advisory and consultancy services in relation to the foregoing services.

ANNEXURE C: OUR TRADEMARKS, BRAND NAMES AND OTHER INTELLECTUAL PROPERTY RIGHTS *(Cont'd)*

No.	Trademark[1]	Registered owner / Applicant	Registration/ Application no.	Place of registration	Expiry/ Application Date	Class/ Description of trademark
8.	ONE WORLD ONE MARKET	DXN Bolivia (Applicant)	2636-2019	Bolivia	Application date: 17 June 2019[2]	Slogan.
9.	SPIRULINA CEREAL	DXN Bolivia (Registered owner)	185616-C	Bolivia	31 May 2029	30: Coffee, tea, cocoa and artificial coffee; rice; tapioca and sago; flour and preparations made from cereals; bread, pastries and confectionery; edible ices; sugar, honey, treacle; yeast, baking-powder; salt, mustard; vinegar, sauces (condiments); spices; ice for refreshment.
10.	UN MUNDO UN MERCADO	DXN Bolivia (Applicant)	2635-2019	Bolivia	Application date: 17 June 2019[3]	Slogan.
11.	VITA CAFE	DXN Bolivia (Registered owner)	180342-C	Bolivia	23 July 2028	30: Coffee, tea, cocoa and artificial coffee; rice; tapioca and sago; flour and preparations made from cereals; bread, pastries and confectionery; edible ices; sugar, honey, treacle; yeast, baking-powder; salt, mustard; vinegar, sauces (condiments); spices; ice for refreshment.
12.	Zhi Mint Plus	DXN Bolivia (Registered owner)	188757-C	Bolivia	26 November 2029	30: Coffee, tea, cocoa and artificial coffee; rice; tapioca and sago; flour and preparations made from cereals; bread, pastries and confectionery; edible ices; sugar, honey, treacle; yeast, baking-powder; salt, mustard; vinegar, sauces (condiments); spices; ice for refreshment; confectionery; peppermint sweets.

ANNEXURE C: OUR TRADEMARKS, BRAND NAMES AND OTHER INTELLECTUAL PROPERTY RIGHTS *(Cont'd)*

No.	Trademark(1)	Registered owner / Applicant	Registration/ Application no.	Place of registration	Expiry/ Application Date	Class/ Description of trademark
13.	Zhi Mocha	DXN Bolivia (Registered owner)	185074-C	Bolivia	30 April 2029	30: Coffee, tea, cocoa and artificial coffee; rice; tapioca and sago; flour and preparations made from cereals; bread, pastries and confectionery; edible ices; sugar, honey, treacle; yeast, baking-powder; salt, mustard; vinegar, sauces (condiments); spices; ice for refreshment.

Notes:

(1) Trademarks 1 and 3 are in colour.

(2) The application is currently in the stage of analysis of registrability and the certificate of registration is expected to be obtained by third quarter of 2022.

(3) The application has been approved and registered post LPD and pending the issuance of certificate of registration.

ANNEXURE C: OUR TRADEMARKS, BRAND NAMES AND OTHER INTELLECTUAL PROPERTY RIGHTS *(Cont'd)*

Philippines

No.	Trademark/Trade dress [1]	Registered owner / Applicant	Registration no.	Place of registration	Expiry Date	Class/ Description of trademark
1.	DXN	DXN Marketing (Registered owner)	4/2001/00002615	Philippines	5 December 2024	5: Herbal supplements and medicines containing mushroom powder, concentrate and extract, enzymes, fermented food and fermented beverages.
		DIPL Philippines Branch (Registered owner)	4/2012/00502043	Philippines	8 February 2023	35: Import, export, distribution of goods; sale and wholesale of all kinds of health foods, food products, food supplements, traditional medicine, cosmetics, household care products, personal care products. 41: Publication of magazines and other materials.
2.	DXN	DIPL Philippines Branch (Registered owner)	4/2015/00504529	Philippines	10 December 2025	35: Import, export, and distribution of goods sale and wholesale of all kinds of health foods, food products, food supplement, traditional medicine, cosmetics, household care products, personal care products. 41: Publication of magazines and other materials.
3.	DXN ALOE.V	DIPL Philippines Branch (Registered owner)	4/2015/00504519	Philippines	21 January 2026	3: Cosmetic and personal care products such as lipstick and lipgloss; facial, hand and bodywash; moisturiser; facial, hand, and body cream; hand and body lotion; body oil, hydrating toner; cleansing cream and gel; aquagel, liquid cleanser; soap; shampoo.
4.	Andro-G	DIPL Philippines Branch (Registered owner)	4/2003/00005540	Philippines	6 January 2026	5: Processed food supplement.

ANNEXURE C: OUR TRADEMARKS, BRAND NAMES AND OTHER INTELLECTUAL PROPERTY RIGHTS *(Cont'd)*

No.	Trademark/Trade dress [(1)]	Registered owner / Applicant	Registration no.	Place of registration	Expiry Date	Class/ Description of trademark
5.	Cocozhi	DIPL Philippines Branch (Registered owner)	4/2002/00003664	Philippines	26 May 2028	30: Chocolate beverage drink; flavoured chocolate beverage with Ganoderma extract.
6.		DIPL Philippines Branch (Registered owner)	4/2007/00003390	Philippines	30 July 2029	5: Processed food supplement.
7.	CORDYPINE	DIPL Philippines Branch (Registered owner)	4/2005/00004626	Philippines	25 June 2027	32: Herbal juice.
8.	DXN Ganozhi	DIPL Philippines Branch (Registered owner)	4/2003/00011446	Philippines	18 March 2026	3: Massage oil.
9.	DXN Lion's Mane	DIPL Philippines Branch (Registered owner)	4/2003/00011447	Philippines	25 September 2026	32: Herbal juice.

ANNEXURE C: OUR TRADEMARKS, BRAND NAMES AND OTHER INTELLECTUAL PROPERTY RIGHTS *(Cont'd)*

No.	Trademark/Trade dress [(1)]	Registered owner / Applicant	Registration no.	Place of registration	Expiry Date	Class/ Description of trademark
10.	DXN ROSELLE	DIPL Philippines Branch (Registered owner)	4/2012/00501881	Philippines	8 February 2023	32: Herbal juice, fruit drink and beverage.
11.	Roselle	DIPL Philippines Branch (Registered owner)	4/2003/00007864	Philippines	23 October 2029	30: Herbal candy.
12.	DXN Spirulina	DIPL Philippines Branch (Registered owner)	4/2003/00005545	Philippines	25 December 2025	5: Food supplement.
13.	DXN SPIRULINA	DIPL Philippines Branch (Registered owner)	4/2005/00004631	Philippines	7 April 2028	30: Cereal.
14.	GANOCELIUM (GL)	DIPL Philippines Branch (Registered owner)	4/2020/00504893	Philippines	23 December 2031	5: Food supplement.

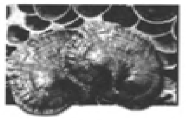
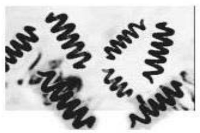
ANNEXURE C: OUR TRADEMARKS, BRAND NAMES AND OTHER INTELLECTUAL PROPERTY RIGHTS *(Cont'd)*

No.	Trademark/Trade dress [(1)]	Registered owner / Applicant	Registration no.	Place of registration	Expiry Date	Class/ Description of trademark
15.	Ganozhi	DIPL Philippines Branch (Registered owner)	4/2015/00504522	Philippines	26 May 2026	3: Cosmetic and personal care products such as lipstick and lipgloss; facial, hand and bodywash, moisturiser; facial, hand, and body cream; hand and body lotion; body oil, hydrating toner; cleansing cream and gel; aquagel, liquid cleanser; soap; shampoo; toothpaste.
16.	LINGZHI	DIPL Philippines Branch (Registered owner)	4/2015/00504168	Philippines	17 September 2025	30: Coffee, soya, malt, tea.
17.		DIPL Philippines Branch (Registered owner)	4/2007/00003391	Philippines	18 August 2028	5: Processed food.
18.	Morinzhi	DIPL Philippines Branch (Registered owner)	4/2000/00010253	Philippines	1 October 2025	32: Juices.
19.		DIPL Philippines Branch (Registered owner)	4/2003/00007863	Philippines	25 June 2029	5: Non-alcoholic processed herbal nutritional supplement.

ANNEXURE C: OUR TRADEMARKS, BRAND NAMES AND OTHER INTELLECTUAL PROPERTY RIGHTS *(Cont'd)*

No.	Trademark/Trade dress [(1)]	Registered owner / Applicant	Registration no.	Place of registration	Expiry Date	Class/ Description of trademark
20.		DIPL Philippines Branch (Registered owner)	4/2003/00007865	Philippines	26 May 2028	30: Tea.
21.	ZHI MINT	DIPL Philippines Branch (Registered owner)	4/2005/00004634	Philippines	7 April 2028	30: Candy.
22.		DIPL Philippines Branch (Registered owner)	4/2012/00502044	Philippines	7 June 2028	35: Import, export, distribution of goods; sale and wholesale of all kinds of health foods, food products, food supplements, traditional medicine, cosmetics, household care products, personal care products. 41: Publication of magazines and other materials.
23.		DIPL Philippines Branch (Registered owner)	4/2003/00005546	Philippines	20 November 2025	30: Coffee.

ANNEXURE C: OUR TRADEMARKS, BRAND NAMES AND OTHER INTELLECTUAL PROPERTY RIGHTS *(Cont'd)*

No.	Trademark/Trade dress [(1)]	Registered owner / Applicant	Registration no.	Place of registration	Expiry Date	Class/ Description of trademark
24.		DIPL Philippines Branch (Registered owner)	4/2015/00504520	Philippines	26 January 2026	5: Food supplement.
25.		DIPL Philippines Branch (Registered owner)	4/2012/00501932	Philippines	5 April 2023	32: Herbal juice, fruit juice and beverage.
26.		DIPL Philippines Branch (Registered owner)	4/2012/00502882	Philippines	14 June 2023	5: Food supplement.

Note:

(1) Trademarks 11 and 20 are in colour.

ANNEXURE C: OUR TRADEMARKS, BRAND NAMES AND OTHER INTELLECTUAL PROPERTY RIGHTS *(Cont'd)*

United States

No.	Trademark[(1)]	Registered owner / Applicant	Registration no.	Place of registration	Expiry Date	Class/ Description of trademark
1.	DXN	Daxen USA (Registered owner)	4,464,836	United States	14 January 2024	3: For skin soap, toothpaste, hair shampoo containing Ganoderma.
			4,464,837	United States	14 January 2024	5: For dietary supplements, namely GL and RG containing Ganoderma.
			4,413,507	United States	8 October 2023	30: For tea, coffee containing Ganoderma.
2.	COCOZHI	DXN Marketing (Registered owner)	2,889,728	United States	28 September 2024	29: For Chocolate milk; dairy-based chocolate food beverage; vegetable-based chocolate food beverage. 30: Cocoa products, namely, cocoa and cocoa mixes, chocolate food beverage not being dairy-based or vegetable-based; cocoa beverages with milk; chocolates; hot chocolate; chocolate-based beverages; cocoa-based beverage.
3.	DXN COCOZHI	Daxen USA (Registered owner)	6,162,365	United States	29 September 2030	5: Beverages containing Ganodermafor use as a nutritional supplement. 30: Cocoa-based beverages.
4.	DXN CORDYPINE	Daxen USA (Registered owner)	6,162,385	United States	29 September 2030	5: Beverages containing fermented pineapple and cordyceps for use as a nutritional supplement. 32: Pineapple juice beverages.
5.	DXN LION'S MANE	Daxen USA (Registered owner)	6,162,363	United States	29 September 2030	5: Dietary and nutritional supplements containing hericium erinaceus.

ANNEXURE C: OUR TRADEMARKS, BRAND NAMES AND OTHER INTELLECTUAL PROPERTY RIGHTS *(Cont'd)*

No.	Trademark(1)	Registered owner / Applicant	Registration no.	Place of registration	Expiry Date	Class/ Description of trademark
6.	DXN MORINZHI	Daxen USA (Registered owner)	6,173,271	United States	13 October 2030	5: Beverages containing morinda citrifolia and roselle for use as a nutritional supplement. 32: Fruit-based beverages.
7.	DXN MYCOVEGGIES	Daxen USA (Registered owner)	6,107,509	United States	21 July 2030	5: Dietary and nutritional supplements containing mixtures of vegetables, mushrooms, herbs and spices.
8.	DXN MYCOVITA	Daxen USA (Registered owner)	6,107,500	United States	21 July 2030	5: Dietary and nutritional supplements containing Ganoderma, namely RG and GL in powdered form.
9.	DXN REISHI GANO TEA	Daxen USA (Registered owner)	6,162,364	United States	29 September 2030	5: Beverages containing RG and camellia sinesus for use as a nutritional supplement. 30: Tea-based beverages also containing RG and camellia sinesus.
10.	GANO MASSAGE OIL	Daxen USA (Registered owner)	3,012,984	United States	5 February 2026	3: For massage oil containing Ganoderma extract and palm oil.
11.	ICING ON THE CAKE	Daxen USA (Registered owner)	4,712,050	United States	31 March 2025	35: For multi-level marketing services.
12.	MORINZYME	Daxen USA (Registered owner)	3,044,527	United States	5 February 2026	32: For botanical fruit based beverage not containing any artificial preservatives, colourings or flavourings featuring a combination of all natural enzymes produced from the fermentation process of morinda citrifolia concentrate.

ANNEXURE C: OUR TRADEMARKS, BRAND NAMES AND OTHER INTELLECTUAL PROPERTY RIGHTS *(Cont'd)*

No.	Trademark[(1)]	Registered owner / Applicant	Registration no.	Place of registration	Expiry Date	Class/ Description of trademark
13.	ONE WORLD ONE MARKET	DXN Marketing (Registered owner)	4,415,271	United States	8 October 2023	35: For direct marketing and multi-level marketing in the fields of pharmaceutical products and food and health supplements; direct online wholesale and retail distributorships in the fields of pharmaceutical products and food and health supplements.
14.	SPICA TEA	Daxen USA (Registered owner)	3,026,816	United States	5 February 2026	30: For tea specially formulated with natural Chinese herbs including Ganoderma, lucidum and radix glycyrrhzae.
15.	zhi Café	Daxen USA (Registered owner)	3,031,083	United States	6 February 2026	30: For coffee containing roasted coffee beans and Ganoderma.

Note:

(1) Trademark 15 is in colour.

ANNEXURE C: OUR TRADEMARKS, BRAND NAMES AND OTHER INTELLECTUAL PROPERTY RIGHTS *(Cont'd)*

Thailand

No.	Trademark[(1)]	Registered owner / Applicant	Registration no.	Place of registration	Expiry Date	Class/ Description of trademark
1.	DXN	DXN Marketing (Registered owner)	(i) TM101434 (Class 3); and (ii) TM101441 (Class 5); and (iii) TM176342 (Class 30)	Thailand	7 January 2029	3: Toothpaste, shampoo, body form. 5: Scald burn ointment, body tonic. 30: Tea, coffee.
2.	Cocozhi	DXN Marketing (Registered owner)	TM404662	Thailand	5 September 2023	30: Cocoa, mixed cocoa, chocolate drink. cocoa drink with milk, chocolate, a drink with chocolate as the main ingredient, a drink with cocoa as the main ingredient.
3.	DAXEN	DXN Marketing (Registered owner)	TM176343	Thailand	16 March 2029	5: Herbs produced from mushrooms used in medicine, dietary supplements, medicinal teas.
4.	德信 DAXEN	DXN Marketing (Registered owner)	TM115329	Thailand	16 March 2029	5: Herbs produced from mushrooms used in medicine, dietary supplements, medicinal teas.

ANNEXURE C: OUR TRADEMARKS, BRAND NAMES AND OTHER INTELLECTUAL PROPERTY RIGHTS *(Cont'd)*

No.	Trademark[(1)]	Registered owner / Applicant	Registration no.	Place of registration	Expiry Date	Class/ Description of trademark
5.	GANOTHERAPY	DXN Marketing (Registered owner)	TM126632	Thailand	16 March 2029	5: Herbs produced from mushrooms used in medicine, dietary supplements, medicinal teas.
6.	Ganozhi GANOZHI	DXN (Registered owner)	TM297535	Thailand	25 December 2027	3: Skin care cream, skin care gel, skin care oil, body lotion, skin care soap, skin care mask, exfoliating cream, cosmetic set for facial, cosmetics for lips, cosmetics for cheeks, cosmetics for the neck, eye makeup, UV protection cosmetics for face and body, soaps, cleansing and facial lotions (toners), shampoo, toothpaste.

Note:

(1) Trademark 1 is in colour.

Colombia

No.	Trademark[1]	Registered owner / Applicant	Registration no.	Place of registration	Expiry Date	Class/ Description of trademark
1.		DXN Industries (Registered owner)	(i) 423209 (Class 3); and (ii) 423210 (Class 30)	Colombia	14 April 2031	3: Bleaching preparations and other substances for laundry use; cleaning, polishing, scouring and abrasive preparations; soaps; perfumery, essential oils, cosmetics, hair lotions; dentifrices. 30: Coffee, tea, cocoa, sugar, rice, tapioca, sago, artificial coffee; flour and preparations made from cereals, bread, pastry and confectionery, ices; honey, treacle; yeast, baking-powder; salt, mustard; vinegar, sauces (condiments); spices; ice.
		DXN Industries (Registered owner)	(i) 424268 (Class 5); and (ii) 424267 (Class 32)	Colombia	28 April 2031	5: Pharmaceutical and veterinary preparations; sanitary preparations for medical purposes; dietetic substances adapted for medical use, food for babies; plasters, materials for dressings; material for stopping teeth, dental wax; disinfectants; preparations for destroying vermin; fungicides, herbicides. 32: Beers; mineral and aerated waters and other non-alcoholic drinks; fruit drinks and fruit juices; syrups and other preparations for making beverages.

Note:

(1) Trademark 1 is in colour.

ANNEXURE C: OUR TRADEMARKS, BRAND NAMES AND OTHER INTELLECTUAL PROPERTY RIGHTS *(Cont'd)*

Mongolia

No.	Trademark	Registered owner / Applicant	Registration no.	Place of registration	Expiry Date	Class/ Description of trademark
1.	DXN	DXN Industries (Registered owner)	9205	Mongolia	4 April 2031	3: Bleaching preparations and other substances for laundry use; cleaning, polishing, scouring and abrasive preparations; soaps; perfumery; essential oils, cosmetics, hair lotions; dentifrices. 5: Pharmaceutical, veterinary and sanitary preparations; dietetic substances adapted for medical use, food for babies; disinfectants; preparations for destroying vermin; fungicides, herbicides. 30: Coffee, tea, cocoa, sugar, rice, tapioca, sago, artificial coffee; flour and preparations made from cereals, bread, pastry and confectionery, ices; honey, treacle; yeast, baking-powder, salt, mustard; vinegar, sauces (condiments); spices; ice. 32: Beers; mineral and aerated waters and other non-alcoholic drinks; fruit drinks and fruit juices; syrups and other preparations for making beverages.

ANNEXURE C: OUR TRADEMARKS, BRAND NAMES AND OTHER INTELLECTUAL PROPERTY RIGHTS *(Cont'd)*

No.	Trademark	Registered owner / Applicant	Registration no.	Place of registration	Expiry Date	Class/ Description of trademark
2.	ONE WORLD ONE MARKET	DXN Marketing (Registered owner)	9502	Mongolia	12 August 2031	35: Marketing, direct marketing, multi-level marketing; business management and business consulting, business planning, business analysis and business administration, commercial management and support, advertising, advertising services, organising trade fairs and exhibitions, business organisation, sales promotion advice, pharmaceuticals, food, health supplements distributors, wholesale and retail business start-ups to support people in starting and running businesses, a wide range of products such as pharmaceuticals and food, centralise health supplements in one place, allow customers to view the products from the global computer network, retail stores, wholesale outlets, distributors and product catalogs enabling to order and purchase via e-mail, telephone, fax and all other communications and telecommunications facilities, provide consulting services on the above-mentioned services.

ANNEXURE C: OUR TRADEMARKS, BRAND NAMES AND OTHER INTELLECTUAL PROPERTY RIGHTS *(Cont'd)*

Morocco

No.	Trademark	Registered owner / Applicant	Registration no.	Place of registration	Expiry Date	Class/ Description of trademark
1.		DXN Industries (Registered owner)	205881	Morocco	26 June 2029	30: Coffee; artificial coffee; tea; herbal tea; candy; sweets; herbal candy; cocoa beverages; vinegar; spices; sugar; honey; pastries; confectionery; chocolate; flour and preparations made from cereal; sauces (condiments). 32: Mineral water; aerated water; fruit juice; fruit drinks; syrup for beverages; non-alcoholic beverages and enzymatic drinks; drinking water; fermented beverages; soy based beverages.
		Daxen Morocco (Registered owner)	171718	Morocco	11 December 2025	3: Cosmetic cream; toothpaste; detergents; lipsticks; oils for cosmetics use; perfumes; soaps; shampoos. 5: Nutritional supplements. 11: Filter for drinking water.

Note:

* *In addition to the above, as at the LPD, we have more than 50 registered material trade dress in Bolivia, Mexico and Peru.*

DXN has filed a single application (Application No. 1569035) with 31 designating countries for the protection of DXN logo and mark (colour) under the classes of 3, 5, 30 and 32 via the Madrid system using the Malaysian application for the DXN logo mark in classes 3, 5, 30 and 32 as the basic application. The Malaysian application for the DXN logo mark is now registered in classes 3, 5, 30 and 32 and a certificate of registration has been obtained. A decision on the scope of protection for the 31 designations will be made within 12 or 18 months (or any other period as may be specified by the Intellectual Property Office in respective designating countries) from the date when the World Intellectual Property Organization notified the office of its designation. As at the LPD, the Company has been granted protection in 19 countries (Austria, Bulgaria, Benelux, Denmark, France, Greece, Hungary, Kyrgyzstan, New Zealand, Norway, Poland, Portugal, Russia, Slovakia, Spain, Sweden, Tajikistan, Ukraine and United Kingdom).

DXN HOLDINGS BHD.
BY-LAWS OF THE EMPLOYEES' SHARE OPTION SCHEME

1. NAME OF SCHEME

This ESOS (as defined herein) will be called the "DXN Employees' Share Option Scheme".

2. RATIONALE FOR THE SCHEME

The implementation of the ESOS primarily serves to align the interests of the Eligible Persons (as defined herein) to the performance of the DXN Group (as defined herein). As such, the ESOS is established to achieve the objectives as set out below:

(i) to provide an incentive to the Eligible Persons to participate more actively in the operations of the DXN Group and encourage them to contribute positively to the future growth of the DXN Group;

(ii) to motivate, reward and retain the Eligible Persons who, upon exercising their Options (as defined herein), would have the opportunity to participate in the equity of the Company (as defined herein) and thereby relate with their contribution directly to the performance of the DXN Group whilst at the same time, giving the Eligible Persons a greater sense of ownership; and

(iii) to make the employees' remuneration scheme of the DXN Group more competitive to attract more skilled and experienced individuals to join the DXN Group and contribute to its continued growth and profitability.

3. DEFINITIONS AND INTERPRETATIONS

3.1 In these By-Laws, except where the context otherwise requires, the following words and expressions shall have the following meanings:

Act	:	the Companies Act 2016, as amended from time to time including any re-enactment thereof
Adviser	:	any person who is eligible to act as a principal adviser that fulfils the requirements set out in the Guidelines on Submission of Corporate and Product Proposals as well as Chapter 7A of the Licensing Handbook issued by the Securities Commission Malaysia
Available Balance	:	the unissued Shares of the Company which are available for offer of Options subject to the maximum limit as set out in By-Law 4.2 hereof and after deducting all Shares under Options which have been granted
Board	:	the Board of Directors of DXN
Bursa Depository	:	Bursa Malaysia Depository Sdn Bhd (Registration No. 198701006854 (165570-W))
Bursa Securities	:	Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))

By-Laws	:	the rules, terms and conditions of the ESOS as set out herein, and shall include any amendments, variations or supplements made thereto from time to time
CDS Account	:	the account established by Bursa Depository for a depositor for the recording of deposits and withdrawal of securities and dealings in such securities by the depositor
Central Depositories Act	:	the Securities Industry (Central Depositories) Act 1991, as amended from time to time and any re-enactment thereof
Constitution	:	the constitution or memorandum and articles of association of the Company or by such other names so called, as amended from time to time
Director(s)	:	a natural person who holds a directorship in DXN, and shall have the meaning given in Section 2(1) of the Capital Markets and Services Act, 2007
DXN Group or Group	:	DXN and the Subsidiaries
DXN or Company	:	DXN Holdings Bhd. (Registration No. 199501033918 (363120-V))
DXN Share(s) or Share(s)	:	ordinary share(s) in DXN
Effective Date	:	the date the last of the approvals and/or conditions referred to in By-Law 5.1 hereof have been obtained and/or complied with
Eligible Person(s)	:	a Director and/or Employee who fulfils the conditions as set out in By-Law 7 hereof, for eligibility to participate in the ESOS
Employee(s)	:	a natural person who is employed by and is on the payroll of any company in the DXN Group
Entitlement Date	:	the date as at the close of business on which the names of the shareholders of DXN must appear on DXN's record of depositors in order to be entitled to participate in any dividends, rights, allotments or other forms of distribution
ESOS Committee	:	the committee appointed from time to time by the Board pursuant to By-Law 18 hereof to administer the ESOS
ESOS or Scheme	:	the employees' share option scheme for the grant of Options to the Eligible Persons to subscribe for new Shares upon the terms as set out herein
Exercise Period	:	the specific period or periods within an Option Period during which Options may be exercised by Grantees as determined by the ESOS Committee subject always to By-Law 5 hereof
Exercise Price	:	the price at which the Grantee shall be entitled to subscribe for every DXN Share by exercising his Option as determined subject to By-Law 10 hereof

Expiry Date	:	the last day of the duration of the ESOS or any extended period pursuant to By-Law 5.3 hereof
Grantee(s)	:	any Eligible Person who has accepted the Offer by the Company in accordance with the provisions of By-Law 9 hereof
Listing Requirements	:	the Main Market Listing Requirements of Bursa Securities, including any amendments thereto that may be made from time to time
Market Day(s)	:	any day from Mondays to Fridays (both days inclusive) which is not a public holiday, and on which Bursa Securities is open for trading of securities
Maximum Allowable Allocation	:	the maximum number of Shares that can be offered to an Eligible Person to be determined by the ESOS Committee in accordance with the provisions of By-Law 8 hereof
Maximum Limit	:	the maximum number of new DXN Shares which may be issued pursuant to the ESOS, which shall not exceed in aggregate five per centum (5%) of the total number of issued Shares of the Company (excluding treasury shares, if any) at any one time during the duration of the ESOS
Offer	:	an offer made in writing by the ESOS Committee to an Eligible Person in the manner indicated in By-Law 6 hereof
Offer Date	:	the date on which an Offer is made by the ESOS Committee to an Eligible Person to participate in the ESOS
Offer Period	:	the period during which an offer shall be valid as specified in By-Law 9.1 hereof
Option Period	:	a period commencing from the date an Offer is accepted in accordance with By-Law 9 hereof and expiring on the last day of the Option Period as specified in the letter of Offer or such other date which the ESOS Committee may in its discretion decide, subject always to any further extension of period or early termination in accordance with the provisions of By-Law 5 hereof, provided that no Option Period shall extend beyond the period referred to in By-Law 5 hereof
Option(s)	:	the right of a Grantee to subscribe for DXN Share(s) at the Exercise Price pursuant to the contract constituted by the Eligible Person's acceptance of an Offer in the manner indicated in By-Law 9 hereof
RM and sen	:	Ringgit Malaysia and sen, respectively
Rules of Bursa Depository	:	the rules of Bursa Depository, as issued pursuant to the Central Depositories Act

Senior Management	:	an Employee of the DXN Group who falls within such grading as determined by the ESOS Committee at its sole and absolute discretion from time to time
Subsidiaries	:	companies which are deemed subsidiaries of DXN within the meaning of Section 4 of the Act (which for the avoidance of doubt shall exclude the Company's associate company(ies)), which are not dormant and shall include such subsidiaries which are existing as at the Effective Date and those which are incorporated or acquired at any time during the duration of the ESOS but exclude such subsidiaries which shall be divested in the manner provided for in By-Law 26 hereof
Vesting Conditions	:	the conditions which are required to be fulfilled by an Eligible Person before the Option(s) is/are capable of being vested onto the Eligible Person, to be communicated in an Offer pursuant to By-Law 6.3 (vii) hereof

In these By-Laws:

(i) headings are for ease of reference only and do not affect the meaning of these By-Laws;

(ii) any reference to a statutory provision or applicable law shall include any subordinate legislation made from time to time under the provision or law and any Listing Requirements, policies and/or guidelines of Bursa Securities and/or any other relevant regulatory authority (whether or not having the force of law but, if not having the force of law, the compliance with which is in accordance with the reasonable commercial practice of persons to whom such requirements, policies and/or guidelines are addressed to by Bursa Securities and/or any other relevant regulatory authority);

(iii) any reference to a statutory provision shall include that provision as from time to time modified or re-enacted whether before or after the date of these By-Laws so far as such modification or re-enactment applies or is capable of applying to any Options offered and accepted prior to the expiry of the ESOS and shall include also any past statutory provision (as from time to time modified or re-enacted) which such provision has directly or indirectly been replaced;

(iv) words denoting the singular shall include the plural and references to any gender shall include all genders whether male, female or neuter;

(v) any liberty or power which may be exercised or any determination which may be made hereunder by the ESOS Committee or the Board may be exercised at the ESOS Committee's or the Board's discretion respectively; and

(vi) if an event occurs on a stipulated day which is not a Market Day, then the stipulated day will be taken to be the first Market Day after that day **PROVIDED ALWAYS** if such date shall fall beyond the duration of the ESOS, then the stipulated day shall be taken to be the preceding Market Day.

4. MAXIMUM NUMBER OF SHARES AVAILABLE UNDER THE SCHEME

4.1 Each Option shall be exercisable into one (1) new DXN Share, in accordance with the provisions of these By-Laws.

4.2 The total number of new DXN Shares which may be made available under the ESOS shall not exceed in aggregate five per centum (5%) of the total number of issued Shares of the Company (excluding treasury shares, if any) at any one time during the duration of the ESOS as provided in By-Law 5.3 hereof.

4.3 Notwithstanding the provision of By-Law 4.2 hereof or any other provisions contained herein, in the event the maximum number of new DXN Shares comprised in the Options granted under the ESOS exceeds the aggregate of five per centum (5%) of the total number of issued Shares of the Company (excluding treasury shares, if any) as a result of DXN purchasing its own Shares pursuant to Section 127 of the Act or undertaking any other corporate proposal and thereby diminishing its number of issued Shares, no further Options shall be offered until the total number of new DXN Shares to be issued under the ESOS falls below five per centum (5%) of the total number of issued Shares of the Company (excluding treasury shares, if any). Any Options granted prior to the adjustment of the number of issued Shares of DXN shall remain valid and exercisable in accordance with the provisions of these By-Laws.

5. DURATION, EXTENSION AND TERMINATION OF THE SCHEME

5.1 The ESOS shall come into force on the Effective Date, and shall continue to be in force for a period of five (5) years **PROVIDED THAT** the following approvals and/or conditions have been obtained and/or fulfilled:

(i) submission of the final copy of these By-Laws to Bursa Securities together with a letter of compliance pursuant to Paragraph 2.12 of the Listing Requirements and a checklist showing compliance with Appendix 6E of the Listing Requirements;

(ii) approval or approval-in-principle, as the case may be, from Bursa Securities for the listing and quotation of the new DXN Shares to be issued under the ESOS;

(iii) shareholders' approval for the ESOS at a general meeting;

(iv) approval of any other relevant authorities for the ESOS, where applicable; and

(v) fulfilment of all conditions attached to the above approvals, if any.

5.2 The Company shall, through its Adviser, submit no later than five (5) Market Days after the Effective Date, a confirmation letter to Bursa Securities of the full compliance of By-Law 5.1 hereof stating the Effective Date of the ESOS, together with a certified true copy of the relevant resolution passed by the shareholders of the Company in the general meeting approving the ESOS.

5.3 The ESOS may be extended for a further period of up to five (5) years immediately from the expiry of the first five (5) years, **PROVIDED ALWAYS THAT** the ESOS shall not in aggregate exceed ten (10) years from the Effective Date or such longer period as may be allowed by the relevant authorities. Such renewed ESOS shall be implemented in accordance with the terms of these By-Laws set out herein, save for any amendments and/or changes to the relevant statutes and/or regulations currently in force. Unless otherwise required by the relevant authorities, no further approvals shall be required for the extension of the ESOS provided that the Company shall serve appropriate notices to each Grantee and make any announcements to Bursa Securities (if required) within thirty (30) days prior to the expiry of the original ESOS.

5.4 Offers can only be made during the duration of the ESOS before the Expiry Date, which date shall be at the end of the five (5) years from the Effective Date, or if the ESOS shall be extended, at the end of such extended term.

5.5 Notwithstanding anything to the contrary, all unexercised Options shall lapse after 5.00 p.m. on the Expiry Date or the date of resolution of the termination of the Scheme.

5.6 Notwithstanding the provision of By-Law 5.3 hereof and subject to compliance with the requirements of Bursa Securities and any other relevant regulatory authorities, the ESOS may be terminated by the Company at its sole and absolute discretion without obtaining the approvals or consents from the Grantees and/or the shareholders, by way of a board resolution upon the recommendation of the ESOS Committee at any time during the continuance of the ESOS whereupon such termination, (i) no further Offers shall be made by the ESOS Committee; (ii) all outstanding Options unexercised shall be automatically terminated; and (iii) all Offers made but not yet accepted by the Eligible Persons shall automatically lapse.

5.7 The Company shall immediately upon the termination of the ESOS before the Expiry Date announce to Bursa Securities:

(i) the effective date of termination;

(ii) the number of Options exercised; and

(iii) the reasons for termination.

5.8 Subject to the relevant approvals being obtained, the Company may implement a new employees' share option scheme after the expiration or termination of the ESOS pursuant to By-Law 5.6 hereof.

6. OFFER

6.1 The ESOS Committee may, at any time during the duration of the ESOS as defined in By-Law 5 hereof, make Offers in writing to any Eligible Person (based on the criteria of allocation as set out in By-Law 8.1), selected at the sole and absolute discretion of the ESOS Committee.

6.2 The actual number of new DXN Shares which may be offered to an Eligible Person shall be at the sole and absolute discretion of the ESOS Committee and, subject to the Maximum Allowable Allocation as set out in By-Law 8 hereof and any adjustments that may be made under By-Law 15 hereof, shall not be less than one hundred (100) DXN Shares and shall always be in multiples of one hundred (100) DXN Shares.

6.3 The ESOS Committee shall state the following particulars in the letter of offer:

(i) the number of Options that are being offered to the Eligible Person;

(ii) the number of DXN Shares which the Eligible Person shall be entitled to subscribe for upon the exercise of the Options being offered;

(iii) the Option Period;

(iv) the Exercise Period;

(v) the Exercise Price;

(vi) the Offer Period;

(vii) the Vesting Conditions including but not limited to service and/or performance criteria and number of Options exercisable for each year of continued service as set out in By-Law 11.1; and

(vii) any other information deemed necessary by the ESOS Committee.

6.4 No Offer shall be made to any Director, chief executive officer or major shareholder of DXN who is an employee of our Group or persons connected with them who is an employee of our Group unless such Offer and the specific allocation and allotment of Shares have previously been approved by the shareholders of the Company in a general meeting.

For the purpose of these By-Laws, "persons connected" with a Director, chief executive officer or major shareholder of DXN shall have the same meaning given in relation to persons connected with a director, chief executive officer or major shareholder as defined in Paragraph 1.01 of the Listing Requirements.

6.5 Without prejudice to By-Law 18 hereof, in the event of an error or omission on the part of the Company or the ESOS Committee in stating any of the particulars referred to in By-Law 6.3 hereof, the Company or the ESOS Committee shall, within one (1) month after discovery of the error or omission, do all such things and acts to rectify such error or omission and if necessary, issue a supplemental letter of offer, stating the correct particulars referred to in By-Law 6.3 hereof.

6.6 Subject to By-Laws 4 and 8.3 hereof, nothing herein shall prevent the ESOS Committee from making more than one (1) Offer to any Eligible Person **PROVIDED ALWAYS THAT** the total aggregate Options offered to each Eligible Person (including Options already offered under previous Offers, if any) shall not exceed the Maximum Allowable Allocation of such Eligible Person at the time the subsequent Offer (if any) is made.

6.7 The ESOS Committee has the sole and absolute discretion not to make further additional Offers regardless of the amount of Available Balance.

6.8 The Offer shall automatically lapse and thereafter be rendered null and void in the event of the death of the Eligible Person or the Eligible Person ceasing to be employed by DXN Group for any reason whatsoever prior to the acceptance of the Offer by the Eligible Person in the manner set out in By-Law 9 hereof.

6.9 An Offer may be made upon such terms and conditions as the ESOS Committee may decide from time to time. Each Offer shall be made in writing and is personal to the Eligible Person and is non-assignable and non-transferable.

6.10 After each adjustment following an alteration of the Company's share capital as stipulated in By-Laws 15.1 and 15.2 hereof and the Company informing the Grantee of such adjustment pursuant to By-Law 15.6 hereof, upon the return by a Grantee of the original letter of offer to the Company, that letter of offer shall be amended or a new letter of offer shall be issued within one (1) month from the date of return of the original letter, to reflect the adjustment made to the number of Options granted to the Grantee and/or the Exercise Price.

6.11 The Company shall keep and maintain at its expense, a register of Grantees and shall enter in that register, the names and addresses of the Grantees, the Maximum Allowable Allocation, the number of Options offered, the number of Options exercised, the Offer Date, date of acceptance of the Offer, and the Exercise Price and any other information deemed necessary by the ESOS Committee.

7. ELIGIBILITY

7.1 An Employee or a Director who as at the Offer Date, fulfils the following conditions shall be eligible to participate in the ESOS:

(i) has attained eighteen (18) years of age;

(ii) is not an undischarged bankrupt nor subject to any bankruptcy proceedings;

(iii) must have been confirmed in service of the DXN Group;

(iv) where the Employee or Director is under an employment contract, the contract is for a duration of at least one (1) year and will not be expiring within three (3) months from the Offer Date; and

(v) has fulfilled any other criteria as may be imposed by the ESOS Committee from time to time,

PROVIDED ALWAYS THAT the selection of any Eligible Person for participation in the ESOS shall be at the sole and absolute discretion of the ESOS Committee and the decision of the ESOS Committee shall be final and binding. Notwithstanding the above, the ESOS Committee may, at its sole and absolute discretion, waive any of the eligibility conditions set out above.

The eligibility does not confer on an Eligible Person, a claim or right to participate or a right to claim or any rights whatsoever in the ESOS unless the ESOS Committee has made an Offer to the Eligible Person, the Eligible Person has accepted the Offer, and the Eligible Person has fulfilled the Vesting Conditions, in accordance with the terms of the Offer and these By-Laws.

7.2 Subject to the provisions of By-Law 25 hereof, no Eligible Person shall participate at any time in more than one (1) employees' share option scheme implemented by any company within the DXN Group for the duration of the ESOS.

7.3 Subject to By-Law 4.2 hereof, in the event that the ESOS Committee has determined that certain Eligible Persons are entitled to be offered additional Options and the Available Balance is insufficient to grant their full additional entitlements, the Available Balance may be distributed on such basis as the ESOS Committee may determine.

8. BASIS OF ALLOCATION AND MAXIMUM ALLOWABLE ALLOCATION

8.1 Subject to any adjustments as may be made under these By-Laws, the aggregate number of new DXN Shares that may be offered under the ESOS to any Eligible Person shall be determined by the ESOS Committee at its sole and absolute discretion, after taking into consideration, where applicable, the Eligible Person's position, ranking, performance, contribution, seniority, length of service, fulfilment of the eligibility criteria as referred to in By-Law 7 hereof or such other matters which the ESOS Committee may in its sole and absolute discretion deem fit, subject to, amongst others, the following:

(i) the aggregate number of new DXN Shares to be issued pursuant to the exercise of the Options granted under the ESOS shall not exceed the Maximum Limit and the ESOS Committee shall not be obliged in any way to offer an Eligible Person the Options for all the specified maximum number of Shares the Eligible Person is entitled to under the ESOS;

(ii) any Offer, allocation of Options under the ESOS and the related allotment of Shares to any Directors, major shareholders who are employees of our Group or the chief executive officer of the Company and any person connected with them who is an employee of our Group, shall require prior approval of the shareholders of the Company in a general meeting. The Directors, major shareholders who are employees of our Group or chief executive officer of the Company and persons connected with them who are employees of our Group shall not vote on the resolution approving the said Offer, allocation and allotment;

(iii) the Directors and Senior Management shall not be allowed to participate in the deliberation or discussion of their respective allocation of Options and/or allocations of Options to persons connected with them under the ESOS;

(iv) not more than ten per centum (10%) of the Shares available under the ESOS shall be allocated to any Eligible Person, who, either singly or collectively through persons connected with the Eligible Person, holds twenty per centum (20%) or more of the total number of issued Shares (excluding treasury shares, if any) of the Company; and

(v) any performance target to be achieved before the Options can be granted and/or exercised by an Eligible Person shall be determined by the ESOS Committee.

For the avoidance of doubt, the ESOS Committee shall have sole and absolute discretion in determining whether the granting of the Options to the Eligible Persons will be based on staggered granting over the duration of the ESOS or in one (1) single grant. The ESOS Committee shall also have sole and absolute discretion in determining whether the Options granted are subject to any vesting period and if so, the Vesting Conditions and whether such Vesting Conditions are subject to any performance targets.

For the purpose of these By-Laws, "persons connected" with the Eligible Person shall have the same meaning given in relation to persons connected with a director, major shareholder or chief executive officer as defined in Paragraph 1.01 of the Listing Requirements.

8.2 The allocation of Options pursuant to the ESOS shall be verified by the Audit Committee of the Company, as being in compliance with the criteria set out in these By-Laws (where relevant) at the end of each financial year of the Company.

8.3 A Grantee who is promoted within the duration of the ESOS may be eligible for consideration for new additional Shares comprised in Options under the ESOS at the sole and absolute discretion of the ESOS Committee up to the Maximum Allowable Allocation to be determined by the ESOS Committee for the category to which he has been promoted. A Grantee who is demoted to a lower employment category for whatever reason shall only be entitled to the allocation of that lower category unless an Offer has been made and accepted by him/her before such demotion.

8.4 An Employee or a Director who during the duration of the ESOS becomes an Eligible Person may be eligible to participate in the ESOS, the number of new Shares of which is to be decided by the ESOS Committee at its sole and absolute discretion subject to any Maximum Allowable Allocation for the category to be determined by the ESOS Committee. Any Eligible Person holding more than one (1) position in the Group and thereby falling within more than one (1) category of Employees in the Group shall only be entitled to the Maximum Allowable Allocation of the higher category.

9. ACCEPTANCE OF THE OFFER

9.1 An Offer shall be valid for a period of thirty (30) calendar days from the Offer Date or such longer period as the ESOS Committee at its sole and absolute discretion, determines on a case to case basis. Acceptance of the Offer by an Eligible Person shall be made by way of a written notice from the Eligible Person to the ESOS Committee in the form prescribed by the ESOS Committee and accompanied by the payment of Ringgit Malaysia One (RM1.00) only as non-refundable consideration for the acceptance of each Offer (regardless of the number of Shares comprised therein).

9.2 In the event that the Eligible Person fails to accept the Offer or pay the acceptance consideration as set out in By-Law 9.1 hereof within the Offer Period and in the manner aforesaid, the Offer shall be deemed to have lapsed and shall be null and void and of no effect. The Options comprised in such Offer may, at the discretion of the ESOS Committee, be re-offered to other Eligible Persons.

9.3 Within thirty (30) calendar days after the due acceptance of the Offer in accordance with the provisions of this By-Law or such longer period as may be determined by the ESOS Committee, the ESOS Committee shall issue to the Grantee a certificate of Option in such form as may be determined by the ESOS Committee.

10. EXERCISE PRICE

Subject to any adjustments made under these By-Laws and pursuant to the Listing Requirements, the Exercise Price shall be:

(i) in respect of any Offer which is made in conjunction with the listing of the Company, the Final Retail Price; and

(ii) in respect of any Offer which is made subsequent to the listing of the Company, as determined by the Board upon recommendation of the ESOS Committee and shall be based on the five (5)-day volume weighted average market price of DXN Shares immediately preceding the Offer Date, with a discount, if any, **PROVIDED ALWAYS THAT** such discount is not more than ten per centum (10%), if deemed appropriate, or such other percentage of discount as may be permitted by any prevailing guidelines issued by Bursa Securities or any other relevant authorities as amended from time to time during the Option Period.

For the purposes of By-Law 10(i) above, "Final Retail Price" shall refer to the final price paid by investors for the Shares issued by the Company under its retail offering pursuant to its initial public offering, as determined in the manner described in the Company's prospectus for the said initial public offering.

The Exercise Price as determined by the Board in the manner set out above shall be conclusive and binding on the Grantee and shall be subject to any adjustments in accordance with By-Law 15.

11. EXERCISE OF OPTIONS

11.1 Subject to By-Law 11.8 hereof and the terms and conditions of an Offer as mentioned in By-Law 6.9 hereof, the Options under the Offer can be exercised by the Grantee by written notice in the prescribed form, from the Grantee or its authorised agent (subject that such authorised agent must be recognised by the Company), to the Company during the Exercise Period in respect of all or any part of the DXN Shares comprised in the Options under the Offer. Any partial exercise of an Option shall not preclude the Grantee from exercising the Option in respect of the balance of the DXN Shares comprised in the Option.

11.2 The Option shall be vested to the Grantee and may be subject to the fulfilment of Vesting Conditions as may be determined by the ESOS Committee in accordance with the terms of the ESOS from time to time.

11.3 The ESOS Committee may with its power under By-Law 18 hereof, at any time and from time to time, before an Option is granted, limit the exercise of the Option to a maximum number of DXN Shares and/or such percentage of the total of DXN Shares comprised in the Option during such periods within the Option Period and impose any other terms and/or conditions deemed appropriate by the ESOS Committee in its sole discretion.

11.4 Except where it is decided otherwise and announced by the ESOS Committee, an Option is exercisable by the Grantee only on a Market Day during the Option Period and while the Grantee remains an Eligible Person.

11.5 Every such written notice referred to in By-Law 11.1 must be accompanied by a remittance (calculated in accordance with the provisions of By-Law 10) for the full amount of the subscription monies for the ESOS shares in respect of which notice is given. Within eight (8) Market Days from the receipt by the Company of the aforesaid notice, as well as remittance from the Grantee or such other period as may be permitted by Bursa Securities, the Company shall:

(a) allot and/or issue such Shares to the Grantee accordingly, subject to and in accordance with the provisions of the Constitution of the Company and the Rules of Bursa Depository;

(b) despatch a notice of allotment in accordance with By-Law 11.6 hereof; and

(c) apply to Bursa Securities for the listing and quotation of such Shares in accordance with By-Law 16 hereof.

11.6 A Grantee who exercises the Option shall provide the ESOS Committee with his CDS Account number or the CDS Account number of his authorised nominee (as the case may be) in the notice referred to in By-Law 11.1. The Shares to be issued pursuant to the exercise of an Option will be credited into the CDS Account of the Grantee or his authorised nominee (as the case may be) and a notice of allotment stating the number of Shares credited into such CDS Account will be issued and despatched to the Grantee or the Grantee's authorised nominee with a copy to the Grantee as the case may be). No physical share certificate(s) will be issued and delivered to the Grantee.

11.7 In the event that a Grantee is subject to disciplinary proceedings (whether or not such disciplinary proceedings will give rise to a dismissal or termination of service or are found to have had no basis or justification), the ESOS Committee shall have the right to suspend the Grantee's Options pending the outcome of such disciplinary proceedings. In addition to this right of suspension, the ESOS Committee may impose such terms and conditions as the ESOS Committee shall deem appropriate at its sole and absolute discretion having regard to the nature of the charges made or brought against the Grantee **PROVIDED ALWAYS THAT**:

(i) in the event that such Grantee shall subsequently be found not guilty of the charges which gave rise to such disciplinary proceedings, the ESOS Committee shall reinstate the rights of such Grantee to exercise his Options;

(ii) in the event the disciplinary proceedings result in a recommendation for the dismissal or termination of service of such Grantee, all unexercised and partially exercised Options of the Grantee shall immediately lapse and be null and void and of no further force and effect, without notice to the Grantee, upon pronouncement of the dismissal or termination of service of such Grantee notwithstanding that such recommendation, dismissal and/or termination of service may be subsequently challenged or disputed by the Grantee in any other forum;

(iii) in the event the Grantee is found guilty, but no dismissal or termination of service is recommended, the ESOS Committee shall have the right to determine at its sole and absolute discretion whether or not the Grantee may continue to exercise his Options or any part thereof and if so, to impose such terms and conditions as it deems appropriate, on such exercise rights; and

(iv) in the event that no decision is made, and/or disciplinary proceedings are not concluded prior to the expiry of the Exercise Period, the Options of such Grantee shall immediately lapse on the expiry of the Exercise Period without notice,

and nothing herein shall impose any obligation of the ESOS Committee to enquire into or investigate the substance and/or validity of such disciplinary proceeding(s) and the ESOS Committee shall not under any circumstances be held liable for any costs, losses, expenses, damages or liabilities, gains or profits foregone, arising from the ESOS Committee's exercise of or failure to exercise any of its rights under these By-Laws.

11.8 All Options to the extent unexercised on the expiry of the Exercise Period applicable thereto shall lapse.

11.9 Any failure to comply with the procedures specified by the ESOS Committee or to provide information as required by the Company and/or the ESOS Committee in the notice to exercise shall result in the notice to exercise being rejected at the discretion of the ESOS Committee. The ESOS Committee shall inform the Grantee of the rejection of the notice of exercise within ten (10) Market Days from the date of rejection and the Grantee shall not have deemed to have exercised his Options.

11.10 The Company, the Board and the ESOS Committee shall not under any circumstances be held liable to any person for any costs, losses, expenses, damages or liabilities whatsoever and howsoever arising in the event of any delay on the part of the Company in allotting and issuing the Shares or in procuring the relevant authorities to list and quote the Shares subscribed for by a Grantee or any delay in receipt or non-receipt by the Company of the notice to exercise the Options or for any errors in any Offers.

11.11 Every Option shall be subject to the condition that no new DXN Shares shall be issued pursuant to the exercise of an Option if such issue would be contrary to any law, enactment, rule and/or regulation of any legislative or non-legislative body which may be in force during the Option Period or such period as may be extended.

12. RIGHTS ATTACHING TO OPTIONS AND THE DXN SHARES

The new DXN Shares to be allotted and issued upon the exercise of the Options shall, upon allotment and issuance, rank *pari passu* in all respects with the then existing DXN Shares, and be entitled to all rights (including voting, dividend, allotment, distribution, transfer, and other rights, including those arising on a liquidation of the Company), attaching to the then existing DXN Shares, save and except that they shall not be entitled to any dividends, rights, allotments and/or other forms of distributions declared, made or paid to ordinary shareholders, where the Entitlement Date precedes the date of allotment and issuance of such new DXN Shares and are subject to the provisions of the Constitution of the Company and Listing Requirements, if any.

Fractional entitlements (if any) will be disregarded and shall be dealt with in such manner as the Board shall in its sole and absolute discretion thinks expedient in the best interest of the Company.

The new DXN Shares will be subject to all provisions of the Constitution of the Company as may thereafter be amended from time to time.

13. NON-TRANSFERABILITY

13.1 An Option is personal to the Grantee and subject to the provisions of By-Laws 14.1, 14.2, 14.3 and 14.5 hereof, it is exercisable only by the Grantee personally during his lifetime whilst he is in the employment in any company in the DXN Group.

13.2 An Option so granted shall not be transferred, assigned, disposed of or subject to any encumbrances by the Grantee save and except in the event of the death of the Grantee as provided under By-Law 14.5 hereof. Any such transfer, assignment, disposal or encumbrance shall result in the automatic cancellation of the Option.

14. TERMINATION OF THE OPTION

14.1 In the event a Grantee ceases to be in the employment of the DXN Group for whatever reason prior to the full exercise of the Options, such Options or the balance thereof, as the case may be, shall forthwith cease to be valid without any claim against the Company **PROVIDED ALWAYS THAT** the ESOS Committee may, at its sole and absolute discretion, by notice in writing, permit such Options to remain exercisable during the Exercise Period if such cessation occurs by reason of:

(i) retirement on or after attaining the normal retirement age;

(ii) retirement before attaining the normal retirement age but with the consent of the relevant employer company within the DXN Group;

(iii) transfer to any company outside the DXN Group at the direction of the Company subject to the approval and/or ratification by the Board;

(iv) retrenchment;

(v) ill-health, injury, physical or mental disability;

(vi) any separation scheme implemented by the Company, provided that the affected Eligible Person shall exercise the Options within three (3) months of the date of the separation scheme;

(vii) any Director not being re-appointed during a general meeting of the Company, that Director shall exercise the Options within three (3) months from the date he ceased to be a Director; or

(viii) any other circumstances which are acceptable to the ESOS Committee subject to the approval and/or ratification by the Board.

Upon the termination of Options pursuant to the above, the Grantee shall have no right to compensation or damages or any claim against the Company for any loss of any right or benefit under the ESOS which he might otherwise have enjoyed, whether for wrongful dismissal or breach of contract or loss of office or otherwise howsoever arising from his ceasing to hold office or employment or from the suspension of his right to exercise his Options or his Options ceasing to be valid.

14.2 Unless otherwise agreed in writing by the ESOS Committee at its sole and absolute discretion, upon the resignation/cessation of the Grantee from his employment or directorship with the DXN Group (as the case may be), an Option shall lapse forthwith on the date the Grantee tenders his resignation. Any Option which lapses upon the resignation/cessation of the Grantee from his employment or directorship with the DXN Group (as the case may be), shall become available to be offered to other Eligible Persons, at the discretion of the ESOS Committee.

14.3 An Option shall immediately become void and of no further force and effect upon the Grantee being adjudicated a bankrupt.

14.4 In the event of the liquidation of the Company, all unexercised Options shall lapse.

14.5 Where a Grantee dies before the expiry of the Exercise Period, the whole or any part of the Options held by the Grantee that are unexercised may be exercised by the legal representatives of the Grantee in accordance with the terms and/or conditions as set out by the ESOS Committee **PROVIDED ALWAYS THAT** no Option shall be exercised after the expiry of the Exercise Period.

15. ALTERATION OF SHARE CAPITAL DURING THE OPTION PERIOD

15.1 Subject to By-Law 15.3 hereof, in the event of any alteration in the capital structure of the Company during the Option Period, whether by way of a rights issue, bonus issue or other capitalisation issue, consolidation or subdivision of DXN Shares, reduction of capital or any other variation of capital, the Company shall cause such adjustments to be made to:

(i) the number of Options granted to a Grantee (excluding Options already exercised);

(ii) the Exercise Price;

(iii) the number of Options and/or Exercise Price comprised in an Offer which is open for acceptance (but has yet to be accepted in accordance with the terms and conditions of the Offer and the ESOS),

for purposes of ensuring that the capital outlay to be incurred by a Grantee in subscribing for the same proportion of the issued capital of the Company as that to which he was entitled prior to the event giving rise to such adjustment (i.e. not taking into account Options already exercised) shall remain unaffected.

15.2 The following provisions shall apply in relation to an adjustment which is made pursuant to By-Law 15.1 hereof:

(i) any adjustment to the Exercise Price shall be rounded up to the nearest one (1) sen; and

(ii) in determining a Grantee's entitlement to subscribe for DXN Shares, any fractional entitlements will be disregarded.

15.3 By-Law 15.1 hereof shall not be applicable where an alteration in the capital structure of the Company arises from any of the following:

(i) an issue of new DXN Shares or other securities convertible into DXN Shares or rights to acquire or subscribe for DXN Shares in consideration or part consideration for an acquisition of any other securities, assets or business;

(ii) a special issue of new DXN Shares approved by the relevant governmental authorities;

(iii) a private placement/restricted issue of new DXN Shares by the Company;

(iv) an issue of new DXN Shares arising from the exercise of any conversion rights attached to securities convertible to DXN Shares or upon exercise of any other rights including warrants and/or convertible loan stocks (if any) issued by the Company;

(v) an issue of new DXN Shares upon the exercise of Options pursuant to the ESOS;

(vi) an issue of further Options to Eligible Persons under these By-Laws; and

(vii) a share buy-back arrangement by the Company, pursuant to Section 127 of the Act. In this event, the following provisions shall apply:

(a) if the number of DXN Shares in respect of the Options granted by the Company as at the date of designation of the DXN Shares so purchased as treasury shares or cancellation of such Shares is greater than five per centum (5%) of the total number of issued Shares of the Company after such designation or cancellation, the ESOS Committee shall not make any further Offers; and

(b) if the number of DXN Shares in respect of the Options granted by the Company as at the date of designation of the DXN Shares so purchased as treasury shares or cancellation of such Shares is less than five per centum (5%) of the total number of issued Shares of the Company after such designation or cancellation, the ESOS Committee may make further Offers only until the total number of new DXN Shares to be issued pursuant to the Options granted by the Company is equivalent to five per centum (5%) of the total number of issued Shares of the Company after such designation or cancellation.

15.4 In the event that the Company enters into any scheme of arrangement or reconstruction pursuant to Division 7 of the Act, By-Law 15.1 hereof shall be applicable in respect of such part(s) of the scheme which involve(s) any alteration(s) in the capital structure of the Company to which By-Law 15.1 hereof is applicable, but By-Law 15.1 hereof shall not be applicable in respect of such part(s) of the scheme which involve(s) any alteration(s) in the capital structure of the Company to which By-Law 15.1 hereof is not applicable as described in By-Law 15.3 hereof.

15.5 In the event the court sanctions a compromise or arrangement between the Company and its members proposed for the purposes of, or in connection with, a scheme for reconstruction of the Company under Section 366 of the Act or its amalgamation with any other company or companies under Section 366 of the Act, any Options should remain exercisable by the Grantee at any time and from time to time in the period commencing with the date upon which the compromise or arrangement is sanctioned by the court and ending with the date upon which it becomes effective or within the Exercise Period, whichever expires first. Upon the compromise or arrangement becoming effective, all Options, to the extent unexercised shall automatically lapse and shall become null and void.

15.6 An adjustment pursuant to By-Law 15.1 hereof shall be made according to the following terms:

(i) in the case of a rights issue, bonus issue or other capitalisation issue, on the Market Day immediately following the Entitlement Date in respect of such issue; or

(ii) in the case of a consolidation or subdivision of DXN Shares or reduction of capital, on the Market Day immediately following the date such consolidation, subdivision or reduction shall become effective.

Upon any adjustment being made, the ESOS Committee shall within thirty (30) days from the adjustment date give notice in writing to the Grantee, or his legal or personal representative where the Grantee is deceased, to inform him/her of the adjustment and the event giving rise thereto.

All adjustments other than a bonus issue must be confirmed in writing by an approved company auditor of the Company or such other persons as allowed by Bursa Securities (who shall act as an expert and not as an arbitrator), to be in his/her opinion fair and reasonable. For the purpose of these By-Laws, an approved company auditor shall have the meaning given in Section 2(1) of the Act.

15.7 All adjustments made pursuant to By-Law 15 shall be final and binding.

15.8 The Company shall ensure that any adjustments made must be in compliance with the provisions for adjustment as provided in By-Law 15.9 hereof.

15.9 In addition to By-Law 15.1 hereof and not in derogation thereof, the Exercise Price and the number of Options so far unexercised shall from time to time be adjusted, calculated or determined by the ESOS Committee and certified by an approved company auditor of the Company or such other persons as allowed by Bursa Securities in accordance with the following relevant provisions in consultation with the Adviser and/or the external auditor:

(i) If and whenever a consolidation or subdivision or conversion of DXN Share occurs, the Exercise Price and/or the additional number of Options to be issued shall be adjusted, calculated or determined in accordance with the following manner:

$$\text{New Exercise Price} = S \times \left[\frac{A}{B} \right]$$

$$\text{Number of additional Options} = T \times \left[\frac{B}{A} \right] - T$$

Where:

S = existing Exercise Price;

A = the aggregate number of DXN Shares immediately before such consolidation, subdivision or conversion;

B = the aggregate number of DXN Shares after such consolidation, subdivision or conversion; and

T = existing number of Options held.

Each such adjustment will be effective from the close of business on the Market Day immediately following the date on which the consolidation or subdivision or conversion becomes effective (being the date when the DXN Shares are traded on Bursa Securities), or such period as may be prescribed by Bursa Securities.

(ii) If and whenever the Company shall make any issue of DXN Shares to ordinary shareholders by way of bonus issue or capitalisation of profits or reserves (whether of a capital or income nature and including any, where applicable, share premium account and capital redemption reserve fund), the Exercise Price shall be adjusted in the following manner:

$$\text{New Exercise Price} = S \times \left[\frac{A}{A + B} \right]$$

and the number of additional Options to be issued shall be calculated as follows:

$$\text{Number of additional Options} = T \times \left[\frac{A + B}{A}\right] - T$$

Where:

A = the aggregate number of issued DXN Shares immediately before such bonus issue or capitalisation issue;

B = the aggregate number of new DXN Shares to be issued pursuant to any allotment to ordinary shareholders of the Company by way of bonus issue or capitalisation of profits or reserves of the Company (whether of a capital or income nature and including any share premium account and capital redemption reserve fund);

S = as S in By-Law 15.9(i) hereof; and

T = as T in By-Law 15.9(i) hereof.

Each such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day immediately following the Entitlement Date for such issue.

(iii) If and whenever the Company shall make:

(a) a Capital Distribution (as defined below) to ordinary shareholders whether on a reduction of capital or otherwise (but excluding any cancellation of capital which is lost or unrepresented by available assets); or

(b) any offer or invitation to its ordinary shareholders whereunder they may acquire or subscribe for DXN Shares by way of rights; or

(c) any offer or invitation to its ordinary shareholders by way of rights whereunder they may acquire or subscribe for securities convertible into DXN Shares or securities with rights to acquire or subscribe for DXN Shares,

then and in respect of each such case, the Exercise Price shall be adjusted in the following manner:

$$\text{New Exercise Price} = S \times \left[\frac{C - D}{C}\right]$$

and in respect of the case referred to in By-Law 15.9(iii)(b) and (iii)(c) hereof, the number of additional Options to be issued shall be calculated as follows:

$$\text{Number of additional Options} = T \times \left[\frac{C}{C - D^*}\right] - T$$

Where:

S = as S in By-Law 15.9(i) hereof;

T = as T in By-Law 15.9(i) hereof;

C = the prevailing market price of each Share at the close of business on the Market Day immediately preceding the date on which the Capital Distribution or, as the case may be, the offer or invitation is publicly announced to Bursa Securities or (failing any such announcement) immediately preceding the date of the Capital Distribution or, as the case may be, of the offer or invitation;

D = (A) in the case of an offer or invitation to acquire or subscribe for DXN Shares by way of rights under By-Law 15.9(iii)(b) hereof or for securities convertible into DXN Shares or securities with rights to acquire or subscribe for DXN Shares under By-Law 15.9(iii)(c) hereof, the value of rights attributable to one (1) DXN Share (as defined below); or

(B) in the case of any other transaction falling within By-Law 15.9(iii) hereof, the fair market value, as determined by the Company with concurrence of the external auditors for the time being of the Company, of that portion of the Capital Distribution attributable to one (1) DXN Share.

For the purpose of definition (A) of D above, the "value of the rights attributable to one (1) DXN Share" shall be calculated in accordance with the formula:

$$\frac{C - E}{F + 1}$$

Where:

C = as C in By-Law 15.9(iii) hereof;

E = the subscription price for one (1) additional DXN Share under the terms of such offer or invitation or subscription price for one (1) additional DXN Share upon conversion of the convertible securities or exercise of such rights to acquire or subscribe for one (1) DXN Share under the offer or invitation;

F = the necessary number of DXN Shares to hold in order to be offered or invited to acquire or subscribe for one (1) additional DXN Share or security convertible into rights to acquire or subscribe for one (1) additional DXN Share; and

D* = the value of rights attributable to one (1) DXN Share (as defined below).

For the purpose of definition D* above, the "value of rights attributable to one (1) DXN Share" shall be calculated in accordance with the formula:

$$\frac{C - E^*}{F^* + 1}$$

Where:

C = as C in By-Law 15.9(iii) hereof;

E* = the subscription price for one (1) additional DXN Share under the terms of such offer or invitation to acquire or subscribe for DXN Shares; and

F* = the necessary number of DXN Shares to hold in order to be offered or invited to acquire or subscribe for one (1) additional DXN Share.

For the purpose of By-Law 15.9(iii) hereof, "Capital Distribution" shall (without prejudice to the generality of that expression) include distributions in cash or specie or by way of issue of DXN Shares (not falling under By-Law 15.9(ii) hereof) or other securities issued by way of capitalisation of profits or reserves (whether of a capital or income nature and including any share premium account or capital redemption reserve fund).

Any dividend charged or provided for in the accounts of any period shall (whenever paid and howsoever described) be deemed to be a Capital Distribution unless it is paid out of the aggregate of the net profits attributable to the ordinary shareholders of DXN as shown in the audited consolidated profit and loss accounts of the Company.

Such adjustments will be effective (if appropriate, retroactively) from the commencement of the next Market Day immediately following the Entitlement Date for the above transactions.

(iv) If and whenever the Company makes an allotment to its ordinary shareholders as provided in By-Law 15.9(ii) hereof and also makes an offer or invitation to its ordinary shareholders as provided in By-Law 15.9(iii)(b) or (c) hereof and the Entitlement Date for the purpose of the allotment is also the Entitlement Date for the purpose of the offer or invitation, the Exercise Price shall be adjusted in the following manner:

$$\text{New Exercise Price} = S \times \left[\frac{(G \times C) + (H \times I)}{(G + H + B) \times C} \right]$$

and where the Company makes an allotment to its ordinary shareholders as provided in By-Law 15.9(ii) hereof and also makes an offer or invitation to its ordinary shareholders as provided in By-Law 15.9(iii)(b) hereof and the Entitlement Date for the purpose of the allotment is also the Entitlement Date for the purpose of the offer or invitation, the number of additional Options to be issued shall be calculated in the following manner:

$$\text{Number of additional Options} = T \times \left[\frac{(G + H^* + B) \times C}{(G \times C) + (H^* \times I^*)} \right] - T$$

B = as B in By-Law 15.9(ii) hereof;

C = as C in By-Law 15.9(iii) hereof;

G = the aggregate number of issued DXN Shares on the Entitlement Date;

H = the aggregate number of new DXN Shares under an offer or invitation to acquire or subscribe for DXN Shares by way of rights or under an offer or invitation by way of rights to acquire or subscribe for securities convertible into DXN Shares or rights to acquire or subscribe for DXN Shares, as the case may be;

H* = the aggregate number of new DXN Shares under an offer or invitation to acquire or subscribe for DXN Shares by way of rights;

I = the subscription price of one (1) additional DXN Share under an offer or invitation to acquire or subscribe for DXN Shares or the exercise price on conversion of such securities or exercise of such rights to acquire or subscribe for one (1) additional DXN Share, as the case may be;

I* = the subscription price of one (1) additional DXN Share under the offer or invitation to acquire or subscribe for DXN Shares;

S = as S in By-Law 15.9(i) hereof; and

T = as T in By-Law 15.9(i) hereof.

Such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day immediately following the Entitlement Date for such issue.

(v) If and whenever the Company makes any offer or invitation to its ordinary shareholders to acquire or subscribe for DXN Shares as provided in By-Law 15.9(iii)(b) hereof together with an offer or invitation to acquire or subscribe for securities convertible into DXN Shares or rights to acquire or subscribe for DXN Shares as provided in By-Law 15.9(iii)(c) hereof, the Exercise Price shall be adjusted in the following manner:

$$\text{New Exercise Price} = S \times \left[\frac{(G \times C) + (H \times I) + (J \times K)}{(G + H + J) \times C} \right]$$

and the number of additional Options to be issued shall be calculated in the following manner:

$$\text{Number of additional Options} = T \times \left[\frac{(G + H^*) \times C}{(G \times C) + (H^* \times I^*)} \right] - T$$

Where:

C = as C in By-Law 15.9(iii) hereof;

G = as G in By-Law 15.9(iv) hereof;

H = as H in By-Law 15.9(iv) hereof;

H* = as H* in By-Law 15.9(iv) hereof;

I = as I in By-Law 15.9(iv) hereof;

I* = as I* in By-Law 15.9(iv) hereof;

J = the aggregate number of DXN Shares to be issued to its ordinary shareholders upon conversion of such securities or exercise of such rights to subscribe for DXN Shares by the ordinary shareholders;

K = the exercise price on conversion of such securities or exercise of such rights to acquire or subscribe for one (1) additional DXN Share;

S = as S in By-Law 15.9(i) hereof; and

T = as T in By-Law 15.9(i) hereof.

Such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day immediately following the Entitlement Date for such issue.

(vi) If and whenever the Company makes an allotment to its ordinary shareholders as provided in By-Law 15.9(ii) hereof and also makes an offer or invitation to acquire or subscribe for DXN Shares to its ordinary shareholders as provided in By-Law 15.9(iii)(b) hereof, together with rights to acquire or subscribe for securities convertible into DXN Shares or with rights to acquire or subscribe for DXN Shares as provided in By-Law 15.9(iii)(c) hereof, and the Entitlement Date for the purpose of allotment is also the Entitlement Date for the purpose of the offer or invitation, the Exercise Price shall be adjusted in the following manner:

$$\text{New Exercise Price} = S \times \left[\frac{(G \times C) + (H \times I) + (J \times K)}{(G + H + J + B) \times C} \right]$$

and the number of additional Options to be issued shall be calculated in the following manner:

$$\text{Number of additional Options} = T \times \left[\frac{(G + H^* + B) \times C}{(G \times C) + (H^* \times I^*)} \right] - T$$

Where:

B = as B in By-Law 15.9(ii) hereof;

C = as C in By-Law 15.9(iii) hereof;

G = as G in By-Law 15.9(iv) hereof;

H = as H in By- Law 15.9(iv) hereof;

H* = as H* in By- Law 15.9(iv) hereof;

I = as I in By- Law 15.9(iv) hereof;

I* = as I* in By- Law 15.9(iv) hereof;

J = as J in By- Law 15.9(v) hereof;

K = as K in By- Law 15.9(v) hereof;

S = as S in By- Law 15.9(i) hereof; and

T = as T in By- Law 15.9(i) hereof.

Such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day immediately following the Entitlement Date for such issue.

(vii) If and whenever (otherwise than pursuant to a rights issue available to all ordinary shareholders of DXN and requiring an adjustment under By-Laws 15.9(iii)(b), (iii)(c), (iv), (v) or (vi) hereof), the Company shall issue either any DXN Shares or any securities convertible into DXN Shares or any rights to acquire or subscribe for DXN Shares, and in any such case, the Total Effective Consideration per DXN Share (as defined below) is less than ninety per cent (90%) of the Average Price for one (1) Share (as defined below) or, as the case may be, the price at which the DXN Shares will be issued and/or transferred upon conversion of such securities or exercise of such rights is determined, the Exercise Price shall be adjusted in the following manner:

$$\text{New Exercise Price} = S \times \left(\frac{L + M}{L + N} \right)$$

Where:

L = the number of DXN Shares in issue at the close of business on the Market Day immediately preceding the date on which the relevant adjustment becomes effective;

M = the number of DXN Shares which the Total Effective Consideration (as defined below) would have purchased at the Average Price (as defined below) (exclusive of expenses);

N = the aggregate number of DXN Shares so issued or, in the case of securities convertible into DXN Shares or rights to acquire or subscribe for DXN Shares, the maximum number (assuming no adjustment of such rights) of DXN Shares issuable upon full conversion of such securities or the exercise in full of such rights; and

S = as S in By-Law 15.9(i) hereof.

For the purpose of By-Law 15.9(vii), the "Total Effective Consideration" shall be determined by the Board with the concurrence of an external auditor of the Company and shall be:

(a) in the case of the issue of DXN Shares, the aggregate consideration receivable by the Company on payment in full for such DXN Shares; or

(b) in the case of the issue by the Company of securities wholly or partly convertible into Shares, the aggregate consideration receivable by the Company on payment in full for such securities or such part of the securities as is convertible together with the total amount receivable by the Company upon full conversion of such securities (if any); or

(c) in the case of the issue by the Company of securities with rights to acquire or subscribe for DXN Shares, the aggregate consideration attributable to the issue of such rights together with the total amount receivable by the Company upon full exercise of such rights;

in each case without any deduction of any commissions, discounts or expenses paid, allowed or incurred in connection with the issue thereof, and "Total Effective Consideration per DXN Share" shall be the Total Effective Consideration divided by the number of DXN Shares issued as aforesaid or, in the case of securities convertible into DXN Shares or securities with rights to acquire or subscribe for DXN Shares, by the maximum number of DXN Shares issuable on full conversion of such securities or on exercise in full of such rights.

For the purpose of By-Law 15.9(vii), the Average Price of a DXN Share shall be the average price of one (1) DXN Share as derived from the last dealt prices for one (1) or more board lots of DXN Shares as quoted on Bursa Securities on the Market Days comprised in the period used as a basis upon which the issue price of such DXN Shares is determined.

Each such adjustment will be calculated (if appropriate, retroactively) from the close of business on Bursa Securities on the Market Day next following the date on which the issue is announced, or (failing any such announcement) on the Market Day next following the date on which the Company determines the offering price of such DXN Shares. Each such adjustment will be effective (if appropriate, retroactively) from the commencement of the Market Day immediately following the date of the completion of the above transaction.

For the purposes of By-Law 15.9(iii), (iv), (v) and (vi) the current market price in relation to one (1) existing DXN Shares for any relevant day shall be the volume weighted average market price for the five (5) consecutive Market Days before such date or during such other period as may be determined in accordance with any guidelines issued, from time to time, by the relevant authorities.

(viii) The foregoing provisions on adjustment of the Exercise Price shall be subject to the following:

(a) On any such adjustment the resultant Exercise Price shall be rounded up to the nearest one (1) sen and in no event shall any adjustment involve an increase in the Exercise Price or reduce the number of Options so far as unexercised to which the Grantee is already entitled to;

(b) No adjustment shall be made to the Exercise Price in any case in which the amount by which the same would be reduced in accordance with the foregoing provisions of "would be less than one (1) sen" or the number of Options so far as unexercised is less than one (1) Option and any adjustment that would otherwise be required then to be made will not be carried forward;

(c) If an event giving rise to any such adjustment shall be capable of falling within any two (2) or more of paragraphs (i) to (ii) of By-Law 15.1 hereof (both inclusive) or if such event is capable of giving rise to more than one (1) adjustment, the adjustment shall be made in such manner as the Directors of the Company and the external auditor of the Company may agree;

(d) If for any reason an event giving rise to an adjustment to the Exercise Price and/or the number of Options so far as unexercised to which a Grantee may be entitled to is cancelled, revoked or not completed, the adjustment shall not be required to be made or shall be reversed with effect from such date and in such manner as the Directors of the Company and the external auditor of the Company may agree;

(e) In any circumstances where the Board considers that adjustments to the Exercise Price and/or the number of Options so far as unexercised as provided for hereunder should be made or should not be made or should be calculated on a different basis or different date, the Company may appoint the external auditors of the Company or the Adviser to consider whether for any reasons whatsoever (to the extent permissible by the Listing Requirements or any other relevant regulations) the adjustment calculation or determination to be made (or the absence of an adjustment calculation or determination) is appropriate or inappropriate as the case may be. If such external auditor or Adviser shall consider the adjustment calculation or determination to be inappropriate, the adjustment shall be modified or nullified (or an adjustment calculation or determination made even though not required to be made) in such manner as may be considered by such external auditors or Adviser to be appropriate;

(f) If the Board and the external auditors of the Company or Adviser are unable to agree upon any adjustment required under these provisions, the Boards shall refer the adjustment to the decision of another external auditor or Adviser; and

(g) In making adjustments hereunder, the other external auditor or Adviser (as the case may be) shall be deemed to be acting as experts and not as arbitrators and, in the absence of manifest error, their decisions shall be conclusive and binding on all person having an interest in the Options.

16. LISTING AND QUOTATION OF NEW SHARES

If at the time of allotment of the new DXN Shares pursuant to the exercise of the Options, the then existing issued Shares of the Company are quoted on Bursa Securities, the Company shall make an application to Bursa Securities within eight (8) Market Days after the receipt of the notice of exercise and remittance from the Grantee or such other period as may be prescribed by Bursa Securities, for the listing and quotation of such new DXN Shares and use its best endeavours to obtain such approval unless a blanket approval for the listing and quotation of the new DXN Shares arising from the ESOS has been obtained.

17. RETENTION PERIOD

The new DXN Shares to be allotted and issued to the Grantees pursuant to the exercise of the Options under the ESOS may be dealt with or disposed of by such Grantees who will not be subject to any retention period.

18. ADMINISTRATION

18.1 This ESOS shall be administered by the ESOS Committee comprising such number of Directors and/or Senior Management personnel as shall be appointed by the Board from time to time. The ESOS Committee shall, subject to these By-Laws administer the ESOS and regulate the ESOS Committee's own proceedings in such manner as it shall think fit.

18.2 Without limiting the generality of By-Law 18.1 hereof, the ESOS Committee may, for the purpose of administering the ESOS, do all acts and things, rectify any errors in its Offers, recommend to the Board to establish, amend and revoke rules and regulations relating to the ESOS and its administration, execute all documents and delegate any of its powers and duties relating to the ESOS as it may in its discretion consider to be necessary or desirable for giving effect to the ESOS.

18.3 The Board shall have power at any time and from time to time to rescind the appointment of any person in the ESOS Committee as it shall deem fit and may appoint replacement members to the ESOS Committee.

18.4 The Board shall have the power to determine all matters pertaining to the ESOS Committee, including without limitation setting the terms of reference for the ESOS Committee, composition, duties, powers and limitations. The Board is entitled at any time and from time to time to change the terms of reference of the ESOS Committee.

19. AMENDMENT AND/OR MODIFICATION TO THE SCHEME

19.1 Subject to the compliance with the Listing Requirements and any laws and/or regulations of other relevant authorities, the ESOS Committee may at any time and from time to time recommend to the Board any additions or amendments to or deletions of these By-Laws as it shall in its discretion think fit and the Board shall have the power by resolution to add, amend or delete all or any of these By-Laws upon such recommendation **PROVIDED ALWAYS THAT** no additions or amendments to or deletions of these By-Laws shall be made which will:

(i) prejudice any rights then accrued to any Grantee without the prior consent or sanction of that Grantee; or

(ii) increase the number of DXN Shares available under the ESOS beyond the maximum imposed by By-Law 4.2 hereof; or

(iii) alter to the advantage of any Eligible Person in respect of any matters which are required to be contained in these By-Laws by virtue of Appendix 6E of the Listing Requirements, without the prior approval of the Company's shareholders in a general meeting unless allowed otherwise by the provisions of the Listing Requirements.

19.2 Any amendments/modifications to these By-Laws shall not contravene any of the provisions of the guidelines on employees' share option schemes as stipulated under the Listing Requirements and/or by any other relevant regulatory authority in relation to ESOS.

19.3 Upon amending and/or modifying all or any of the provisions of the ESOS, the Company shall within five (5) Market Days, submit a confirmation letter to Bursa Securities for the amendments made, that the said amendment and/or modification complies and does not contravene any of the provisions of the Listing Requirements pertaining to ESOS pursuant to Paragraph 2.12 of the Listing Requirements. In such event, the ESOS Committee shall furnish a written notification to all Grantees and the Company shall make all necessary announcements to Bursa Securities in respect of such amendments and/or modifications.

20. DISPUTES

In the event of any dispute or difference arising between the ESOS Committee and an Eligible Person or a Grantee, as to any matter or thing of any nature arising hereunder, the ESOS Committee shall determine such dispute or difference by a written decision (without the obligation to give any reason thereof) to the Eligible Person or the Grantee, as the case may be **PROVIDED ALWAYS THAT** where the dispute or difference is raised by a member of the ESOS Committee, the said member shall abstain from voting in respect of the decision of the ESOS Committee in that instance. The said decision shall be final and binding on the parties unless the Eligible Person or the Grantee, as the case may be, shall dispute the same by written notice to the ESOS Committee within fourteen (14) calendar days of the receipt of the written decision, in which case such dispute or difference shall be referred to the decision of the Board, whose decision shall be final and binding in all respects.

21. SCHEME NOT A TERM OF EMPLOYMENT

The ESOS shall not form part of or constitute or in any way be construed as a term or condition of employment of any employee. The ESOS shall not confer or be construed to confer on an Eligible Person any special rights or privileges over the Eligible Person's terms and conditions of employment in the DXN Group under which the Eligible Person is employed or any rights additional to any compensation or damages that the Eligible Person may be normally entitled to arising from the cessation of such employment.

22. COSTS AND EXPENSES

All fees, costs and expenses incurred in relation to the administration and management of the ESOS including but not limited to the fees, costs and expenses relating to the allotment and issuance of new DXN Shares pursuant to the exercise of the Options shall be borne by the Company. Notwithstanding this, the Grantee shall bear any fees, costs (including any taxes and stamp duty) and expenses incurred in relation to his/ her acceptance and exercise of the Options (including all brokerage fees, commission and such other incidental costs arising from the sale of the Shares).

23. CONSTITUTION

Notwithstanding the terms and conditions contained in these By-Laws, if a situation of conflict should arise between these By-Laws and the Constitution of the Company, the provisions of the Constitution of the Company shall prevail at all times save and except where such provisions of the By-Laws are included pursuant to the Listing Requirements in which event such provisions of the By-Laws shall prevail.

24. INSPECTION OF AUDITED FINANCIAL STATEMENTS

All Grantees are entitled to inspect the latest audited financial statements of the Company during the normal business hours on any working day at the registered office of the Company.

25. TRANSFER FROM OTHER COMPANIES TO THE DXN GROUP

In the event that:

(i) a director or employee who was employed in a company related to but not within the DXN Group and is subsequently transferred from such company to any company within the DXN Group; or

(ii) a director or employee who was in the employment of a company which subsequently becomes a company within the DXN Group as a result of a restructuring exercise or otherwise involving DXN and/or any company within the DXN Group,

(the first mentioned company in (i) and (ii) above are hereinafter referred to as the **"Previous Company**"), such a director or employee of the Previous Company ("**the Affected Director/Employee**"), subject to By-Law 7 hereof, will:

(i) be entitled to continue to exercise all such unexercised Option(s) which were granted to him/her under the Previous Company's employees' share option scheme ("**Previous Company's ESOS**") in accordance with the by-laws of the Previous Company's ESOS but he shall not, upon such transfer or restructuring or divestment as the case may be, be eligible to participate for further options of such Previous Company's ESOS; and/or

(ii) be eligible to participate in the ESOS only for the remaining duration of the ESOS, subject to the ESOS Committee's approval; and/or

(iii) if the Affected Director/Employee had participated in the Previous Company's ESOS, the number of DXN Shares to be offered to such Affected Director/Employee under the ESOS shall be subject to the sole and absolute discretion of the ESOS Committee.

26. DIVESTMENT FROM THE DXN GROUP

If a Grantee who was in the employment of a company in the DXN Group, which was subsequently divested wholly, or in part, from the DXN Group, resulting in such company no longer be a subsidiary of DXN pursuant to Section 4 of the Act, then such Grantee:

(i) notwithstanding such divestment and subject to the provisions of By-Laws 11 and 14.2 hereof will be entitled to continue to exercise all such unexercised Options which were granted to him/her under the ESOS within a period of three (3) months from the date of completion of such divestment or within the Exercise Period, whichever ends earlier, failing which the right of such Grantee to subscribe for that number of the DXN Shares or any part thereof granted under such unexercised Options shall automatically lapse and be null and void and of no further force and effect; and

(ii) shall not be eligible to participate for further Options under the ESOS.

For the avoidance of doubt, where the Grantee was in the employment of a company in the DXN Group and that company was subsequently partially divested but remained as a subsidiary of DXN pursuant to Section 4 of the Act, then such Grantee shall continue to be entitled to all his/ her rights in relation to the unexercised Options and he shall be eligible for further participation of the Options under the ESOS.

27. TAKE-OVER AND MERGERS

Notwithstanding By-Law 11 hereof and subject to the provisions of any applicable statutes, rules, regulations and/or conditions issued by the relevant regulatory authorities, in the event of:

(i) a take-over offer being made for the Company, under the Rules on Take-overs, Mergers and Compulsory Acquisitions, to acquire the whole of the issued ordinary share capital of the Company (or such part thereof not at the time held by the person making the take-over offer ("**Offeror**") or any persons acting in concert with the Offeror), any unexercised Options shall remain in force and be exercisable until the expiry of the Exercise Period applicable thereto; and

(ii) the Offeror becoming entitled or bound to exercise the right of compulsory acquisition of new DXN Shares under the provisions of the Capital Markets and Services Act, 2007 (or other legislation applicable at the point of time), and gives notice to the Company and Grantee that it intends to exercise such right on a specific date, a Grantee will be entitled to exercise any unexercised Options from the date of service of the said notice until and inclusive of the date on which the right of compulsory acquisition is exercised **PROVIDED ALWAYS THAT** any Options to the extent unexercised after the date on which the right of compulsory acquisition is exercised shall lapse and immediately cease to have any effect.

28. SUBSEQUENT EMPLOYEES' SHARE OPTION SCHEMES

28.1 Subject to the approval of the relevant authorities and compliance with the requirements of the relevant authorities, the Company may establish a new employees' share option scheme after the Expiry Date if the ESOS is not renewed or after termination of the ESOS pursuant to By-Law 5.6 hereof. Where the ESOS has been renewed (in accordance with By-Law 5.3 hereof), a new employees' share option scheme may be established upon expiry of the renewed ESOS, if any.

28.2 The Company may establish more than one (1) employees' share option scheme during the duration of the ESOS as provided in By-Law 5.3 hereof provided always that the aggregate number of Shares available under all the employees' share option schemes does not exceed five per centum (5%) of the total number of issued Shares of the Company (excluding treasury shares) at any point in time or such other limit in accordance with any guidelines or regulations issued by Bursa Securities or any other relevant authorities as may be amended from time to time.

29. NO COMPENSATION

29.1 A Grantee who ceases to hold office or employment shall not be entitled to any compensation for the loss of any right or benefit or prospective right or benefit under the ESOS which he might otherwise have enjoyed whether such compensation is claimed by way of damages for wrongful dismissal or other breach of contract or by way of compensation for loss of office.

29.2 No Eligible Person or Grantee or legal personal representatives shall bring any claim, action or proceeding against the Company, the Board, the ESOS Committee or any other party for compensation, loss or damages whatsoever and howsoever arising from the suspension of his rights to exercise his Options or his Options ceasing to be valid pursuant to the provisions of these By-Laws, as may be amended from time to time in accordance with By-Law 19 hereof or termination of the ESOS in accordance with By-Law 5 hereof.

30. TAXES

All taxes (including income tax), if any, arising from the exercise of any Option under the ESOS shall be borne by the Grantee.

31. WINDING UP

In the event of a members' voluntary winding-up and a resolution is passed for the winding-up or liquidation of the Company, all unexercised Options shall automatically lapse and be null and void and of no further force and effect from the date of the members' resolution for such winding-up or liquidation of the Company.

In the event a petition is presented in court for the winding-up or liquidation of the Company, all rights to exercise the Options shall automatically be suspended from the date of the presentation of the petition. If a court order for winding-up the Company pursuant to the petition for winding-up is made, all unexercised Options shall automatically lapse and be null and void and of no further force and effect from the date of the court order. Conversely, if the petition for winding-up is dismissed by the court, the right to exercise the Options shall accordingly be unsuspended.

32. RIGHTS OF A GRANTEE

The Options shall not carry any rights to vote at any general meeting of the Company. The Grantee shall not in any event be entitled to any dividends, rights or other entitlements on his unexercised Options.

33. SEVERABILITY

Any term, condition, stipulation or provision in these By-Laws which is illegal, void, prohibited or unenforceable shall be ineffective to the extent of such illegality, voidness, prohibition or unenforceability without invalidating the remaining provisions hereof, and any such illegality, voidness, prohibition or unenforceability shall not invalidate or render illegal, void or unenforceable any other term, condition, stipulation and provision herein contained.

34. GOVERNING LAW AND JURISDICTION

34.1 The ESOS shall be governed by and construed in accordance with the laws of Malaysia. The Grantee, by accepting the Options in accordance with these By-Laws and terms of the ESOS, irrevocably submits to the exclusive jurisdiction of the courts of Malaysia.

34.2 In order to facilitate the making of any Offer under the ESOS, the Board may provide for such special terms to the Eligible Person(s) who are employed by any corporation in the Group in a particular jurisdiction as the Board may consider necessary or appropriate for the purposes of complying with differences in local law, tax, policy or custom of that jurisdiction. The Board may further approve such supplements to or amendments, restatements or alternative versions of the ESOS as it may consider necessary or appropriate for such purposes without thereby affecting the terms of the ESOS as in effect for any other purpose, and the appropriate officer of the Company may certify any such document as having been approved and adopted in the same manner as the ESOS. No such special terms, supplements, amendments or restatements, however, shall include any provisions that are inconsistent with the terms of the ESOS, as then in effect, unless the ESOS has been amended to eliminate such inconsistency. Notwithstanding the above, any Offer made to such Eligible Person(s) pursuant to the ESOS shall be valid strictly in Malaysia only unless specifically mentioned otherwise by the ESOS Committee in the Offer.

35. NOTICE

35.1 Any notice or request which the Company is required to give, or may desire to give, to any Eligible Person or the Grantee pursuant to the ESOS shall be in writing and shall be deemed to be sufficiently given:

(i) if it is sent by ordinary post by the Company to the Eligible Person or the Grantee at the last address known to the Company as being his address, such notice shall be deemed to have been received three (3) Market Days after posting; or

(ii) if it is given by hand to the Eligible Person or the Grantee, such notice or request shall be deemed to have been received on the date of delivery; or

(iii) if it is sent by electronic media, including but not limited to electronic mail, to the Eligible Person or the Grantee, such notice or request shall be deemed to have been received upon confirmation or notification received after the sending of notice or request by the Company.

Any change of address of the Eligible Person or the Grantee shall be communicated in writing to the Company and the ESOS Committee.

35.2 Any notification or other notice required to be given to the Company or the ESOS Committee shall be properly given if sent by registered post or delivered by hand to the Company at its business address or any other address which may be notified in writing by the ESOS Committee from time to time.