

Company Name DNX HOLDINGS BHD. (“**DXN**” OR “**THE COMPANY**”)
Registration No.: 199501033918 (363120-V)
Stock Name : DXN
Type : GENERAL ANNOUNCEMENT
Subject : MEMORANDUM OF UNDERSTANDING ENTERED INTO BETWEEN
THE MINISTRY OF INDUSTRY AND TRADE, THE MINISTRY OF
INVESTMENT, CONVERGENCE AND EVALUATION OF PUBLIC
POLICIES AND DEXIN MOROCCO SA

1. INTRODUCTION

The Board of Directors (“**Board**”) of DXN Holdings Bhd. (“**DXN**” or “**the Company**”) wishes to announce that Dexin Morocco SA (“**Dexin Morocco**”) had, on 22 July 2024, received the signed memorandum of understanding (the “**MOU**”) dated 27 May 2024 from the Government of Kingdom of Morocco. The MOU was entered by Dexin Morocco with the Ministry of Industry and Trade and The Ministry of Investment, Convergence and Evaluation of Public Policies (hereinafter referred to separately as the “**Ministry**” or jointly as the “**Ministries**”) of the Kingdom of Morocco to define the framework of shared understanding between the involved parties and outline the terms for their future collaboration effective from the date of MOU, subject to the finalisation of the Investment Agreement, in compliance with applicable legal and regulatory provisions.

Dexin Morocco and the Ministries shall be hereinafter collectively referred to as the “**Parties**” and individually referred to as “**Party**”.

2. INFORMATION ON THE MINISTRIES AND THE MOROCCAN INVESTMENT AND EXPORT DEVELOPMENT AGENCY

The Ministry of Industry and Trade and the Ministry of Investment, Convergence and Evaluation of Public Policies are two ministries within the Government of Kingdom of Morocco responsible for foreign investment in Kingdom of Morocco.

The Moroccan Investment and Export Development Agency is a public institution with legal personality and financial autonomy and has its registered office at Building 7, 2nd floor, Mahaj Ryad Center Bureaux, Rabat - Morocco (“**AMDIE**”).

3. INFORMATION ON DEXIN MOROCCO

Dexin Morocco SA is a public limited liability company incorporated and domiciled in the Kingdom of Morocco.

The Board composition and equity structure of Dexin Morocco are as tabulated:

Name	Designation	Shareholding	% of holding
Lim Yew Lin	Director & Shareholder	1	*
Foo Wai Leong	Director & Shareholder	1	*
Jijith Nelliyyote Kakkunnath	Director & Shareholder	1	*

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Name	Designation	Shareholding	% of holding
DXN International Holdings Limited ("DXNIH")	Shareholder	1	*
DXN	Shareholder	2,996	100.00
Total		3,000	100.00

Note:

* Negligible

DXNIH DXNIH is a 100% subsidiary of DXN

4. SALIENT TERMS OF THE MOU

The salient terms of the MOU are, amongst others, as follows:

- (a) The Kingdom of Morocco aims to position itself as a regional hub for the agri-food industry, and Dexin Morocco is a Moroccan company operating within this sector.
- (b) The MOU constitutes an agreement in principle setting forth the status of the talks between the Parties as of the date of its signature and organizing their continuation with a view to the signature of the Investment Agreement. Only the signing of the Investment Agreement will create civil obligations, binding on the Parties.
- (c) Dexin Morocco undertakes to develop and build an industrial unit in Kingdom of Morocco for the production of Spirulina and Ganoderma based products covering a total area of 80 765 m², located in Agropolis Industrial Park, in the Meknes Prefecture, object of the parcel land title No 127507/05 and 127508/05.
- (d) Dexin Morocco undertakes to invest a total amount of approximately Dirhams one hundred sixty-one million (161,000,000) and to create approximately 250 direct jobs by the end of 2028.
- (e) Subject to the Company fulfilling the applicable eligibility criteria and legal requirements to benefit from Kingdom of Morocco subsidies, the Ministries and AMDIE shall use their best efforts to assist the Company in the administrative procedures necessary to obtain (i) an investment subsidy, and (ii) where applicable, any other subsidy to which the Company may be entitled.
- (f) The Parties shall set up a committee named the 'Steering Committee,' to oversee the implementation of the MOU by the Parties.

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- (g) The Steering Committee will be composed of four members, including representatives of the Ministry of Industry and Trade, the Ministry of Investment, Convergence and Evaluation of Public Policies, the AMDIE and Dexin Morocco. The meetings of the Steering Committee are chaired by the Ministry Delegate to the Head of Government in charge of Investment, Convergence and Evaluation of Public Policies.
- (h) Subject to compliance with the applicable eligibility conditions, the granting of any subsidy provided for in this Memorandum of Understanding is subject to the conclusion of an Investment Agreement between the State and the Company. The terms and conditions for the release of any subsidy shall be set forth in the Investment Agreement. Details on implementation and performing of the Project will be subject to final signed Agreements and Contracts.

5. DURATION OF MOU

The MOU will come into effect upon signature and will be valid for twelve (12) months from the date of signing by the Parties. This period does not affect the provisions regarding the continuation of confidentiality obligations after the termination of this Memorandum. Extension of this term by an additional three (3) months is possible with the written agreement of the Parties.

6. TERMINATION OF MOU

Failure by either Party to comply with its commitments under the MOU may result in the termination of this MOU. The MOU shall be automatically terminated, thirty (30) days after formal notice by registered letter or email sent by a Party to the other Parties.

7. RISK FACTORS

The Board is not aware of any risk factors arising from the MOU as the MOU is not legally binding until the execution of the definite agreement(s) to formalise the potential collaboration between the Parties.

8. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM

Ms. Lim Yew Lin ("**Ms. Lim**"), Mr. Foo Wai Leong ("**Mr. Foo**") and Mr. Jijith Nelliyyote Kakkunnath ("**Mr. Jijith**") are employees and/or directors of certain subsidiaries of DXN. Their holding of nominal interest in Dexin Morocco is to fulfil the statutory requirements in the Kingdom of Morocco.

Ms. Lim is the Chief Financial Officer of DXN and subsidiaries ("**Group**"). She is a sibling of Datuk Lim Siow Jin, the Group Executive Chairman and major shareholder of DXN, as well as Dato' Lim Boon Yee, the Non-Independent Non-Executive Director of the Company.

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Mr. Jijith oversees matters involving the Group Executive Chairman's office and the subsidiaries in Europe, Central Asia, Africa and Turkey. He is a Director of several other subsidiaries within the Group.

Save as disclosed above, none of the other Directors or major shareholders of the Group and/or persons connected with them have any interest, direct or indirect, in the MOU.

9. FINANCIAL EFFECTS & PERCENTAGE RATIO

The MOU is non-binding and will not have any financial effects until the signing of definitive/binding agreement(s).

10. DIRECTORS' STATEMENT

The Board, having considered all aspects of the MOU, is of the opinion that the execution of the MOU is in the best interests of the Company and its subsidiaries.

11. APPROVAL REQUIRED

The execution of the MOU is not subject to the approval of the shareholders of DXN or any regulatory authority.

12. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the MOU will be made available for inspection at the Company's registered office at 170-09-01, Livingston Tower, Jalan Argyll, 10050 George Town, Pulau Pinang, Malaysia during office hours from Monday to Friday (except public holidays) for a period of three (3) months from the date of this Announcement.

This announcement is dated 8 August 2024.