

## DAGANG NeXCHANGE BERHAD

[REGISTRATION NO. 197001000738 (10039-P)]

### - JOINT VENTURE AGREEMENT ENTERED BETWEEN DAGANG NeXCHANGE BERHAD AND ZHONGHEGUOJI CONSTRUCTION GROUP CO. LTD

## 1. INTRODUCTION

The Board of Directors (“**the Board**”) of Dagang NeXchange Berhad (“**the Company**” or “**DNeX**”) wishes to announce that the Company had on 21 October 2023 entered into a Joint Venture Agreement (“**the Agreement**”) with Zhongheguoji Construction Group Co. Ltd. (“**CSI**”) (collectively referred to as “**the Parties**”) to establish a joint venture enterprise (“**JVE**”) to provide licenses and/or services to Chinese and international customers in respect of the following areas of Chinese technology solutions:

- Smart city solutions: including innovative technology and infrastructure solutions for urban development and city management, with a focus on improving operational efficiency, sustainable development and improving the quality of life of urban residents;
- Artificial intelligence (“**AI**”) solutions: AI solutions from Chinese vendors. These solutions can support other technologies and solutions in smart city projects. The focus will be on, but not limited to, core AI technologies in the areas of autonomous driving, natural language processing and quantum computing;
- Local community development and virtual tourism solutions: including technology to support local communities as well as enhance interaction between local residents and international tourists as part of the overall development of smart cities;
- Logistics and e-commerce solutions: technological solutions involving the optimization and automation of logistic operations and the improvement of e-commerce platform operation processes;
- Cross-border payment solutions: technological solutions that facilitate cross-border financial transactions, payments and currency exchanges, with a focus on the security and efficiency of the solution.

(collectively referred to as “**the Joint Venture**”)

## 2. DETAILS OF CSI

CSI was incorporated in the People’s Republic of China and having its registered address at No. 161, Jingeryu East Road, Wangxinhuang Town, Pinggu District, Beijing, China.

CSI is a Chinese enterprise owned by the whole people of China (ultimately owned by the China Government) and is tasked to capitalise on the resource advantages in China, including IT industry, digital platforms, research institutions, and local China connection to implement urban intelligence, rural modernization, and other IT execution work.

## 3. SALIENT TERMS OF THE AGREEMENT

### 3.1. Registered Capital (Total Share Capital)

Subject to finalisation and approval from the relevant authorities, the registered capital shall be a minimum of RMB20 million, with a total share capital of 20 million shares, and the final amount to be determined and confirmed by DNeX and CSI.

## DAGANG NeXCHANGE BERHAD

[REGISTRATION NO. 197001000738 (10039-P)]

### - JOINT VENTURE AGREEMENT ENTERED BETWEEN DAGANG NeXCHANGE BERHAD AND ZHONGHEGUOJI CONSTRUCTION GROUP CO. LTD

#### 3.2. Shareholding Percentage

Name of Shareholder	Number of Shares	Total Value of Shares	Percentage of shareholding
DNeX or its subsidiary	12,000,000	RMB12,000,000 (approximately RM7,818,000)	60%
CSI or its subsidiary	8,000,000	RMB8,000,000 (approximately RM5,212,000)	40%
<b>Total</b>	<b>20,000,000</b>	<b>RMB20,000,000</b> <b>(approximately RM13,030,000)</b>	<b>100%</b>

Note:

Based on the exchange rate of RMB0.6515:RM1.000, being the middle rate as quoted by Bank Negara Malaysia as at 5.00 p.m. on 20 October 2023.

#### 3.3. Contribution Period

The contribution period of each shareholder is ten (10) years or to be determined by DNeX and CSI and subject to the relevant approvals.

#### 3.4. Composition of the Board

The number of Directors of the JVE during the Joint Venture shall be five (5) which shall be made of:

- (i) Three (3) Directors shall be appointed by DNeX; and
- (ii) Two (2) Directors shall be appointed by CSI.

#### 3.5. Period of Operation

The JVE shall operate for a period of ten (10) years or to be determined by DNeX and CSI and subject to the relevant approvals.

## 4. RATIONALE FOR THE AGREEMENT

The Agreement will enable DNeX to secure access to high technology partners from China with the assistance of CSI, allowing DNeX to expand its geographical presence globally and open a new frontier where DNeX will be able to provide existing and new products, services and technological expertise.

## 5. SOURCE OF FUNDING THE JVE

The source(s) of funds for financing the JVE formation will be full funded by internally generated funds.

## **DAGANG NeXCHANGE BERHAD**

**[REGISTRATION NO. 197001000738 (10039-P)]**

**- JOINT VENTURE AGREEMENT ENTERED BETWEEN DAGANG NeXCHANGE BERHAD AND ZHONGHEGUOJI CONSTRUCTION GROUP CO. LTD**

### **6. FINANCIAL EFFECTS OF THE AGREEMENT**

#### **6.1. Share Capital**

The Agreement will not have any effect on the issued and paid-up share capital of the Company.

#### **6.2. Substantial shareholders' shareholdings**

The Agreement will not have any effect on the substantial shareholders' shareholdings of the Company.

#### **6.3. Net assets per share and gearing**

The Agreement will not have any material effect on the net assets per share and gearing of the Company for the financial period ending 31 December 2023.

#### **6.4. Earnings per share**

The Agreement is not expected to have any material effect on the earnings per share of the Company for the financial period ending 31 December 2023.

### **7. RISK FACTORS**

DNeX does not foresee any exceptional risk other than the normal operational risks associated with the Joint Venture. DNeX will take the necessary steps to mitigate the risks as and when it occurs.

### **8. STATEMENT BY DIRECTORS**

The Board of DNeX, having reviewed and considered the terms and conditions of the Agreement, is of the opinion that the Agreement is in the best interest of the Company and the terms and conditions of the Agreement are fair, reasonable and on terms that are not detrimental to the interest of the minority shareholders of the Company.

### **9. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS AND PERSONS CONNECTED INTERESTS**

None of the Directors of the Company or persons connected to them has any interest, direct or indirect, in the Agreement.

The Board is not aware of any other major shareholders or persons connected to them having interest, direct or indirect, in the Agreement.

**DAGANG NeXCHANGE BERHAD**

**[REGISTRATION NO. 197001000738 (10039-P)]**

**- JOINT VENTURE AGREEMENT ENTERED BETWEEN DAGANG NeXCHANGE BERHAD AND ZHONGHEGUOJI CONSTRUCTION GROUP CO. LTD**

**10. APPROVAL REQUIRED**

The Agreement is not subject to the approval of shareholders and any other relevant authorities and is not conditional upon any other corporate exercise undertaken by the Company.

**11. DOCUMENTS AVAILABLE FOR INSPECTION**

The Agreement is available for inspection at the registered office of the Company at E-10-4, Megan Avenue 1, 189, Jalan Tun Razak, 50400 Kuala Lumpur, W.P. Kuala Lumpur, Malaysia, during normal business hours on Mondays to Fridays (except public holidays) for a period of three (3) months from the date of this announcement.

This announcement is dated 23 October 2023.