

**AGX GROUP BERHAD (“AGX” or “THE COMPANY”)
[REGISTRATION NO. 201901042663 (1351993-K)]**

- SHAREHOLDERS’ AGREEMENT IN RELATION TO THE SUBSCRIPTION OF SHARES IN AGX LOGISTICS (VIET NAM) CO., LTD

1. INTRODUCTION

The Board of Directors (“**Board**”) of AGX wishes to announce that the Company had on 3 July 2024 entered into a shareholders’ agreement with Dang Huynh Ba Thanh and Lam Minh Tu (“**the Parties**”) for the subscription of 180,000 shares representing 60% equity interest in AGX Logistics (Viet Nam) Co., Ltd (Registration no. 0318414972) (“**AGX (VN)**”) for a total cash consideration of VND1,800,000,000 (approximately equivalent to RM334,000) (“**Purchase Consideration**”) (“**Subscription**”). The shareholders’ agreement entails the shareholders’ rights and obligations, management, operation of the business, and board reserved matters.

2. INFORMATION OF THE AGX LOGISTICS (VIET NAM) CO., LTD

AGX (VN) is a private limited company incorporated on 17 April 2024 under the laws of Vietnam. AGX (VN)’s principal place of business is located at 39B Truong Son, Ward 4, Tan Binh District, Ho Chi Minh City, Vietnam. As at the date of the shareholders’ agreement, the issued share capital of AGX (VN) is VND3,000,000,000 comprising of 300,000 ordinary shares.

The principal activities of AGX (VN) are to provide logistics and warehousing services.

Upon completion of the Subscription, AGX (VN) will be a subsidiary of AGX. The shareholding structure of AGX (VN) is follows:

Shareholders	No. of ordinary shares	%
AGX Group Berhad	180,000	60
Dang Huynh Ba Thanh	78,000	26
Lam Minh Tu	42,000	14
Total	300,000	100

The directors of AGX (VN) are (a) Dang Huynh Ba Thanh; (b) Lam Minh Tu; and (c) Neo Lip Pheng, Peter and (d) Dato’ Ponnudurai A/L Periasamy.

3. SALIENT TERMS OF THE SHAREHOLDERS’ AGREEMENT

The Parties entered into this shareholders’ agreement are agreeable to co-operating with each other in a joint venture to conduct logistics and any other business as may be agreed by the Parties from time to time.

a) Operation of the Business

- AGX agrees to allow AGX (VN) to use AGX’s name and logo for its marketing and business operations. AGX (VN) is not allowed to use AGX’s name and logo if and when AGX is no longer a shareholder of AGX (VN).
- AGX (VN) shall be empowered to carry out any business framed under its Memorandum and Articles of Association or as from time to time altered by special resolution.
- The primary objectives of AGX (VN) shall be to conduct logistics business in Vietnam.
- The objectives of AGX (VN) shall be conducted in the best interests of AGX (VN) on sound commercial profit-making principles so as to generate the maximum achievable profits.

b) Quorum for Board of Directors

- Board of Directors of AGX (VN) shall consist of minimum of four directors and at least half of the directors shall be nominated by AGX.
- AGX have the right to nominate additional directors to the Board of Directors according to its shareholding percentage in AGX (VN) at its own discretion.
- The quorum for all meetings of the Board (including adjourned meetings) shall be three (3) directors comprising of at least two (2) directors from AGX.

c) Management of AGX (VN)

The management of AGX (VN) will be handled by AGX or any personnel nominated by AGX, including the hiring and appointment of key personnel for AGX (VN). AGX agrees to appoint Dang Huynh Ba Thanh as the Managing Director of AGX (VN), who will report to the Group Chief Executive Officer of AGX or any authorized personnel assigned by AGX (hereinafter referred to as '**Management**').

d) Conflicts of Interest

- Each of the shareholders and the management of AGX (VN) shall declare all conflicts of interest and all direct and deemed interests (whether financial or otherwise) which he may have in any company or companies which are or which may from time to time be doing business with AGX (VN) or which are or which may from time to time be in direct or indirect competition with AGX (VN).
- All transactions by AGX (VN) with the shareholders or directors or any person(s) connected to them shall be at arms-length pricing.

e) Board Reserved Matters

The Board Reserved Matters governs the approval process for the following aspects:

- strategic decisions;
- financial decisions;
- corporate governance;
- legal and regulatory compliance;
- dividend policy;
- corporate structure; and
- significant contracts.

4. RATIONALE AND BENEFITS OF THE SUBSCRIPTION

The Subscription provides an opportunity to AGX Group to penetrate Vietnam's market via a physical presence and generate additional revenue to the Group's existing business segments. Furthermore, the expansion is in line with AGX's long-term business plan to expand its physical presence in Asia-Pacific region.

The Board is optimistic with Vietnam's rapidly growing economy and favourable business environment, will presents a strategic market for AGX's services.

Other key rationale for the Subscription are as follows:

a) Market Penetration

Establishing a local presence will enable AGX to better serve Vietnamese customers and penetrate the market effectively.

b) Synergy within the Group

The venture will allow AGX to introduce our logistics services, in particularly aerospace logistics segments, to Vietnam, leveraging our group's existing expertise.

c) Local Partner's Expertise

Collaborating with local partner will provide valuable insights into the Vietnamese market, regulatory environment, and business practices.

5. RISK FACTORS IN RELATION TO THE SUBSCRIPTION

Save for the following potential associated risk factors identified in relation to this Subscription and the corresponding mitigation plans, AGX is not expected to materially change the business risk profile of AGX except for general business risks:

a) Market Risk

Fluctuations in the Vietnam market could impact the performance of AGX (VN). Economic downturns, changes in consumer behaviour, or shifts in government policies may affect demand for logistics services.

This risk is planned to be mitigated by offering diversified services to cater to various industries and sectors within the logistics market, implementing flexible pricing strategies to adapt to changing market conditions, closely monitoring market trends and customer demands to proactively adjust business strategies, and establishing long-term contracts with key clients to provide stability in revenue streams during market fluctuations.

b) Key People Risk

Dependency on Dang Huynh Ba Thanh and Lam Minh Tu as the local experts for AGX (VN)'s operation may expose AGX (VN) to risks.

This risk is planned to be mitigated by signing a shareholders' agreement with our local partners, outlining the terms and conditions of the collaboration, and implementing succession planning to identify and develop talent within the organisation to mitigate the impact of key personnel leaving.

c) Financial Risk

Insufficient liquidity, cash flow constraints, or overleveraging could hinder AGX (VN)'s ability to fund operations, pursue growth opportunities, or withstand economic downturns.

This risk is planned to be mitigated by conducting regular financial forecasting and budgeting to anticipate cash flow needs and identify potential liquidity issues in advance, maintaining a conservative approach to debt management to avoid overleveraging, exploring alternative financing options such as equity financing or strategic partnerships to supplement cash flow and support growth initiatives, and implementing cost-saving measures and efficiency improvements to optimise operational expenses.

6. FINANCIAL EFFECT OF THE SUBSCRIPTION

The Subscription of AGX (VN) will not have any material effect on the share capital and substantial shareholders' shareholdings of AGX, earnings per share, net assets per share and gearing of the AGX for the financial year ending 31 December 2024.

7. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS AND PERSONS CONNECTED

None of the Directors, major shareholders of AGX and/or persons connected with a director or major shareholder of the Company, has any interest, direct and/or indirect in the Subscription.

8. STATEMENT BY THE BOARD OF DIRECTORS

The Board of AGX, having considered all aspects of the Subscription, is of the opinion that the Subscription is in the best interest of the Company.

9. HIGHEST PERCENTAGE RATIO PURSUANT TO RULE 10.02(G) OF THE ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (“AMLR”)

The highest percentage ratio applicable to the Subscription pursuant to Rule 10.02(G) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad is 0.65%, based on the net assets of AGX Group as of 31 December 2023.

This announcement is dated 9 July 2024.