

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisers immediately.

Bursa Malaysia Securities Berhad (“Bursa Securities”) has only perused through this Circular on a limited review basis pursuant to the provisions of Guidance Note 22 of the ACE Market Listing Requirements of Bursa Securities, prior to the issuance of this Circular.

Bursa Securities takes no responsibility for the contents of this Circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular. Shareholders of NetX Holdings Berhad should rely on their own evaluation to assess the merits and risks of the Proposed Shareholders’ Mandate.



NETX HOLDINGS BERHAD

Registration No. 200001030834 (533441-W)
(Incorporated in Malaysia under the Companies Act, 1965)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

PROPOSED NEW SHAREHOLDERS’ MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

The above proposal will be tabled as Special Business at the Twenty-First (21st) Annual General Meeting (“AGM”) of NetX Holdings Berhad (“NetX” or “the Company”) to be conducted on a fully virtual basis from the Broadcast Venue at Level 4, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 17 May 2022 at 10.00 a.m. The Notice of AGM together with the Form of Proxy are enclosed in the Company’s 2021 Annual Report.

A member entitled to attend, participate, speak and vote at the AGM is entitled to appoint a proxy or proxies to attend, participate, speak and vote on his/her behalf. In such event, the completed and signed Form of Proxy must be lodged at the Share Registrar’s office at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur or via facsimile no. 03-6201 3121 or via e-mail at ir@shareworks.com.my, on or before the date and time as indicated below or at any adjournment thereof. The lodging of the Form of Proxy shall not preclude you from attending, participating, speaking and voting in person at the AGM should you subsequently wish to do so.

Last day and time for lodging the Form of Proxy : Monday, 16 May 2022 at 10.00 a.m.
Date and time of Twenty-First (21st) AGM : Tuesday, 17 May 2022 at 10.00 a.m.

DEFINITIONS

For the purposes of this Circular, except where the context otherwise requires, the following definitions shall apply:

“Act”	:	The Companies Act, 2016 as amended from time to time, and includes every statutory modification or any re-enactment thereof for the time being in force
“AGM”	:	Annual General Meeting
“ARMC”	:	The Audit and Risk Management Committee of NetX
“Board”	:	The Board of Directors of NetX
“Bursa Securities”	:	Bursa Malaysia Securities Berhad
“Circular”	:	Circular to Shareholders in relation to the Proposed Shareholders’ Mandate
“Director”	:	Shall have the same meaning given in Section 2(1) of the the Capital Markets and Services Act 2007 and includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a director or a chief executive of NetX or any other company which is a subsidiary of NetX or a holding company of NetX
“DGB”	:	DGB Asia Berhad
“DGB Group”	:	DGB and its subsidiaries
“EFTPOS”	:	Electronic Funds Transfer at the Point of Sale
“EPS”	:	Earnings per Share
“Fintec”	:	Fintec Global Berhad
“Fintec Group”	:	Fintec and its subsidiaries
“LPD”	:	15 March 2022, being the latest practicable date prior to the printing of this Circular
“Listing Requirements”	:	ACE Market Listing Requirements of Bursa Securities, including any amendments made in respect thereof from time to time
“Major Shareholder(s)”	:	Means a person who has an interest or interests in one or more voting shares in a Company and the number or the aggregate number of those shares, is: <ul style="list-style-type: none"> (a) 10% or more of the total number of all voting shares in the Company; or (b) 5% or more of the total number of all voting shares in the Company where such person is the largest shareholder of the Company, and includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, such major shareholder of the company or any other company which is its subsidiary or holding company. For the purpose of this definition, “interest in shares” has the meaning given in Section 8 of the Act
“Mlabs”	:	Mlabs Systems Berhad
“Mlabs Group”	:	Mlabs and its subsidiaries
“NetX” or “the Company”	:	NetX Holdings Berhad
“NetX Group” or “the Group”	:	NetX and its subsidiaries
“NetX Share(s)” or “Share(s)”	:	Ordinary Shares of NetX
“NA”	:	Net assets attributable to ordinary equity holders of NetX
“Proposed Shareholders’ Mandate”	:	Proposed new shareholders’ mandate for NetX Group to enter into RRPT(s) of a revenue or trading nature
“Related Party(ies)”	:	Director(s), major shareholder(s) or person(s) connected with such director(s) or major shareholder(s) of NetX. For the purpose of this definition, “Director(s)” or “Major Shareholder(s)” shall have the meaning given in Rule 10.02 of the Listing Requirements
“RRPT(s)”	:	A transaction entered into by the Company or its subsidiaries which involves direct or indirect interest, of a Related Party, which is recurrent, of a revenue or trading nature and which is necessary for day to day operations of the NetX Group
“RM” and “sen”	:	Ringgit Malaysia and sen, respectively
“Shareholders”	:	Shareholders of NetX
“Substantial Shareholder(s)”	:	A person who has interest or interests in one or more voting Shares in the Company and the number of that Share, or aggregate number of those Shares, is not less than 5% of the total number of all the voting Shares in the Company
“XOX”	:	XOX Bhd
“XOX Group”	:	XOX and its subsidiaries
“2021 Annual Report”	:	Annual Report of NetX issued for the financial year ended 30 November 2021

Words incorporating the singular shall, where applicable, include the plural and vice versa and words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include a corporation, unless otherwise specified.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of a day in this Circular shall be a reference to Malaysian time, unless otherwise specified.

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**NETX HOLDINGS BERHAD**

Registration No. 200001030834 (533441-W)
(Incorporated in Malaysia under the Companies Act, 1965)

Registered Office:

22-09, Menara 1MK
No. 1 Jalan Kiara, Mont Kiara
50480 Kuala Lumpur

31 March 2022

Board of Directors:

Tan Sik Eek *(Executive Director)*
Chu Chee Peng *(Independent Non-Executive Director)*
Ong Siew Min *(Independent Non-Executive Director)*
Yong Ket Inn *(Non-Independent Non-Executive Director)*

To : The Shareholders of NetX**Dear Sir/Madam,****PROPOSED SHAREHOLDERS' MANDATE**

1. INTRODUCTION

On 29 March 2022, the Board of Directors of NetX announced that the Company has proposed to seek its shareholders' approval for the Proposed Shareholders' Mandate pursuant to Rule 10.09 of the Listing Requirements at the Twenty-First (21st) AGM of the Company.

The purpose of this Circular is to provide you with the relevant information of the Proposed Shareholders' Mandate and to seek your approval for the Ordinary Resolution pertaining to the Proposed Shareholders' Mandate to be tabled at the forthcoming Twenty-First (21st) AGM, which will be held on Tuesday, 17 May 2022 at 10.00 a.m. The notice of the Twenty-First (21st) AGM together with the Form of Proxy is enclosed in the 2021 Annual Report of the Company for the financial year ended 30 November 2021.

SHAREHOLDERS OF NETX ARE ADVISED TO READ AND CONSIDER THE CONTENTS OF THIS CIRCULAR CAREFULLY BEFORE VOTING ON THE ORDINARY RESOLUTION PERTAINING TO THE PROPOSED SHAREHOLDERS' MANDATE AT THE FORTHCOMING AGM.

2. DETAILS OF THE PROPOSED SHAREHOLDERS' MANDATE

Pursuant to Rule 10.09(2) of the Listing Requirements, a listed issuer may seek a mandate from its shareholders in respect of RRPT(s) subject to the following:

- (a) the transactions are in the ordinary course of business and are on terms not more favourable to the Related Parties than those generally available to the public;
- (b) the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of the transactions conducted pursuant to the shareholders' mandate during the financial year where the aggregate value is equal to or more than the threshold below in relation to a listed issuer with an issued and paid-up capital of RM60.0 million and above :
 - (i) the consideration, value of the assets, capital outlay or costs of the RRPT(s) is RM1.0 million or more; or
 - (ii) the percentage ratio of such RRPT(s) is 1% or more,
 whichever is the higher.
- (c) the listed issuers' circular to shareholders for the shareholder mandate includes the information as may be prescribed by Bursa Securities. The circular must be submitted to Bursa Securities together with a checklist showing compliance with such information;
- (d) in a meeting to obtain shareholders' mandate, the interested directors, interested major shareholders or interested person connected with a director or major shareholder; and where it involves the interest of an interested person connected with a director or major shareholder, such directors or major shareholder, must not vote on the resolution to approve the RRPT(s). An interested director or interested major shareholder must also ensure that persons connected with him abstain from voting on the resolution approving the RRPT(s); and
- (e) the listed issuer immediately announces to Bursa Securities when the actual value of a RRPT(s) entered into by the listed issuer, exceeds the estimated value of the RRPT(s) disclosed in the circular by 10% or more and must include the information as may be prescribed by Bursa Securities in its announcement.

2.1 Principal Activities of NetX Group

The principal activity of NetX is investment holding, research and development of software, system design, integration and installation and provision of information technology services, while its subsidiaries and their principal activities are set out in the table below:

Name of Company	Equity Interest Held (%)	Principal Activities
<u>Direct Subsidiaries of NetX</u>		
Ariantec Sdn. Bhd.	100	Provision of turnkey solutions on the network infrastructure, security management and rental of EFTPOS terminals.
e-FX Sdn. Bhd.	100	Provision of services relating to information technology including trading of computer software and hardware and investing and trading in currencies and precious commodities.
Sungei Wang Holdings Sdn. Bhd.	100	Property and investment holding.
Sungei Wang Plaza Sdn. Bhd.	100	Property and investment holding.
GEM Pay Sdn. Bhd.	99.31	Provision of Master Merchant and subcontractor services.
First United Technology Limited	90	Provision of software licensing, maintenance and support services.
<u>Indirect Subsidiaries of NetX</u>		
* Subsidiaries of Ariantec Sdn. Bhd.		
GEM Live Sdn. Bhd.	100	Business of consultation, supply and commissioning of information technologies relating to provision of lifestyle mobile app; management of local entertainments/ lifestyle talents, influencers, key opinion leaders; distribute and trading of food and beverage.
NetX Digital Limited	100	Trading of information technology related hardware and software equipment.

2. DETAILS OF THE PROPOSED SHAREHOLDERS' MANDATE (CONT'D)

2.1 Principal Activities of NetX Group (Cont'd)

Name of Company	Equity Interest Held (%)	Principal Activities
Indirect Subsidiaries of NetX (Cont'd)		
* Subsidiary of e-FX Sdn. Bhd.		
EFX Global Pty Ltd	100	Dormant.
* Subsidiary of GEM Pay Sdn. Bhd.		
eMicro Capital (M) Sdn. Bhd.	60	Investment holding company and management advisory.
* Subsidiary of GEM Live Sdn. Bhd.		
GEM Excite Sdn. Bhd.	100	Provision of the rental services for all types of machinery and equipment.
* Subsidiary of NetX Digital Limited		
NetX Digital Taiwan Limited	100	Trading of information technology related hardware and software equipment.
* Subsidiaries of eMicro Capital (M) Sdn. Bhd.		
Estamp Solutions Sdn. Bhd.	100	Engaged in computer-programming activities.
Emicro Services Sdn. Bhd.	100	Business of licensed moneylenders and other related services; Trading of motor vehicles.
* Associates company of e-FX Sdn. Bhd.		
Mountain Money Sdn. Bhd.	49	Money services business.

Due to the diversity of NetX Group, it is anticipated that NetX Group would, in the normal course of business, continue to enter into transactions with the Related Parties, details of which are set out in Section 2.4 below. It is likely that such transactions will occur with some degree of frequency and could arise at any time.

The Board proposes to seek the shareholders' approval for the Proposed Shareholders' Mandate for the NetX Group to enter into transactions in the normal course of business within the classes of Related Parties set out in Section 2.4 below, provided such transactions are entered into at arm's length and on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and are not detrimental to the minority shareholders. Such mandate will enable the Group to enter into the RRPT(s) without the necessity, in most instances, to make the otherwise announcement or to convene meetings in order to procure specific prior approval of its shareholders. The RRPT(s) will also be subject to the review procedures set out in Section 2.6 below.

2.2 Categories of RRPT(s)

The types of RRPT(s) to be covered by the Proposed Shareholders' Mandate includes the following :

- (a) Provision of turnkey solutions on network infrastructure, security management, system design, system integration and installation including supply of related software and hardware and provision of related software and hardware maintenance and support services.

In the course of NetX Group's business, it is anticipated that NetX Group may enter into RRPT(s) by providing solutions on network infrastructure, security management, system design, system integration and installation including supply of related hardware and provision of related software and hardware maintenance and support services to and/or from the Related Parties.

- (b) Leasing/renting/letting of Asset as Offices or Retail Lots

In the course of the NetX Group's business, it is anticipated that transactions with Related Parties under this category will include leasing/renting/letting of office premises or retail lots to and/or from the Related Parties.

- (c) Provision of software development and maintenance, website maintenance, cloud related services, video conferencing services and related products or services

In the course of NetX Group's business, it is anticipated that NetX Group may enter into RRPT(s) to acquire software development and maintenance for NetX mobile application such as Gem Spot, eFX, eMicro and others, website maintenance, cloud related services, video conferencing services and related products or services from the Related Parties.

2. DETAILS OF THE PROPOSED SHAREHOLDERS' MANDATE (CONT'D)

2.2 Categories of RRPT(s) (Cont'd)

(d) Provision of mobile and wireless telecommunication products and services

In the course of NetX Group's business, it is anticipated that NetX Group may enter into RRPT(s) to acquire mobile and wireless telecommunication products and services, including mobile cellular packages from the Related Parties. The mobile and wireless telecommunication products and services will be incorporated into NetX payment terminals or payment solutions which will be rented out or sold to merchants.

(e) Provision of Master Merchant services, mobile payment solutions, mobile payment software licensing and mobile payment terminal

In the course of NetX Group's business, it is anticipated that NetX Group may enter into RRPT(s) to provide master merchant services, mobile payment solutions, mobile payment software licensing and mobile payment terminal, including sales or rental or maintenance of mobile payment terminal and cashless e-wallet payment solutions or payment platform to and/or from the Related Parties.

(f) Provision of management services

In the course of NetX Group's business, it is anticipated that NetX Group may enter into RRPT(s) to provide share management services such as property management services, legal services or any shared services with the Related Parties.

(g) Provision of advertising services

In the course of NetX Group's business, it is anticipated that NetX Group may enter into RRPT(s) to provide advertising services to and/or from the Related Parties.

(h) Payment of fees

In the course of NetX Group's business, it is anticipated that NetX Group may enter into RRPT(s) relating to the payment of the fees to the Related Parties for referring their customer to NetX's micro financing product which will be payable upon the repayment from the said customer.

(i) Provision of celebration events planning and gifting services

In the course of NetX Group's business, it is anticipated that NetX Group may enter into RRPT(s) to provide celebration events planning and gifting services to the Related Parties.

The inclusion of the abovementioned transactions in the Proposed Shareholders' Mandate will facilitate such transactions by NetX Group with the Related Parties that arise in the normal course of operations of the Group in a more expeditious manner.

2.3 Validity Period of the Proposed Shareholders' Mandate

The Proposed Shareholders' Mandate is subject to annual renewal. In this respect, any authority conferred by the Proposed Shareholders' Mandate, if approved by the shareholders, shall take effect from the passing of the ordinary resolution proposed at the forthcoming AGM and shall continue to be in force until:

- (a) the conclusion of the next AGM of NetX following the general meeting at which such mandate was passed, at which time it will lapse, unless by a resolution passed at the general meeting, the mandate is renewed;
- (b) the expiration of the period within which the next AGM of the Company after the date is required to be held pursuant to Section 340 (2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340 (4) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is earlier.

Thereafter, approval from shareholders will be sought for the renewal of the Proposed Shareholders' Mandate.

2. DETAILS OF THE PROPOSED SHAREHOLDERS' MANDATE (CONT'D)

2.4 Classes of Related Parties and Nature of RRPT(s)

The Proposed Shareholders' Mandate will apply to the transactions with the following Companies:

Related Party and its Principal Activities	NetX Group - Transacting Party	Nature of Transaction with NetX Group	Estimated aggregate value of transaction for the period from the forthcoming Twenty-First (21 st) AGM to the next AGM*	Interested Director and Major Shareholders and nature of their relationship with Related Party
Fintec Group - Technology incubation, investment holding, manufacturing and sale of rubber gloves and sale and production of microbiology fertilizer and probiotic effective microorganisms	NetX Group	Provision of turnkey solutions on network infrastructure, security management, system design, system integration and installation including supply of related hardware and provision of related software and hardware maintenance and support services by NetX Group	RM5,000,000	Fintec is a Major Shareholder of NetX with a shareholding of 23.21%. Mr. Tan Sik Eek is the Executive Director and shareholder of NetX with a shareholding of 4.79%. He is also the Managing Director and shareholder of Fintec with a shareholding of 0.01%.
		Renting of office premises to Fintec Group ^(a)	RM72,600	
		Provision of management services such as property management services, legal services or any shared services by/to NetX Group	RM150,000	
		Provision of celebration events planning and gifting services by NetX Group	RM1,000,000	
XOX Group - Mobile telecommunication, fintech, mobile application, mobile cellular, wireless telecommunication	NetX Group	Provision of turnkey solutions on network infrastructure, security management, system design, system integration and installation including supply of related hardware and provision of related software and hardware maintenance and support services by NetX Group	RM8,000,000	Mr. Tan Sik Eek is the Executive Director and shareholder of NetX with a shareholding of 4.79%. He is also the Executive Director and shareholder of XOX with a shareholding of 0.73%
		Provision of mobile and wireless telecommunication products and services to NetX Group	RM250,000	
		Provision of management services such as property management services, legal services or any shared services by/to NetX Group	RM100,000	
		Provision of advertising services by/to NetX Group	RM3,000,000	
		Payment of fees to XOX Group relating to their services rendered for referring of customer to NetX's micro financing product	RM100,000	
		Provision of celebration events planning and gifting services by NetX Group	RM1,000,000	

2. DETAILS OF THE PROPOSED SHAREHOLDERS' MANDATE (CONT'D)

2.4 Classes of Related Parties and Nature of RRPT(s) (Cont'd)

Related Party and its Principal Activities	NetX Group - Transacting Party	Nature of Transaction with NetX Group	Estimated aggregate value of transaction for the period from the forthcoming Twenty-First (21 st) AGM to the next AGM*	Interested Director and Major Shareholders and nature of their relationship with Related Party
Mlabs Group - Research and development, trading of multimedia video conferencing system and equipment, e-Commerce, kitchen appliances, food and beverage, and film production	NetX Group	Provision of turnkey solutions on network infrastructure, security management, system design, system integration and installation including supply of related hardware and provision of related software and hardware maintenance and support services by/to NetX Group	RM8,000,000	NetX is a Major Shareholder of Mlabs with a shareholding of 23.0%. Mr. Tan Sik Eek is the Executive Director and shareholder of NetX with a shareholding of 4.79%. He is also the Executive Director and shareholder of Mlabs with a shareholding of 0.05%
		Renting of office premises and/or retail lots to Mlabs Group ⁽ⁱⁱ⁾	RM200,000	
		Provision of software development and maintenance, website maintenance, cloud related services, video conferencing services and related products or services to NetX Group	RM5,000,000	
		Provision of management services such as property management services, legal services or any shared services by/to NetX Group	RM200,000	
		Provision of celebration events planning and gifting services by NetX Group	RM1,000,000	
DGB Group - Digital scan equipment, courier services, vending machines, hotel operator, software customisation and developments	NetX Group	Provision of turnkey solutions on network infrastructure, security management, system design, system integration and installation including supply of related hardware and provision of related software and hardware maintenance and support services by NetX Group	RM5,000,000	Mr. Tan Sik Eek is the Executive Director and shareholder of NetX with a shareholding of 4.79%. He is also the Executive Director and shareholder of DGB with a shareholding of 0.04%.
		Renting of office premises and/or retail lots to DGB Group ⁽ⁱⁱⁱ⁾	RM200,000	
		Provision of Master Merchant services, mobile payment solutions, mobile payment software licensing and mobile payment terminal by NetX Group	RM300,000	
		Provision of management services such as property management services, legal services or any shared services by/to NetX Group	RM200,000	
		Provision of advertising services by/to NetX Group	RM8,000,000	
		Provision of celebration events planning and gifting services by NetX Group	RM2,000,000	

2. DETAILS OF THE PROPOSED SHAREHOLDERS' MANDATE (CONT'D)

2.4 Classes of Related Parties and Nature of RRPT(s) (Cont'd)

Notes on Nature of Transaction:

* The estimated values are calculated based on the historical data and best estimates by the management. Accordingly, the actual value of the transaction may vary from the estimated value disclosed above and subject to changes.

As at LPD, NetX Group has yet to identify the types and location of the properties to be rented by NetX Group. Nevertheless, all the rental of properties, if any, shall be payable on an equal pro-rated monthly basis based on prevailing market value.

® As at LPD, the details of the offices or retail lots rented by NetX Group to the Related Parties are as follows of which the rental is payable on an equal pro-rated monthly basis:

Notes	Description	Postal Address	Total Areas (Sq. Ft.)	Rental Value per Month	Period of Tenancy	Ownership
(i)	Level 3, 1-3 (Shop house/ Office Lot)	1-3, Street Wing, Sunsuria Avenue, Persiaran Mahogani, Kota Damansara, PJU 5, 47810 Petaling Jaya, Selangor	1,506.94	RM5,500.00	15 May 2020 to 14 May 2022	Ariantec Sdn. Bhd., a wholly-owned subsidiary of NetX
(ii)	Ground Floor, 1-G (Shop house/ Office Lot)	1-G, Street Wing, Sunsuria Avenue, Persiaran Mahogani, Kota Damansara, PJU 5, 47810 Petaling Jaya, Selangor	2,185.07	RM4,000.00	1 January 2021 to 31 December 2022	Ariantec Sdn. Bhd., a wholly-owned subsidiary of NetX
	Level 1, 1-1 (Shop house/ Office Lot)	1-1, Street Wing, Sunsuria Avenue, Persiaran Mahogani, Kota Damansara, PJU 5, 47810 Petaling Jaya, Selangor	3,013.89	RM1,000.00	1 May 2020 to 30 April 2022	Ariantec Sdn. Bhd., a wholly-owned subsidiary of NetX
	Level 2, 1-2 (Shop house/ Office Lot)	1-2, Street Wing, Sunsuria Avenue, Persiaran Mahogani, Kota Damansara, PJU 5, 47810 Petaling Jaya, Selangor	1,506.95	RM1,000.00	1 May 2020 to 30 April 2022	Ariantec Sdn. Bhd., a wholly-owned subsidiary of NetX
	Level 2, 1-2 (Shop house/ Office Lot)	1-2, Street Wing, Sunsuria Avenue, Persiaran Mahogani, Kota Damansara, PJU 5, 47810 Petaling Jaya, Selangor	1,506.94	RM2,500.00	1 November 2021 to 31 October 2022	Ariantec Sdn. Bhd., a wholly-owned subsidiary of NetX
	Level 3, 1-3 (Shop house/ Office Lot)	1-3, Street Wing, Sunsuria Avenue, Persiaran Mahogani, Kota Damansara, PJU 5, 47810 Petaling Jaya, Selangor	1,506.95	RM2,500.00	1 November 2021 to 31 October 2022	Ariantec Sdn. Bhd., a wholly-owned subsidiary of NetX
(iii)	Lot LG001A, Plaza Sungei Wang (Retail Lot)	Lot no. LG001A, Sungei Wang Plaza, Jalan Sultan Ismail, 50250 Kuala Lumpur	657	RM1,314.00	1 January 2022 to 30 June 2022	Sungei Wang Plaza Sdn. Bhd., a wholly-owned subsidiary of NetX

Save as disclosed above, NetX Group has yet to identify the types and location of any additional properties to be rented by/ to NetX Group. Nevertheless, all the rental of properties, if any, shall be payable on an equal pro-rated monthly basis based on prevailing market value.

2.5 Amount Due and Owing Under Recurrent Related Party Transactions

As at LPD, there is no amount due and owing to NetX Group which has exceeded the credit term given arising from the RRPT(s) as per Section 2.4.

2.6 Review Methods or Procedures for the Recurrent Related Party Transactions

NetX Group has established various methods and procedures to ensure the RRPT(s) are undertaken on transaction prices and on arms' length and on normal commercial terms, which are consistent with NetX Group's usual business practices and policies, on terms which are not more favourable to the Related Parties than those extended to the public and are not detrimental to the minority shareholders.

2. DETAILS OF THE PROPOSED SHAREHOLDERS' MANDATE (CONT'D)

2.6 Review Methods or Procedures for the Recurrent Related Party Transactions (Cont'd)

The review and disclosure procedures are as follows:

- (a) the Related Parties, interested Directors and persons connected will be advised that they are subject to the shareholders' mandate and will also be advised of the review and disclosure procedures;
- (b) the transaction prices, terms and conditions which are market driven are to be determined at arms' length on a customer/supplier relationship basis at mutually agreed rates after due consideration of benefits to be derived from the transaction, under similar commercial terms for transactions with unrelated third parties, which depend on demand and supply, quality, level of service and other related factors;
- (c) some transactions may be on a cost recovery basis, being recovery of part of the costs for sharing or provision of some services or on a negotiated basis where both parties would contract on terms which are mutually acceptable and beneficial;
- (d) the management of the NetX Group is cognisant that, all RRPT(s) are required to be undertaken on an arm's length basis and on normal commercial terms. Where practicable and feasible, quotation and/or tenders will be obtained from at least 2 other contemporaneous transactions with unrelated third parties for similar products/services and/or quantities will be used as comparison, wherever possible, to determine whether the price and terms offered to/by the Related Parties are fair and reasonable and comparable to those offered to/by other unrelated third parties for the same or substantially similar type of products/services and/or quantities. Where it is impractical or impossible for quotes and/or tenders to be obtained from unrelated parties, or where there have not been any similar or substantially similar transactions between NetX Group and unrelated third parties, the terms of the transactions for the products or services will be in accordance with the usual business practices of the Group to ensure that the RRPTs is not detrimental to the NetX Group;
- (e) where RRPT(s) is one with a value equal to or in excess of RM1.0 million or 1% of the applicable percentage ratio as stated in the Listing Requirements (whichever is higher), it will be reviewed by the ARMC and recommended to be approved by the Board of Directors who has no interest in the transaction. Where the RRPT(s) is one with a value below RM1.0 million or 1% of the applicable percentage ratio as stated in the Listing Requirements (whichever is higher), it will be reviewed and approved by any 1 of the Executive Director or the Board members who has no interest in the transaction;
- (f) if a member of the Board or of the ARMC has an interest, as the case may be, he/she shall declare their interest in transaction and abstain from any decision making by the Board or ARMC in respect of the said transactions;
- (g) the ARMC shall amongst others, review any RRPT(s) and conflict of interest situation that may arise within the Group including any transaction procedures or course of conduct that raises questions of management integrity;
- (h) records will be maintained by the respective companies to capture all RRPT(s) which are entered pursuant to the shareholders' mandate;
- (i) the ARMC shall review on a quarterly basis any related party transaction that may arise within the Company or the Group to ensure that such transactions will be carried out at arm's length, on normal commercial terms, on terms not more favourable to the Related Parties than those generally available to the public and on terms not detrimental to the minority shareholders;
- (j) the Board and ARMC shall review the internal audit reports to ascertain that the guidelines and procedures to monitor RRPT(s) have been complied with; and
- (k) the Board shall have overall responsibility for the determination of the review procedures. If a member of the Board and ARMC has an interest in the transaction to be reviewed by the Board and ARMC, as the case may be, he will abstain from any decision making by the Board or ARMC in respect of the said transaction.

2.7 Statement by ARMC

The ARMC has the overall responsibility of determining whether the procedures for reviewing all RRPT(s) are appropriate. The ARMC will review and ascertain at least once a year whether the procedures established to monitor RRPT(s) have been complied with. If it is determined that the procedures stated in Section 2.6 are inadequate to ensure that (i) the RRPT(s) will be conducted at arms' length and on normal commercial terms and (ii) such transactions are not prejudicial to the interest of the shareholders, the Company will obtain a fresh shareholders' mandate based on the new procedures.

The ARMC will also have the discretion to request for limits to be imposed or for additional procedures to be followed if it considers such requests to be appropriate. In that event, such limits or procedures may be implemented without the approval of shareholders, provided that they are more stringent than the existing limits or procedures.

The ARMC will review the existing procedures and processes, on an annual basis and as and when required, to ensure that the RRPT(s) are at all times carried out on commercial terms consistent with the NetX Group's usual business practices and policies.

2. DETAILS OF THE PROPOSED SHAREHOLDERS' MANDATE (CONT'D)

2.7 Statement by ARMC (Cont'd)

The ARMC of the Company has reviewed the above procedures and is satisfied that the said procedures are adequate to monitor, track and identify RRPT(s) in a timely and orderly manner and are sufficient to ensure that the RRPT(s) will be carried out on commercial terms consistent with the NetX Group's usual business practices and policies and on terms not more favourable to the Related Parties than those generally available to and/or from the public, where applicable, and are not, in the Company's opinion, detrimental to the minority shareholders. Any member of the ARMC who is interested in any transaction shall abstain from reviewing and deliberating on such transaction.

2.8 Disclosure of Recurrent Related Party Transactions

Disclosure will be made in the annual report of the Company in accordance with Rule 3.1.5 of Guidance Note 8 of the Listing Requirements, which requires a breakdown of the aggregate value of the RRPT(s) entered into during the financial year based on the following information:

- (a) the type of the RRPT(s) made; and
- (b) the names of the Related Parties involved in each type of the RRPT(s) made and their relationships with NetX Group.

The above disclosure will be made in the Company's annual report for each subsequent financial year after the Proposed Shareholders' Mandate had been obtained.

3. RATIONALE FOR THE PROPOSED SHAREHOLDERS' MANDATE

The Proposed Shareholders' Mandate will enable the NetX Group to carry out RRPT(s) necessary for the Group's day-to-day operations, which are time sensitive in nature, and will eliminate the need to announce and convene separate general meetings (if applicable) from time to time to seek shareholders' mandate for such transaction. This will substantially reduce the expenses, time and other resources associated with the convening of general meetings on an ad hoc basis, improve administrative efficiency and allow financial and manpower resources to be channelled towards attaining other corporate objectives.

The RRPT(s) carried out within the NetX Group creates mutual benefits for the companies in the Group, such as expediency and increased efficiency necessary for day-to-day operations.

In addition, the RRPT(s) are intended to meet the business needs of the Group on the best possible terms. By transacting with the Related Parties, the Group would have an advantage of familiarity with the background and management of the Related Parties, thus enabling more informed commercial decisions to be made. In most dealings with the Related Parties, the Group and the Related Parties have close co-operation and a good understanding of each other's business needs thus providing a platform where all parties can benefit from conducting the RRPT(s).

4. EFFECTS OF THE PROPOSED SHAREHOLDERS' MANDATE

The Proposed Shareholders' Mandate will not have any material effect on the share capital of the Company as well as the consolidated NA, gearing, EPS and the shareholdings of the Substantial Shareholders of NetX.

5. INTEREST OF DIRECTORS / MAJOR SHAREHOLDERS

As at LPD, the direct and indirect interests of the Directors and/or Major Shareholders of NetX who are interested and/or do not consider themselves independent in the RRPT(s) are as follows:

	Direct		Indirect	
	No. of NetX Shares	%	No. of NetX Shares	%
<u>Directors</u>				
Tan Sik Eek	40,000,000	4.79	-	-
<u>Major Shareholders</u>				
Fintec Global Berhad	-	-	193,990,000 ^(a)	23.21
Fintec Global Limited ^(b)	193,990,000	23.21	-	-

Notes:

^(a) Deemed interested by virtue of its interest in Fintec Global Limited pursuant to Section 8 of the Act.

^(b) Fintec Global Limited is a subsidiary of Fintec Global Berhad.

5. INTEREST OF DIRECTORS / MAJOR SHAREHOLDERS (CONT'D)

Accordingly, Mr. Tan Sik Eek ("Interested Director") had abstained and will continue to abstain from all deliberations and voting on matters relating to the Proposed Shareholders' Mandate at Board meetings and will abstain from voting in respect of his direct and/or indirect shareholdings in NetX at the forthcoming AGM on the resolution pertaining to the Proposed Shareholders' Mandate.

Fintec and Fintec Global Limited (collectively as "Interested Major Shareholders"), will abstain from voting in respect of its direct and/or indirect shareholdings in NetX at the forthcoming AGM on the resolution pertaining to the Proposed Shareholders' Mandate.

The above Interested Director and Interested Major Shareholders has undertaken that they shall ensure that persons connected to them will abstain from voting in respect of their direct and/or indirect shareholdings on the resolution, deliberating or approving the Proposed Shareholders' Mandate at the forthcoming AGM.

Save as disclosed above, none of the other Directors and/or Major Shareholders or persons connected with Directors and/or Major Shareholders of NetX have any interest, directly or indirectly in the Proposed Shareholders' Mandate.

6. APPROVALS REQUIRED

The Proposed Shareholders' Mandate is conditional upon the approval of the shareholders of the Company being obtained at the forthcoming Twenty-First (21st) AGM to be convened.

7. DIRECTORS' RECOMMENDATION

The Directors of NetX (save for Mr. Tan Sik Eek) having considered all aspects of the Proposed Shareholders' Mandate and after careful deliberation, are of the opinion that the Proposed Shareholders' Mandate is in the best interest of the Company and accordingly, the Board (save for Mr. Tan Sik Eek) recommended that the shareholders of NetX vote in favour of the ordinary resolution pertaining to the Proposed Shareholders' Mandate to be tabled at the forthcoming Twenty-First (21st) AGM of the Company.

8. ANNUAL GENERAL MEETING

The ordinary resolution to vote on the Proposed Shareholders' Mandate is set out in the Notice of Twenty-First (21st) AGM contained in 2021 Annual Report of the Company. The Twenty-First (21st) AGM will be conducted on a fully virtual basis from the Broadcast Venue at Level 4, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 17 May 2022 at 10.00 a.m. The Notice of the Twenty-First (21st) AGM, together with the Proxy Form, are set out in the 2021 Annual Report of the Company, which is dispatched together with this Circular.

If you are unable to attend and vote in person at the AGM, you are requested to complete, sign and return the Form of Proxy enclosed in the 2021 Annual Report in accordance with the instructions printed therein as soon as possible so as to arrive at the Share Registrar Office of the Company, ShareWorks Sdn. Bhd., at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur or via facsimile no. 03-6201 3121 or via e-mail at ir@shareworks.com.my, not less than 48 hours before the time appointed for holding the AGM or adjourned meeting at which the person named in the instrument, proposes to vote or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll. The lodging of the Form of Proxy will not preclude you from attending the AGM and voting in person should you subsequently wish to do so.

9. FURTHER INFORMATION

Shareholders are requested to refer to Appendix I contained in this Circular for further information.

Yours faithfully
For and on behalf of the Board
NETX HOLDINGS BERHAD

CHU CHEE PENG
Independent Non-Executive Director

APPENDIX I – FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Directors of NetX who individually and collectively accept full responsibility for the accuracy of the information contained in this Circular and confirm that after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading or incorrect.

2. MATERIAL CONTRACTS

Save as disclosed below, neither NetX nor its subsidiaries have entered into any contract which is or may be material (not being contracts entered into in the ordinary course of business of the Company or any of its subsidiaries), during the 2 years immediately preceding the date of this Circular:

- (a) On 14 December 2020, GEM Pay Sdn. Bhd. ("GEM Pay"), a subsidiary of the NetX, has entered into a Sale and Purchase of Shares Agreement with Mr Foo Jee Hai ("Vendor") for the proposed acquisition of 1,800,000 ordinary shares in eMicro Capital (M) Sdn. Bhd. ("eMicro"), representing 60% of the total issued and paid-up share capital of Emicro from the Vendor for a total consideration of RM720,000.00 only. The said transaction has deemed completed on 20 January 2021.
- (b) On 14 December 2020, GEM Pay has entered into a Shares Subscription Agreement ("SSA") with eMicro for the subscription of up to 3,000,000 Redeemable Convertible Preference Share ("RCPS") in eMicro at the issue price of RM1.00 per RCPS in multiple tranches for a total consideration of RM3,000,000 only in accordance to the timeline and amount as stipulated in the SSA. As of LPD, GEM Pay had completed the subscription of 3,000,000 RCPS in eMicro pursuant to the SSA.
- (c) On 3 September 2021, NetX has entered into 2 separate share sale agreements for the following :
 - i) Proposed acquisition of 1,000 ordinary shares and 9,800,000 irredeemable convertible preference shares in Sungei Wang Plaza Sdn. Bhd. ("SWP"), representing 100% equity interest in SWP, at a total cash consideration of RM10.00 only pursuant to a Share Sale Agreement entered with Sungei Wang Group Sdn. Bhd.; and
 - ii) Proposed acquisition of 60,002 ordinary shares in Sungei Holdings Sdn Bhd ("SWH"), representing 100% equity interest in SWH and 23,342,574 new ordinary shares to be issued by SWH to Mr. Tan Peng Koon, at a total cash consideration of RM10.00 only pursuant to a Share Sale Agreement entered with Mr. Tan Peng Koon and Mr. Chew Hui Khuan, respectively.

The above transactions were deemed completed on 1 October 2021.

3. MATERIAL LITIGATION, CLAIMS AND ARBITRATION

As at the LPD, the Board confirmed that neither the Company nor its subsidiaries are engaged in any material litigation, claim or arbitration, either as plaintiff or defendant, which has or would have a material and adverse effect on the financial position or financial performance of the Group and the Board confirmed that there are no proceedings pending or threatened against the Group or of any facts likely to give rise to any proceedings which may materially and adversely affect the financial position or financial performance of the Group.

4. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES**4.1 Material Commitments**

As at the LPD, the Board confirmed that there are no material commitments incurred or known to be incurred by the Group.

4.2 Material Contingent Liabilities

As at the LPD, the Board confirmed that there are no contingent liabilities incurred or known to be incurred by the Group which, upon becoming due or enforceable, may have a material impact on the financial position or financial performance of the Group.

5. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at 22-09, Menara 1MK, No. 1 Jalan Kiara, Mont Kiara, 50480 Kuala Lumpur during normal business hours from Monday to Friday (except public holidays) following the date of this Circular up to and including the date of the Twenty-First (21st) AGM:

- (a) The Constitution of NetX;
- (b) The material contracts referred in Section 2 of this Appendix I; and
- (c) The audited financial statements of NetX Group for the financial year ended 30 November 2020 and 30 November 2021.

EXTRACT OF THE NOTICE OF TWENTY-FIRST (21ST) AGM**7. Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Shareholders' Mandate")****Ordinary Resolution 7**

"THAT, subject to compliance with all applicable laws, regulations and guidelines, approval be and is hereby given to the Company and/or its subsidiaries to enter into Recurrent Related Party Transactions of a revenue or trading nature with related parties as set out in Section 2.4 of the Circular to Shareholders dated 31 March 2022 for the purposes of Rule 10.09 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements"), subject to the following:

- (i) the transactions are necessary for the day to day operations of the Company's subsidiary in the ordinary course of business, at arm's length, on normal commercial terms and are on terms not more favourable to the related party than those generally available to the public and not detrimental to minority shareholders of the Company;
- (ii) the mandate is subject to annual renewal. In this respect, any authority conferred by a mandate shall only continue to be in force until:
 - (a) the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
 - (b) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 340 (2) of the Companies Act, 2016 ("CA") (but shall not extend to such extension as may be allowed pursuant to Section 340 (4) of CA); or
 - (c) revoked or varied by resolution passed by the shareholders in a general meeting,

whichever is the earlier.

- (iii) disclosure is made in the annual report of the Company of the breakdown of the aggregate value of the Recurrent Related Party Transactions conducted pursuant to the mandate during the current financial year, and in the annual reports for the subsequent financial years during which a shareholder's mandate is in force, where:

- (a) the consideration, value of the assets, capital outlay or costs of the aggregated transactions is equal to or exceeds RM1.0 million; or
- (b) any one of the percentage ratios of such aggregated transactions is equal to or exceeds 1%,

whichever is the higher;

and amongst other, based on the following information:

- (a) the type of the Recurrent Related Party Transactions made; and
- (b) the names of the related parties involved in each type of the Recurrent Related Party Transactions made and their relationships with NetX Group.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution."

