THIS CIRCULAR TO SHAREHOLDERS OF FINTEC GLOBAL BERHAD ("FINTEC" OR THE "COMPANY") IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisers immediately. This Circular has been reviewed and approved by Mercury Securities Sdn Bhd, being the Principal Adviser and Placement Agent to the Company for the Proposed Private Placement (as defined herein).

FINTEC GLOBAL BERHAD

[Registration No. 200701016619 (774628-U)]
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS IN RELATION TO:-

PROPOSED PRIVATE PLACEMENT OF UP TO 282,144,000 NEW ORDINARY SHARES IN FINTEC GLOBAL BERHAD ("FINTEC''), REPRESENTING APPROXIMATELY 30% OF THE TOTAL NUMBER OF ISSUED SHARES OF FINTEC, TO INDEPENDENT THIRD-PARTY INVESTOR(S) TO BE IDENTIFIED LATER AT AN ISSUE PRICE TO BE DETERMINED LATER

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser and Placement Agent

MERCURY SECURITIES SDN BHD
[Registration No. 198401000672 (113193-W)]
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Extraordinary General Meeting of the Company ("**EGM**") will be held on a fully virtual basis and entirely via remote participation and voting. The Notice of EGM together with the Form of Proxy are enclosed with this Circular.

If you decide to appoint a proxy or proxies for the EGM, you must complete, sign and return the Form of Proxy and deposit it at the principal office of the Company at Lot 13.1, Level 13, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor on or before the date and time indicated below or at any adjournment thereof. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the EGM should you subsequently decide to do so.

Last date and time for lodging the Form of Proxy for the EGM	:	Monday, 29 June 2020 at 11.00 a.m.
Date and time of the EGM	:	Wednesday, 1 July 2020 at 11.00 a.m.
Broadcast venue of the EGM	:	Lot 8.1, Level 8, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor

This Circular is dated 16 June 2020

Except where the context otherwise requires, the following definitions shall apply throughout this Circular:-

Act	-	Companies Act, 2016 of Malaysia, as amended from time to time and any re-enactment thereof
Asiabio Capital		Asiabio Capital Sdn Bhd [Registration No. 200801038768 (840116-P)], a wholly-owned subsidiary of the Company
BNM	-	Bank Negara Malaysia
Board	-	Board of Directors of the Company
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	-	Existing by-laws governing the SIS
CAGR	-	Compound annual growth rate
Circular	-	This circular in relation to the Proposed Private Placement
CMSA	-	Capital Markets and Services Act, 2007, as amended from time to time and any re-enactment thereof
Convertible Securities	-	Collectively, the SIS Options, Warrants A, Warrants B and the ICPS
Deed Poll A		Deed poll constituting the Warrants A dated 17 March 2014
Deed Poll B		Deed poll constituting the Warrants B dated 17 October 2017
Directors	-	Directors of the Company
E&E	-	Electrical and electronics
EGM	-	An extraordinary general meeting of the Company to be convened for the Proposed Private Placement
EPS	-	Earnings per Share
Fintec or the Company	-	Fintec Global Berhad [Registration No. 200701016619 (774628-U)]
Fintec Group or the Group	-	Collectively, Fintec and its subsidiaries
Fintec Shares or Shares	-	Ordinary shares in the Company
FPE	-	Financial period ended
FYE	-	Financial year ended / ending, as the case may be
GDP	-	Gross domestic product
GL	-	Gross loss
Government	-	Government of Malaysia

GP	-	Gross profit
ICPS	-	Irredeemable convertible preference shares in the Company
IMR Report	-	The independent market research report dated 11 June 2020 prepared by SMITH ZANDER
Interested Person	-	A director, major shareholder or chief executive of the Company or a holding company of the Company
LAT	-	Loss after taxation
LBT	-	Loss before taxation
Listing Requirements	-	ACE Market Listing Requirements of Bursa Securities, as amended from time to time
LPD	-	11 June 2020, being the latest practicable date prior to the printing of this Circular
LPS	-	Loss per Share
Market Day(s)	-	Any day on which Bursa Securities is open for trading in securities
MCO	-	Movement control order issued by the Government under the Prevention and Control of Infectious Diseases Act 1988 and the Police Act 1967
Mercury Securities or the Principal Adviser or Placement Agent	-	Mercury Securities Sdn Bhd [Registration No. 198401000672 (113193-W)]
NA	-	Net assets
Official List	-	Official list of the ACE Market of Bursa Securities
PAT	-	Profit after tax
PBT	-	Profit before tax
Placement Shares	-	Up to 282,144,000 new Shares to be issued pursuant to the Proposed Private Placement
PPE	-	Personal protective equipment
Proposed Private Placement	-	Proposed private placement of up to 282,144,000 Placement Shares to independent third-party investor(s) to be identified later at an issue price to be determined later
Record of Depositors	-	A record of securities holders established by Bursa Depository under the Rules of Bursa Depository
RM and sen	-	Ringgit Malaysia and sen respectively
Rules of Bursa Depository	-	Rules of Bursa Depository as issued pursuant to the Securities Industry (Central Depositories) Act, 1991, as amended from time to time
Shareholders	-	Registered holders of the Shares

SIS	-	Share issuance scheme of the Company which took effect on 29 July 2015 for a period of 5 years
SIS Options	-	Options granted under the SIS pursuant to the By-Laws, where each holder of the SIS Options can subscribe for 1 new Share for every 1 SIS Option held
SMITH ZANDER	-	Smith Zander International Sdn Bhd [Registration No. 201301028298 (1058128-V)], an independent market researcher
Tricor or Share Registrar	-	Tricor Investor & Issuing House Services Sdn Bhd [197101000970 (11324-H)]
TIIH Online	-	Tricor's propriety-owned application to facilitate shareholders for the lodging of the proxy appointment form
US	-	United States of America
VWAP	-	Volume-weighted average market price
Warrants A	-	The outstanding Fintec warrants 2014 / 2024 issued by the Company pursuant to the Deed Poll A and expiring on 19 April 2024. Each Warrant A holder is entitled to subscribe for 1 new Share at the exercise price of RM0.30, subject to adjustments under circumstances prescribed in accordance with the terms and provisions of the Deed Poll A.
Warrants B	-	The outstanding Fintec warrants 2017 / 2022 issued by the Company pursuant to the Deed Poll B and expiring on 4 December 2022. Each Warrant B holder is entitled to subscribe for 1 new Share at the exercise price of RM0.15, subject to adjustments under circumstances prescribed in accordance with the terms and provisions of the Deed Poll B.

All references to "you" in this Circular are to the Shareholders.

In this Circular, words referring to the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall include corporations, 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 day in this Circular shall be a reference to Malaysia time, unless otherwise stated. Any discrepancies in the tables included in this Circular between the amounts stated, actual figures and the totals thereof are due to rounding.

Certain statements in this Circular may be forward-looking in nature, which are subject to uncertainties and contingencies. Forward-looking statements may contain estimates and assumptions made by the Board after due enquiry, which are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied in such forward-looking statements. In light of these and other uncertainties, the inclusion of a forward-looking statement in this Circular should not be regarded as a representation or warranty that the Company's plans and objectives will be achieved.

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LETTER TO SHAREHOLDERS IN RELATION TO THE PROPOSED PRIVATE PLACEMENT CONTAINING:-

FINTEC GLOBAL BERHAD

[Registration No. 200701016619 (774628-U)]
(Incorporated in Malaysia)

Registered Office

10th Floor
Menara Hap Seng
No. 1 & 3, Jalan P. Ramlee
50250 Kuala Lumpur

16 June 2020

Board of Directors

Dato' Seri Abdul Azim Bin Mohd Zabidi *(Independent Non-Executive Chairman)*
Ong Tee Kein *(Independent Non-Executive Director)*
Chu Chee Peng *(Senior Independent Non-Executive Director)*
YM Tengku Ahmad Badli Shah Bin Raja Hussin *(Non-Independent Non-Executive Director)*
Leung Kok Keong *(Executive Director)*
Tan Sik Eek *(Executive Director)*

To: The Shareholders

Dear Sir / Madam,

PROPOSED PRIVATE PLACEMENT

1. INTRODUCTION

On 14 May 2020, Mercury Securities had, on behalf of the Board, announced that the Company proposes to undertake the Proposed Private Placement.

On 1 June 2020, Mercury Securities had, on behalf of the Board, announced that Bursa Securities had, vide its letter on even date, approved the listing and quotation of the Placement Shares.

The approval of Bursa Securities is subject to the conditions as set out in Section 8 of this Circular.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH RELEVANT INFORMATION ON THE PROPOSED PRIVATE PLACEMENT AND TO SET OUT THE VIEWS AND RECOMMENDATION OF THE BOARD AS WELL AS TO SEEK YOUR APPROVAL FOR THE RESOLUTION PERTAINING TO THE PROPOSED PRIVATE PLACEMENT WHICH WILL BE TABLED AT THE FORTHCOMING EGM. THE NOTICE OF EGM AND THE FORM OF PROXY ARE ENCLOSED IN THIS CIRCULAR.

YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR TOGETHER WITH ITS APPENDIX BEFORE VOTING ON THE RESOLUTION TO GIVE EFFECT TO THE PROPOSED PRIVATE PLACEMENT TO BE TABLED AT THE FORTHCOMING EGM.

2. PROPOSED PRIVATE PLACEMENT

2.1 Size of placement

The Proposed Private Placement involves the issuance of up to 282,144,000 new Shares, representing approximately 30% of the total number of issued Shares as at the LPD, at an issue price to be determined later.

As at the LPD, the Company has an issued share capital comprising 964,615,455 Shares as well as the following Convertible Securities:-

(i) up to 4,297,670 SIS Options which may be granted pursuant to the maximum allowable amount under the SIS;

(ii) 131,295,625 outstanding Warrants A, which have an exercise price of RM0.30 each and are expiring on 19 April 2024;

(iii) 89,883,208 outstanding Warrants B, which have an exercise price of RM0.15 each and are expiring on 4 December 2022; and

(iv) 434,028,578 ICPS, which have a conversion price of RM0.16[(1)] each and are expiring on 4 December 2027.

Note:-

(1) Holders of the ICPS are entitled to convert their ICPS into 1 new Share at the conversion price of RM0.16 in any of the following manner:-

(i) by surrendering for cancellation 2 ICPS (which were issued at the issue price of RM0.08 each and thus collectively have an aggregate issue price equivalent to the conversion price of RM0.16); or

(ii) by surrendering for cancellation 1 ICPS and paying RM0.08 in cash (being the difference between the issue price of the ICPS surrendered of RM0.08 and the conversion price of RM0.16).

Based on the total number of 964,615,455 issued Shares as at the LPD and assuming no exercise of the Convertible Securities (in view that most of the Convertible Securities are currently out-of-the-money given that the 5-day VWAP of the Shares up to and including the LPD is RM0.0629), the issuance of up to 282,144,000 Placement Shares under the Proposed Private Placement would represent approximately 30% of such total number of issued Shares.

The effects of the Proposed Private Placement are set out in Section 6 of this Circular.

2.2 Placement arrangement

The Placement Shares are intended to be placed to independent third-party investor(s) to be identified later. Such investor(s) shall be party(ies) which qualify under Schedules 6 and 7 of the CMSA. The Placement Shares are not intended to be placed to the following persons:-

(i) Interested Person;

(ii) a person connected with an Interested Person; or

(iii) nominee corporations, unless the names of the ultimate beneficiaries are disclosed.

The Proposed Private Placement may be implemented in 1 or more tranches (as the placees may be identified and procured over a period of time rather than simultaneously) within a period of 6 months from the date of approval from Bursa Securities for the listing and quotation of the Placement Shares or any extended period as may be approved by Bursa Securities, subject to the prevailing market conditions.

2.3 Ranking of the Placement Shares

The Placement Shares shall, upon allotment, issuance and full payment of the issue price, rank equally in all respects with the existing issued Shares, save and except that the holders of such Placement Shares shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to the Shareholders, the entitlement date of which is prior to the date of allotment and issuance of such Placement Shares.

2.4 Listing of the Placement Shares

The Placement Shares to be issued will be listed on the ACE Market of Bursa Securities.

2.5 Basis and justification of the issue price of the Placement Shares

The Placement Shares will be issued based on a discount of not more than 10% to the 5-day VWAP of the Shares immediately preceding the price-fixing date, to be determined by the Board after taking into consideration prevailing market conditions.

As the Proposed Private Placement may be implemented in several tranches within 6 months, there could potentially be several price fixing dates and issue prices.

For illustrative purposes only, based on an illustrative issue price of RM0.0567 per Placement Share, the issue price of the Placement Shares would represent a discount of 9.86% to the 5-day VWAP of the Shares up to and including the LPD of RM0.0629 *(Source: Bloomberg)*.

3. UTILISATION OF PROCEEDS

Based on an illustrative issue price of RM0.0567 per Placement Share, the gross proceeds to be raised from the Proposed Private Placement are intended to be utilised in the following manner:-

Utilisation of proceeds	Expected timeframe for utilisation from completion of the Proposed Private Placement	(1)RM'000
(i) Investment in healthcare equipment manufacturing and/or trading business	Within 24 months	5,000
(ii) Working capital	Within 24 months	10,248
(iii) Estimated expenses for the Proposed Private Placement	Immediate	(2)750
Total		**(3)(4)15,998**

Notes:-

(1) *The proceeds to be raised from the Proposed Private Placement will be allocated up to the respective maximum allocation set out in (i) to (iii) above in the following order of priority:-*

(i) *estimated expenses for the Proposed Private Placement;*

(ii) *investment in healthcare equipment manufacturing and/or trading business; and* *(iii) working capital.*

(2) If the actual expenses incurred are higher than the budgeted amount of RM0.75 million, the deficit will be funded via the amount earmarked for working capital. Conversely, any surplus of funds following payment of expenses will be utilised for working capital.

(3) Any additional proceeds raised in excess of the RM16.00 million will be allocated for working capital. Conversely, if the proceeds raised are less than RM16.00 million, the amount earmarked for working capital will be reduced accordingly.

(4) Pending the utilisation of proceeds as and when they may be utilised, the unutilised proceeds shall be placed in interest-bearing deposits.

(i) Investment in healthcare equipment manufacturing and/or trading business

The Group intends to utilise proceeds of up to RM5.0 million to invest in any suitable and viable potential business in the healthcare equipment manufacturing and/or trading segment.

Amongst others, the Group intends to focus on the PPE segment i.e. masks, gloves, face shields, goggles, gowns and shoes covers, amongst others.

PPE is used by healthcare personnel to reduce contact with infectious agents, particularly airborne germs such as COVID-19. It is a means of protecting healthcare personnel from being infected, thereby allowing them to conducting their duties safely in an infectious environment and while in contact with infectious patients.

Since the outbreak of the COVID-19 pandemic in January 2020, global demand for PPE has surged in line with accelerating infection and hospitalisation rates across the world. As the outbreak is unprecedented, global stockpiles and supply chains of PPE have been outstripped by the demand. This has resulted in serious shortage of PPE particularly in countries with high COVID-19 infection rates such as the US and European countries.

Malaysia is one of the main manufacturing countries of PPE especially in the production of protective gloves. The Malaysia Rubber Gloves Manufacturers Association ("**Magma**") has forecasted that the Malaysian rubber glove industry will deliver about 225 billion pieces of glove in year 2020, which is approximately 65% of the total global requirement of about 330 billion pieces.

Moving forward, global demand for PPE is expected to remain at current elevated levels as the pandemic is expected to continue subsisting until a vaccine and/or a cure can be developed for COVID-19.

Given that the demand for PPE is expected to remain high for the foreseeable future and in view that Malaysia is strategically placed as one of the main producers of certain types of PPE, the Group intends to take advantage of this opportunity to tap into a growing segment. The proceeds will allow the Group to capitalise on suitable and viable investment opportunities in this segment as and when it arises, which may in turn generate another stream of income to the Group in addition to its various existing incubatee and investee companies. In addition, the Group will also try to invest in healthcare equipment businesses that may complement any of the Group's existing incubatee or investee companies to extract synergies, wherever possible.

As at the LPD, the Board has yet to identify any specific healthcare equipment business for investment. Such investment may be in the form of acquisition of assets and/or non-listed companies or a joint venture arrangement with a business partner. The Company will make the necessary announcement(s) as provided in the Listing Requirements as and when it has entered into any agreement in relation to the investment in healthcare equipment business. In the event shareholders' approval and/or other regulatory approvals are required under the Listing Requirements and/or other relevant rules / guidelines for the investment, the necessary approvals will be sought.

Pending the identification of new business to be invested in, the Company will place the unutilised cash proceeds in interest-bearing deposits. The status of utilisation will also be reported in the quarterly financial announcements as well as annual reports of the Company.

If the Group is unable to identify suitable investments within 24 months from the completion of the Proposed Private Placement, the timeframe for utilisation of proceeds that has been allocated for the said purpose will be extended and announced as well as disclosed in the Company's quarterly results announcements until the Company has successfully identified a suitable business to acquire and/or invest in. Alternatively, the Company may also consider to revise the utilisation of proceeds, whether partly or wholly, to another purpose depending on the Group's requirements at that point in time. In such event, details of the proposed revision shall be announced and, if required under the Listing Requirements, Shareholders' approval will be obtained accordingly.

For information, the Group had earlier completed a rights issue exercise in December 2017, raising a total of RM71.94 million. Out of this, the Group has earmarked proceeds of RM47.41 million towards investment in unquoted incubatees and/or start-up companies to be identified. As at the LPD, the Group has utilised RM42.78 million, leaving a balance of RM4.63 million to be utilised. Further details on this are set out in Section 12.2.2 of this Circular.

Notwithstanding the above, the Group wishes to clarify that such proceeds are earmarked specifically for incubatees and/or start-up companies only, with focus on certain high growth and high technology industries such as the agricultural technology sector.

On the other hand, the proceeds of up to RM5.0 million to be raised from this Proposed Private Placement are earmarked specifically for investment in healthcare equipment businesses which may or may not be start-up companies. Further, in the process of identifying suitable healthcare equipment businesses to be invested, the Group may favour existing or established businesses so that the Group is able to quickly capitalise on the growth opportunities in light of the COVID-19 landscape as elaborated earlier.

(ii) Working capital

The Group intends to utilise part of the proceeds to be raised from the Proposed Private Placement for working capital purposes in the following manner:-

Utilisation	**Percentage allocation %**	**RM'000**
Payment of salaries to staff of the Group	60	6,149
Operating expenses and administrative expenses such as utilities, rental costs, transportation costs, marketing costs and other miscellaneous items[1]	40	4,099
Total	**100**	**10,248**

Note:-

(1) The actual breakdown of these expenses cannot be determined at this juncture as it will depend on the actual operating and administrative requirements of the Group at the relevant time.

(iii) Estimated expenses for the Proposed Private Placement

The breakdown of the estimated expenses for the Proposed Private Placement is illustrated below:-

Estimated expenses	Amount RM'000
Professional fees[(1)]	695
Fees to relevant authorities	20
Printing, despatch and advertising expenses	30
Miscellaneous expenses and contingencies	5
Total	**750**

<u>Note:-</u>

(1) These include advisory fees, management fees, placement commission and other professional fees payable to the Company Secretarial Agent, Share Registrar, Solicitors and Independent Market Researcher in relation to the Proposed Private Placement.

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4. RATIONALE FOR THE PROPOSED PRIVATE PLACEMENT

On 11 March 2020, the Company issued a circular to Shareholders in relation to the proposed private placement of up to 30% of the total number of issued shares of the Company ("**Earlier 30% Private Placement**"). The Earlier 30% Private Placement was undertaken to raise funds mainly for the Group's working capital.

At that time, an EGM was scheduled to be held on 31 March 2020 for Shareholders to vote on the resolution to give effect to the Earlier 30% Private Placement. However, with the MCO imposed by the Government since 18 March 2020 to contain the COVID-19 outbreak, the Company had on 27 March 2020 announced the deferment of the said EGM to a date to be announced later.

As the Company was unable to proceed with the Earlier 30% Private Placement since it was unable to convene an EGM during the MCO, the Company had on 15 April 2020 announced that it is proposing to undertake the private placement of up to 10% of the total number of issued shares of the Company ("**10% Private Placement**"). Meanwhile, the Earlier 30% Private Placement was deferred and subsequently aborted on 23 April 2020, with plans to revisit the same upon a reassessment of the Group's funding requirements amidst the new economic landscape following the COVID-19 outbreak.

Unlike the Earlier 30% Private Placement, the 10% Private Placement does not require Shareholders' approval via an EGM as the Company could rely on the general mandate to issue new Shares pursuant to Sections 75 and 76 of the Act which was already approved by Shareholders earlier at the AGM held on 22 August 2019. Hence, given the restrictions of the MCO, the 10% Private Placement was undertaken as an interim measure to raise funds for the Group's working capital.

The 10% Private Placement has since been completed on 4 May 2020, raising a total of RM2.96 million. Further details on the same are set out in Section 12.2.1 of this Circular.

On 1 May 2020, the Government announced a relaxation of certain rules of the MCO via the imposition of conditional MCO ("**CMCO**") beginning 4 May 2020.

Thus, after reassessing the Group's funding requirements in light of the COVID-19 outbreak and in view of the CMCO currently in place, the Company has now decided to embark on the Proposed Private Placement to raise funds mainly for investment in healthcare equipment manufacturing and/or trading business as well as for working capital.

The investment in healthcare equipment manufacturing and/or trading business is aimed at generating an additional stream of income to the Group while taking advantage of growth opportunities in the healthcare equipment segment under the COVID-19 landscape.

The additional working capital will help to facilitate the Group's existing day-to-day operations as a whole by providing more flexibility in terms of cash flow management. For information, the Group was only able to raise proceeds of RM2.96 million (out of which RM2.82 million was earmarked for working capital) from the 10% Private Placement as compared to the estimated amount of RM8.57 million in the Earlier 30% Private Placement (out of which RM7.97 million was earmarked for working capital) as set out in the circular to Shareholders dated 11 March 2020. As such, part of the proceeds to be raised from the current Proposed Private Placement is to make up for this shortfall. As at the LPD, apart from the balance proceeds of RM2.39 million raised from the 10% Private Placement, the Group's cash and bank balances stood at RM0.42 million.

After due consideration of the various methods of fund raising, the Board is of the opinion that the Proposed Private Placement is the most appropriate avenue of fund raising at this juncture as it would enable the Group to raise additional funds expeditiously without having to incur interest costs or service principal repayments as compared to bank borrowings, thereby allowing the Company to preserve its cash flow.

On the other hand, other fund raising exercises such as a rights issue may not be suitable as it will involve a cash call from existing Shareholders. Moreover, it will also require the Company to identify certain Shareholders to provide irrevocable undertakings to subscribe for a minimum number of rights shares or, alternatively, procure underwriting arrangements (which will incur additional cost), in order to achieve a minimum subscription level. In addition, a rights issue exercise is likely to take a longer time to complete as compared to a private placement exercise.

Upon completion of the Proposed Private Placement, the enlarged capital base is also expected to further strengthen the financial position of the Company.

5. INDUSTRY OVERVIEW AND FUTURE PROSPECTS

5.1 Malaysian economy

The Malaysia economy moderated sharply to 0.7% in the first quarter of 2020 (4Q 2019: 3.6%). On the supply side, the services and manufacturing sectors moderated while the other sectors contracted. In terms of expenditure, external demand and investments declined, while private consumption growth moderated. On a quarter-on-quarter seasonally-adjusted basis, the economy contracted by 2.0%.

The moderation reflected the impact of measures taken both globally and domestically to contain the spread of the COVID-19 pandemic. Domestically, it mainly reflected the implementation of the MCO. After a steady expansion in the first two months of the quarter, economic activity came to a sharp downshift with the implementation of the MCO on 18 March 2020. Movement restrictions including international and domestic travel restrictions, limited work and operating hours and mandatory social distancing significantly curtailed economic activity. Production was only permitted for essential goods and services and the industries integral to their supply chains. Labour-intensive and consumer-oriented sectors were also impacted.

The Malaysian economy is expected to contract in the second quarter. This reflects the longer duration of containment measures both globally and domestically. As these containment measures are eased and the domestic MCO is lifted, economic activity is expected to gradually improve in 2H 2020. The sizable fiscal, monetary and financial measures and progress in transport-related public infrastructure projects will provide further support to growth in 2H 2020. In line with the projected improvement in global growth, the Malaysian economy is expected to register a positive recovery in 2021.

(Source: Economic and Financial Developments in the Malaysian Economy in the First Quarter of 2020, BNM)

In 2019, the Malaysian economy expanded by 4.3%. 2020 is an exceptionally challenging year for the global economy. Confronted with an unprecedented health crisis, global growth is expected to contract. As an open economy, Malaysia will not be spared. Malaysia’s GDP growth is projected to be between -2.0% and +0.5% in 2020, affected by weak global demand, supply chain disruptions and COVID-19 containment measures both abroad and domestic.

While the MCO and measures to promote social distancing will dampen economic activity temporarily, they are necessary to contain the spread of the virus. The Government’s stimulus package will help to cushion the economic fallout. Both Pakej Rangsangan Ekonomi 2020 and Pakej Rangsangan Ekonomi Prihatin Rakyat as well as Bank Negara Malaysia’s financial measures will provide sizable support to households and businesses.

These measures are expected to add 2.8 percentage points to 2020 GDP growth. Also supporting growth is the ongoing large-scale infrastructure projects, which are expected to provide an additional 1 percentage point lift to growth in 2020.

There remains significant uncertainties surrounding the growth outlook, with both upside and downside risks to the outlook. Downside risks stems from more prolonged and wider spread of COVID-19 globally and domestically, recurring commodities supply disruptions and tighter financial conditions following heightened volatility in financial markets. However, there are also upside risks, emanating from potentially larger-than-expected impact from the pro-growth measures, faster normalisation in activity amid pent-up demand and better-than expected global economy, arising from the various stimulus measures. Bank Negara Malaysia expects the Malaysian economy to rebound in 2021, in line with the projected global recovery.

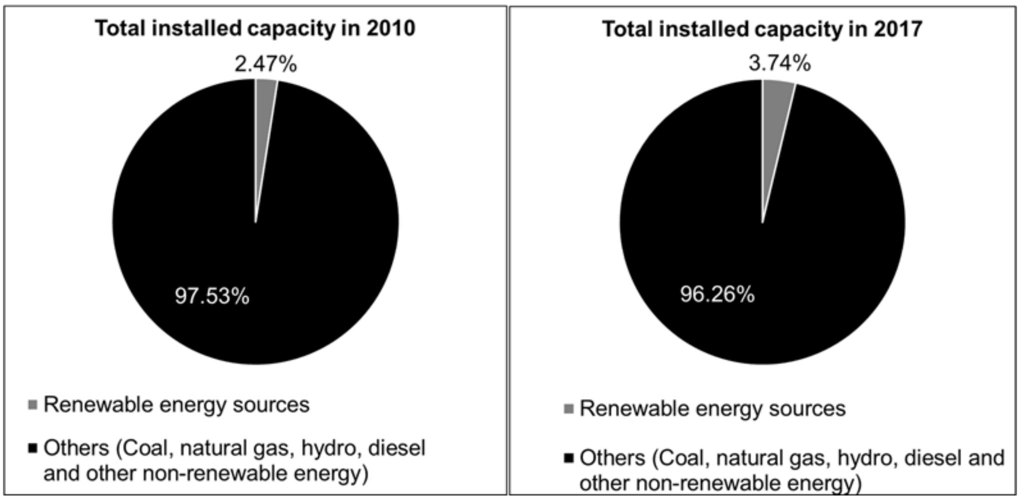
(Source: Bank Negara Malaysia's Press Statement dated 3 April 2020: "Bank Negara Malaysia Publishes Annual Report 2019, Economic and Monetary Review 2019 and Financial Stability Review for Second Half 2019")

5.2 Renewable energy industry in Malaysia

Malaysia has a good mix of energy resources that comprise renewable and non-renewable sources. Malaysia's non-renewable fossil fuel sources are oil, natural gas and coal, while its renewable energy sources include mini hydro, solar, biogas and biomass. While Malaysia is a net energy exporter, concerns about energy security, fluctuations in crude oil pricing and climate change are driving significant changes in how energy and electricity specifically, is generated, transmitted and consumed in Malaysia. Thus, renewable energy sources are becoming attractive for sustainable energy development in Malaysia as these renewable sources of energy are abundant in Malaysia, with the significant ones being solar and biomass.

The utilisation of renewable energy sources in Malaysia has been increasing over the years. In 2017, the renewable energy sources contributed 3.74% to the total electricity generation installed capacity of 33,528.08 megawatts ("**MW**") in Malaysia. This is in comparison to 2010 where renewable energy sources contributed 2.47% to the total electricity generation installed capacity of 27,179 MW.

Total electricity generation installed capacity (Malaysia)



(Sources: Energy Commission Malaysia, SMITH ZANDER)

Sustainable Energy Development Authority ("SEDA") Malaysia and Feed-in Tariff ("FiT") mechanism

Renewable energy was announced as the fifth fuel in the Eighth Malaysia Plan to promote the utilisation of renewable energy under the Small Renewable Energy Programme. The Small Renewable Energy Programme was continued in the Ninth Malaysia Plan. Subsequently in the Tenth Malaysia Plan (2011 – 2015), as the renewable target set out during the Ninth Malaysia Plan period was not achieved, new initiatives such as the introduction of FiT mechanism and the establishment of renewable energy fund were implemented. The Renewable Energy Act 2011 (Act 725) was ratified to promote investments in renewable energy, as well as provide a structured approach via the FiT mechanism to encourage individuals and companies to actively participate in supplying renewable energy to Malaysia's national electricity grid. The Renewable Energy Act 2011 (Act 725) focuses on renewable energy development in Malaysia under the purview of SEDA Malaysia, a statutory body mandated under the Sustainable Energy Development Authority Act 2011 (Act 726) to oversee the implementation and management of renewable energy including the FiT mechanism.

The FiT mechanism is introduced to accelerate renewable energy growth in Malaysia. The Renewable Energy Act 2011 (Act 725) provides the FiT mechanism for qualified communities, individuals and non-individuals to sell electricity (up to 30 MW) generated from renewable energy sources to power utility firms at a fixed premium price for a specific time. The fixed premium price, also known as FiT rates, differs for various renewable resources and installed capacities.

Under the FiT mechanism, four renewable resources have been identified as eligible for FiT, namely biogas, biomass, small hydropower and solar photovoltaic ("**solar PV**"). Payments to feed-in approval holders are guaranteed from the Renewable Energy Fund for a period of 21 years for solar PV, small hydropower and biogas and 16 years for biomass. Power utility firms such as Tenaga Nasional Berhad, Sabah Electricity Sdn Bhd and NUR Distribution Sdn Bhd) are committed to sign a renewable energy power purchase agreement with feed-in approval holders for the effective period.

Key features of the FiT mechanism are:

- Access to the national grid is guaranteed whereby power utility firms are legally obliged to accept all electricity generated by feed-in approval holders;
- FiT rate is contractually fixed for the effective period; and
- Provides adequate "degression" to promote cost reduction to achieve grid parity.

The rational for selecting biogas, biomass, small hydropower and solar PV as renewable energy sources under the FiT mechanism is a result of their proven technologies and technical potential under the local environment in Malaysia. All eligible renewable energy installations are subject to a maximum installed capacity of 30 MW unless special approval is sought from the Minister of Energy, Green Technology and Water, Malaysia. The FiT rate lowers as installed capacities increase as FiT approval holders will be able to realise cost optimisation from economies of scale. Nevertheless, additional FiT rates will be given for installations that meet the criteria for bonus FiT rate entitlements.

Industry Performance and Size

The industry size of renewable energy in Malaysia represented by the installed capacity and the annual power generation under FiT mechanism as follows:

Installed capacity under FiT mechanism

Total installed capacity for renewable energy is a measure of total supply of renewable power. Total installed capacity for commissioned renewable energy installations under the FiT mechanism increased from 347.86 MW in 2015 to 630.64 MW in 2019 at a CAGR of 16.04%. Commissioned solar power installations grew from 264.02 MW in 2015 to 386.92 MW in 2019 at a CAGR of 10.03%. Commissioned biogas installations grew from 20.24 MW in 2015 to 102.77 MW in 2019 at a CAGR of 50.11%.

Further, commissioned biomass installations grew from 45.30 MW in 2015 to 70.65 MW in 2019 at a CAGR of 11.75%. Other renewable energy installations combined grew from 18.30 MW in 2015 to 70.30 MW in 2019 at a CAGR of 40.00%.

In view of the recent outbreak of COVID-19 in Malaysia since early 2020, 2020 Economic Stimulus Package was introduced on 27 February 2020 to ensure that economic risks associated with the outbreak are effectively addressed. Under the 2020 Economic Stimulus Package, the Ministry of Energy, Science, Technology, Environment and Climate Change will open for bids quota of 1,400MW for solar power generation and government linked companies such as Tenaga Nasional Berhad will invest RM13 billion in 2020 which include accelerating projects such as LED street lights, transmission lights and rooftop solar installations. However, due to the imposition of MCO from 18 March 2020 to 3 May 2020, CMCO from 4 May 2020 to 9 June 2020 and recovery MCO from 10 June 2020 to 31 August 2020, granting of new quota and commencement of new renewable energy projects may be halted or delayed during this period. As such, the growth in annual installed capacity of renewable energy in Malaysia is expected to experience a temporary slowdown in 2020.

Further, as a move to revive and stimulate the economy following the recent outbreak of the Covid-19 virus as well as to accelerate the development of the nation's electricity supply industry especially for renewable energy, the Ministry of Energy and Natural Resources via the Energy Commission Malaysia has opened a competitive bidding process for Large Scale Solar by Malaysian Electricity Industry to Attract Renewable Energy ("**LSS @ MEnTARI**") programme on 31 May 2020. A solar quota of 1,000 MW will be offered through the bidding process, and is opened to fully-owned local companies or companies listed on Bursa Malaysia with at least 75% local shareholding. The competitive bid for the LSS @ MEnTARI programme will be offered in two packages. Under Package 1, with a total quota offered of 500MW (alternating current) ("**MW_{ac}**"), the capacity range offered is between 10 MW_{ac} and less than 30 MW_{ac}; whereas Package 2 with a total quota offered of 500 MW_{ac}, the capacity range offered is between 30 MW_{ac} and 50 MW_{ac}. The LSS @ MEnTARI programme is expected to attract investments amounting to RM4 billion and create 12,000 job opportunities. In addition, the power plants under the programme are expected to start operating latest by 31 December 2023.

Installed capacities for commissioned renewable energy installations under FiT mechanism

Year	Annual installed capacity (MW)				
	Solar PV	Biogas	Biomass	Other renewable energy [a]	Total
2015	264.02	20.24	45.30	18.30	347.86
2016	341.90	35.70	64.80	30.30	472.70
2017	380.74	61.77	64.80	30.30	537.61
2018	385.34	73.48	70.65	50.30	579.77
2019	386.92	102.77	70.65	70.30	630.64
CAGR (2015-2019)	**10.03%**	**50.11%**	**11.75%**	**40.00%**	**16.04%**

Notes:-
[a] Other renewable energy includes small hydropower.
- *Forecast annual installed capacity for 2020 is not publicly available.*

(Sources: SEDA Malaysia, SMITH ZANDER)

Annual power generation under FiT mechanism

Total annual power generation from renewable energy installations including solar PV, biomass, biogas and other renewable energy rose from 587.86 gigawatt hours ("**GWh**") in 2015 to 791.91 GWh in 2018 at a CAGR of 10.44%. Between 2015 and 2018, total annual generation power for commissioned solar PV installations, biogas installations, biomass installations and other renewable energy installations registered CAGRs of 10.96%, 46.44%, -1.88% and -3.29% respectively. The total annual power generation of renewable energy installations is estimated to grow by 5.37% from 870.55 GWh in 2019 to 917.26 GWh in 2020, with minimum impact from the outbreak of COVID-19 virus in Malaysia as the demand for electricity as an essential service remains strong.

Annual power generation of commissioned renewable energy installations under the FiT mechanism

Year	Annual power generation (GWh)				
	Solar PV	Biogas	Biomass	Other renewable energy [a]	Total
2015	263.88	58.11	210.46	55.41	587.86
2016	316.96	87.63	188.14	47.80	640.53
2017	426.83	215.31	266.85	74.83	983.82
2018	360.51	182.48	198.79	50.12	791.91
CAGR (2015-2018)	**10.96%**	**46.44%**	**-1.88%**	**-3.29%**	**10.44%**
2019 (e)	421.70	227.61	171.24	50.00	870.55
2020 (f)	459.38	250.50	157.38	50.00	917.26

Notes:-
[a] Other renewable energy includes small hydropower.
(e) – Estimate.
(f) – Forecast.

(Sources: SEDA Malaysia, SMITH ZANDER)

Industry Demand Drivers

Economic growth drives demand for electricity

Electricity is an integral infrastructural element for economic growth and a main input for production activities. Electricity underpins a wide range of products and services that improve the quality of life, increases productivity and promotes entrepreneurial activity. Thus, electricity consumption is positively and highly correlated with per capita GDP. Further economic development in a nation leads to higher electricity consumption per capita.

Malaysia's per capita electricity consumption increased from 4,239.05 kilowatt hours ("**kWh**") to 4,575.59 kWh as a result of population growth, progressive urbanisation and globalisation trends over the period of 2015 to 2017. Malaysia's per capita electricity consumption is also estimated to reach 4,731.43 kWh in 2018, and 4,917.21 kWh in 2019. However, Malaysia's per capita electricity consumption is forecast to decline to 4.320.75 kWh in 2020 on the back of the slowdown of activities in the commercial sector due to the impact of the Covid-19 virus outbreak. Nevertheless, electricity consumption will remain strong over the long term as the Malaysian economy slowly recovers from the Covid-19 virus outbreak situation. Over the period of 2015 to 2019, Malaysia's per capita GDP increased from RM37,739.40 to RM43,628.31. However, Malaysia's per capita GDP is expected to decline to between RM42,212.88 and RM43,289.74 in 2020 in view of the potential adverse economic conditions for the year due to the outbreak of the Covid-19 virus since early 2020.

Under Budget 2020, strategies have been initiated to spur the economic growth of Malaysia. One of the key strategies to boost economic growth is making Malaysia the preferred destination for investment by providing incentives to industries such as electronics and electrical, manufacturing and services. Thus, bringing new businesses into the market as well as new economic opportunities.

These initiatives put in place a number of strategies and areas identified for development that span across various sectors of the economy and identify key growth areas that would add value to the economy. The demand for electricity will expand in tandem with the development of these sectors. Given the fact that electricity plays a key role in powering growth, the electricity supply industry in Malaysia is expected to experience growth in the coming years, as a direct result of economic growth within the country.

Government-driven initiatives to promote renewable energy

Renewable energy resources are great alternatives for generating reliable power supplies and providing fuel diversification, which will help improve energy security and lower the risk of environmental pollution as utilisation of non-renewable resources for power generation can be reduced.

Malaysia is blessed with renewable energy resources such as biogas, biomass and solar resulting from its strategic geographical location and natural landscape. These renewable energy sources can be leveraged to enhance sustainability of energy supply. Malaysia targets to increase share of renewable energy in the electricity generation mix. Thus, a goal of generating 20% of energy consumption from renewable energy sources is expected to be achieved by 2025. In order to achieve this, the Government has implemented some initiatives under the 11MP as follow:

- promoting new renewable energy resources and enhancing capacity of renewable energy personnel;

- implementing net energy metering ("**NEM**") to further intensify the development of renewable energy.

Studies are conducted to explore new renewable energy resources such as wind, geothermal and ocean in order to diversify Malaysia's electricity generation mix in a more sustainable manner. Further, the development of renewable energy industry is expected to create approximately 15,300 jobs. In addition, the Government aims to provide training to 1,740 personnel through SEDA to build expertise in the field of biomass, biogas, solar PV and small hydropower. Private sectors are also encouraged to conduct training and increase the number of renewable energy experts.

Moreover, in order to complement the current FiT mechanism, a NEM instrument has been implemented. The aim of NEM is to promote and encourage more renewable energy generation, by prioritising internal consumption before any excess power generated is fed to the grid. NEM is anticipated to encourage manufacturing facilities and the public to generate power without any restriction on their generation capacity. The NEM is currently executed by the Ministry of Energy, Green Technology and Water and utility companies, as well as regulated by Energy Commission Malaysia in accordance to the amended legal provisions.

In addition, under Budget 2020, several initiatives have been identified to spur the growth of renewable energy industry. One of the initiatives is to extend the Green Investment Tax Allowance and Green Income Tax Exemption incentives to 2023. A 70% income tax exemption of up to 10 years will also be given to companies undertaking solar leasing activities.

The Government's efforts to promote renewable energy aim at ensuring energy security for the country as Malaysia strives to achieve the status of high-income economy. This will lead to a lower dependency on fossil fuels while increasing the nation's power generation capacity. This move towards ensuring that Malaysia's energy future is green, sustainable and diverse will bode well for the renewable energy market in Malaysia.

Increased use of E&E products generates increased demand for electricity

E&E products have a varied and wide application in consumer, commercial and industrial environments. In the recent decade alone, E&E products have evolved in terms of technology and functionality, and are key components in consumer retail, medical, manufacturing, and telecommunications industries. The medical industry for instance, relies on electronic medical equipment for patient diagnostics, monitoring and treatment. The manufacturing industry today also largely consists of fully or semi-automated manufacturing facilities, and thus electronic machinery and equipment form an integral component of manufacturing activities. Consumers are dependent on E&E products for communication, entertainment, food preparation and preservation, as well as to carry out domestic chores.

Further product innovation and replacement, technology migration and low cost of product ownership of existing E&E products in the market shall lead to greater adoption and penetration of E&E products, where electricity supply will be key in ensuring the operability of these devices and/or machinery.

(Source: Independent market research report dated 11 June 2020 prepared by SMITH ZANDER)

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5.3 Manufacturing industry in Malaysia

In 2020, the performance of the export-oriented industries is anticipated to improve in tandem with the uptick in electronics cycle, especially during the second half of the year. Manufacturers in Malaysia are also expected to benefit from the changes in the global electronics supply chain following the US-China trade and technology dispute. Furthermore, expanding demand for artificial intelligence (AI), Internet of Things (IoT), big data analytics (BDA) and fifth-generation cellular network (5G) is anticipated to support the E&E subsector. Likewise, production of petrochemicals and oleochemicals is expected to increase with the commencement of Refinery and Petrochemical Integrated Development (RAPID). The domestic-oriented industries are expected to be driven by both consumer- and construction-related clusters.

In the consumer-related cluster, food subsector will continue to expand due to higher demand from households as well as tourists amid Visit Malaysia 2020 (VM2020). Outlook for the construction-related clusters is expected to rebound with higher demand for non-metallic mineral products, basic metal and fabricated metal products. The higher production will be supported by the implementation of new and on-going infrastructure projects such as the East Coast Rail Link (ECRL), Mass Rapid Transit Line 2 (MRT2), Light Rail Transit Line 3 (LRT3), Klang Valley Double Tracking 2 (KVDT2) as well as Pan Borneo Highway and Central Spine Road.

(Source: Economic Outlook 2020, Ministry of Finance Malaysia)

The manufacturing sector recorded a slower growth of 3.8% in 2019 (2018: 5.0%). Within the export-oriented clusters, weak external demand affected manufacturing activity in the electrical and electronics (E&E) cluster, while the supply disruptions in key commodities led to lower production in primary-related clusters. Growth in both clusters, however, remained positive, supported by the presence of Malaysian E&E firms in diversified, fast-growing product segments such as automotive electronics, medical devices and cloud computing, as well as the recovery in natural gas output. Domestically, the frontloading of demand for passenger cars during the tax holiday period in 2018 had weighed on the production of transport equipment in 2019.

(Source: Economic, Monetary and Financial Developments in 2019, BNM)

Insofar as the outlook of the manufacturing sector specifically is concerned, as uncertainties continue to weigh amid the COVID-19 outbreak, manufacturers' outlook for business in the first half of 2020 (1H2020) is generally lacklustre.

Sales projections for 1H2020 are gloomy with both local and domestic sales on a decline. The main concern of manufacturers is impact on production due to reduced supply of raw materials from China including moulded and metal press parts, iron and steel products, ingredients for food and beverage production, parts and components for machinery, paper and packaging material, plastic materials including resin, etc. Similarly exports to China are also affected by reduced demand.

The main sectors impacted in terms of domestic sales are food products; construction materials; motor vehicles, trailers and semi-trailers; electrical machinery & apparatus; basic metal & fabricated metal products; and chemical and chemical products. Exports most affected include machinery and equipment, automotive components, electrical and electronic products, toiletries, steel products and processed food products.

(Source: Federation of Malaysian Manufacturers Press Statement dated 9 March 2020: "FMM-MIER Business Conditions Survey 2H2019 Reveals Sluggish Outlook for 1H2020")

The manufacturing sector registered an annual growth rate of 3.8% and 1.5% in 2019 and the first quarter of 2020 respectively. The Malaysian economy is expected to contract in the second quarter. This reflects the longer duration of containment measures both globally and domestically. As these containment measures are eased and the domestic MCO is lifted, economic activity is expected to gradually improve in 2H 2020. The sizable fiscal, monetary and financial measures and progress in transport-related public infrastructure projects will provide further support to growth in 2H 2020. In line with the projected improvement in global growth, the Malaysian economy is expected to register a positive recovery in 2021.

(Source: Economic and Financial Developments in the Malaysian Economy in the First Quarter of 2020, BNM)

5.4 Foodservice market industry in Malaysia

Malaysia's foodservice market is fragmented, as there are a wide variety of foodservice segments at different price levels catering to various individuals and household characteristics. The foodservice segments available in Malaysia include full-service restaurant, café and bar, fast food or quick service restaurant ("**QSR**"), street stall/kiosk and self-service food court segments.

Full-service restaurants refer to conventional restaurant concepts where there are waiters to serve patrons when they are seated at their tables. Full-service restaurants, especially those serving Asian cuisine, are popular and common nationwide.

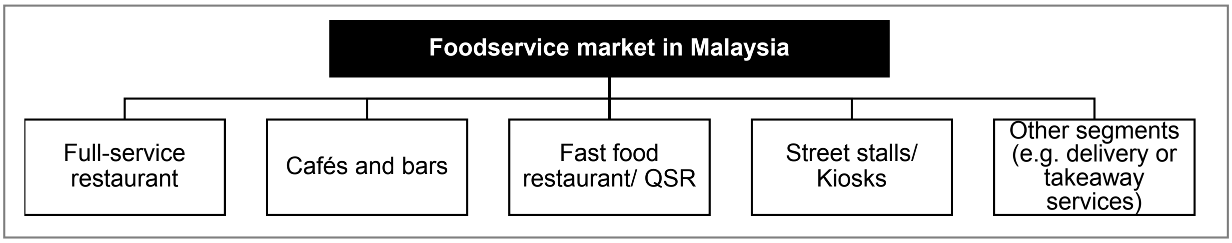
Cafés and bars have a stronger focus on beverages, as compared to full-service restaurants. In general, cafés do not have waiters to serve patrons, and are largely self-service restaurants. Meanwhile, the differentiating factor for bars is that they have a stronger focus on alcoholic beverages. Visiting cafés and bars have become a common lifestyle habit amongst youths and young adults in urban areas, either for work or for leisure or social engagement after working hours and on weekends.

Fast food or QSRs are typically self-service restaurants with pre-cooked meals. Fast food or QSRs appeal to time-pressed individuals seeking affordable and convenient dining options. Several fast food chains in Malaysia also offer delivery and drive-through services in response to consumer demands for convenience.

Street stalls/kiosks include stalls and kiosks set up by the roadside, or in the concourse area and food courts of shopping complexes and commercial buildings. Street stalls/kiosks offer a variety of foodservice products, including local food and delicacies, bakery products, ice cream, snacks and coffee, at lower price levels.

Other foodservice segments include other non-traditional segments such as delivery and takeaway services.

Segmentation of the foodservice market (Malaysia)



list is not exhaustive.

(Source: SMITH ZANDER)

The foodservice market size in Malaysia grew, in terms of foodservice sales, from RM34.88 billion in 2015 to reach RM46.64 billion in 2019, registering a CAGR of 7.53%. However, in view of the recent outbreak of Covid-19 virus in Malaysia since early 2020, the imposition of MCO between 18 March 2020 to 3 May 2020, CMCO between 4 May 2020 to 9 June 2020 and recovery MCO between 10 June 2020 to 31 August 2020 by the Government has restricted or significantly discouraged consumers from dining-in at any eateries and forced eateries to shift their focus to providing takeaway meals. Some eateries which are unable to switch their business model to suit the current situation to sustain their business are forced to temporarily or permanently close down. Further, many consumers have opted to cook at home and be more cautious in their spending in view of anticipated adverse economic impact of the Covid-19 virus which may lead to loss of businesses and jobs, pay cuts or increase in unemployment rate.

Once the MCO, CMCO and recovery MCO are lifted, consumers may still remain cautious and continue practising social distancing, and may still prefer to cook at home or order takeaway to minimise dining at eateries to avoid being infected with the Covid-19 virus until the crisis ends. Since the outbreak of Covid-19 virus is unprecedented, the extent of the uncertainties caused to the foodservice market is not clear at this point in time until the MCO, CMCO and recovery MCO are fully uplifted or until the crisis ends. While the foodservice market in 2020 cannot be quantified at this point in time, the demand of foodservice market in Malaysia is expected to slowdown in 2020.

Foodservice market size (Malaysia)

The growth in the foodservice market in Malaysia is expected to continue to be driven by the increasing disposable income and affluence, rising urbanisation, diverse cuisines and flourishing tourism market in Malaysia.

Malaysia is an upper-middle income developing economy, with its GDP per capita growing from RM37,739.40 in 2015 to RM43,628.31 in 2019. The increasing GDP per capita indicates a more affluent population with greater propensity to spend, which would in turn benefit the foodservice segment. However, Malaysia's per capita GDP is expected to decline to between RM42,212.88 and RM43,289.74 in 2020 in view of the potential adverse economic conditions for the year due to the outbreak of the Covid-19 virus in early 2020.

As a developing country, Malaysia experiences rising urbanisation rates, which has led to increased employment rates and busier lifestyles amongst the working individuals. In addition, an increasing number of females have also joined the workforce. This has led to a growing need for convenient meal options and a culture of dining out in Malaysia, resulting in a greater demand for the foodservice market in the country. Further, the shift of population from rural to urban areas to seek for better employment opportunities has also led to a growing population in urban areas such as Klang Valley (which includes both Kuala Lumpur and Selangor), benefiting the foodservice market in these areas.

In addition, Malaysia is known to be culturally diverse with various cuisines available, thus providing consumers with a variety of dining options to suit different tastes and preferences. Thus, it has become a norm amongst Malaysians to gather with friends and family members at foodservice outlets to experience different cuisines. This culture, coupled with the affordability of foodservice in Malaysia, contributes to the continuous growth of the foodservice market.

Apart from the continuous demand from the local market, the foodservice market in Malaysia also stands to benefit from the foreign market as Malaysia is a popular destination for tourists. According to Department of Statistics Malaysia ("**DOSM**"), expenditure by tourists on food and beverage services in Malaysia grew from RM9.73 billion in 2015 to RM11.27 billion in 2018 at a CAGR of 5.02%. Further, the expenditure by excursionists on food and beverage services in Malaysia increased from RM0.38 billion in 2015 to RM0.51 billion in 2018, at a CAGR of 10.31%. However, in view of the recent outbreak of Covid-19 virus in Malaysia since early 2020, all tourism activities in Malaysia were halted during the MCO and CMCO period, and tourism activities are limited to domestic travels during the recovery MCO period. While this is expected to temporarily dampen tourism activities in Malaysia, Malaysia remains an attractive tourist destination and tourism activities are expected to resume when the crisis ends. Since the outbreak of Covid-19 virus is unprecedented, the extent of the uncertainties caused to the tourism activities in Malaysia in 2020 is not clear at this point in time until the MCO, CMCO and recovery MCO are fully uplifted or until the crisis ends. Hence, the tourist expenditure in 2020 cannot be quantified at this point in time.

(Source: Independent market research report dated 11 June 2020 prepared by SMITH ZANDER)

5.5 Meetings, Incentives, Conferences and Exhibitions ("MICE") industry in Kuala Lumpur

The MICE industry encompasses venues specifically designed to hold functions, meetings, conferences and exhibitions:

(i) Functions: typically involve the convening of individuals in a particular place for an event such as a wedding, celebration dinner or lunch and product launches.

(ii) Meetings: are organised to bring employees of a corporation together in a place, usually to discuss and share ideas, and solve problems. Examples of meetings include board/management/shareholder meetings, training seminars, as well as company retreats.

(iii) Conferences: are organised on a regular basis, usually by associations to bring attendees with common interests/purposes to the pre-determined venue, commonly for educational purposes; and

(iv) Exhibitions: allow corporations to showcase new products, services or information to interested attendees. As exhibitions are usually organised on a large scale, corporations interested to participate will have to purchase a booth space.

Demand for MICE venues in Malaysia has grown, supported by the Government's initiatives to support and boost the local MICE industry through the setting up of Malaysia Convention and Exhibition Bureau ("**MyCEB**"), the Sarawak Convention Bureau as well as the Penang Convention and Exhibition Bureau; and MICE venues located throughout the country of varying sizes and facilities to cater to different needs.

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Examples of MICE Venues in Kuala Lumpur

Venue	Size (square feet)	Examples of events/ exhibitions held
Berjaya Times Square Hotel	18,794	• Weddings • Celebration dinner/lunch • Corporate dinner/lunch • Seminars • Extraordinary general meeting ("**EGM**") and Annual General Meeting ("**AGM**")
Concorde Hotel Kuala Lumpur	9,063	• Weddings • Celebration dinner/lunch • Corporate dinner/lunch • Seminars • EGM and AGM
Grand Hyatt Kuala Lumpur	11,248	• Weddings • Celebration dinner/lunch • Corporate dinner/lunch • Seminars • EGM and AGM
Grand Millennium Hotel Kuala Lumpur	3,541	• Weddings • Celebration dinner/lunch • Corporate dinner/lunch • Seminars • EGM and AGM
JW Marriott Kuala Lumpur	8,913	• Weddings • Celebration dinner/lunch • Corporate dinner/lunch • Seminars • EGM and AGM
Kuala Lumpur Convention Centre (i)	104,480	• Exhibitions and exposition • Concerts • Conferences • Educational and career fairs • Scientific conferences and congresses
MATRADE Exhibition & Convention Centre (i)	62,215	• Exhibitions and exposition
Mid Valley Exhibition Centre	61,129	• Exhibitions and exposition • Educational and career fairs
Putra World Trade Centre (i)	116,466	• Exhibitions and exposition • Ramadan buffets
Renaissance Kuala Lumpur	15,392	• Weddings • Celebration dinner/lunch • Corporate dinner/lunch • Seminars • EGM and AGM
Shangri-la Hotel Kuala Lumpur	16,243	• Weddings • Celebration dinner/lunch • Corporate dinner/lunch • Seminars • EGM and AGM

Venue	Size (square feet)	Examples of events/ exhibitions held
Sheraton Imperial Kuala Lumpur	7,180	• Weddings • Celebration dinner/lunch • Corporate dinner/lunch • Seminars • EGM and AGM
Sime Darby Convention Centre	19,000	• Medical seminars • Corporate dinner/lunch • EGM and AGM • Weddings
The Westin Kuala Lumpur	6,700	• Weddings • Celebration dinner/lunch • Corporate dinner/lunch • Seminars • EGM and AGM
The Ritz Carlton, Kuala Lumpur	5,229	• Weddings • Celebration dinner/lunch • Corporate dinner/lunch • Seminars • EGM and AGM

Notes:-

(i) The venue size refers to the size of the largest function hall in the venue.

- *In general, the size of function halls in the venues listed above can be reduced to meet customers' requirements.*

(Sources: MyCEB, various MICE venues' websites)

The MICE industry grew, in terms of visitor expenditure, from RM0.83 billion in 2015 to estimated RM1.14 billion in 2019, registering a CAGR of 8.26%.

The growing affluence and propensity to spend in Malaysia as a result of the country's growing economy, will lead to greater spending power for social gatherings such as weddings and celebration dinners or lunches. It is common in Malaysia for middle and high-income households in urban areas such as Kuala Lumpur and Selangor to hold such social gatherings in hotels and function halls will also continue to drive the growth of the MICE industry in Kuala Lumpur.

Further, the positive long-term economic growth prospects in Malaysia also indicates growth amongst businesses and enterprises. As a result, these businesses and enterprises have a higher likelihood of having larger budgets for corporate functions such as EGM, AGM, seminars, corporate dinners or lunches, educational and career fairs and conferences.

In addition, Kuala Lumpur, which is the capital of Malaysia and one of the country's main cities, has a higher density of affluent population relative to other areas in Malaysia. This has resulted in Kuala Lumpur being one of the main hubs to hold events, exhibitions, fairs and concerts in Malaysia.

Moving forward, the MICE industry in Kuala Lumpur will likely gain from the positive long-term economic growth prospects in Malaysia. However, in the short-term, the MICE industry is estimated to decline in 2020 in view of the outbreak of Covid-19 in Malaysia since early 2020. The imposition of MCO between 18 March 2020 to 3 May 2020, CMCO between 4 May 2020 to 9 June 2020 and recovery MCO between 10 June 2020 to 31 August 2020 by the Government to curb the spread of Covid-19 virus has caused all corporate and social group events to be cancelled during this period. Since the outbreak of Covid-19 virus is unprecedented, the extent of the uncertainties caused to the MICE industry is not clear at this point in time until the MCO, CMCO and recovery MCO are fully uplifted or until the crisis ends. While the MICE industry in 2020 cannot be quantified at this point in time, the demand for MICE venue is expected to shrink in 2020 as event organisers and participants may still be cautious and there may be continuous restrictions imposed on corporate and social group events by the Government after the MCO, CMCO and recovery MCO are lifted, and until the impact of the outbreak of the Covid-19 virus fully subsides.

Nevertheless, in efforts to support the events and exhibitions industry affected by the Covid-19 virus outbreak to adapt to the new normal, the Government has dedicated funding through a Pelan Jana Semula Ekonomi Negara (PENJANA) Short-Term Economic Recovery Plan (June – December 2020) by Ministry of Finance ("**PENJANA Short-Term Economic Recovery Plan**") by providing RM100 million in soft loans with interest rate of 3.5% and RM30 million in grants for the creative, events and exhibitions industries under MyCreative Ventures and RM10 million for the Cultural Economy Development Agency. Further, RM50 million worth of digital marketing from RM10 million Digital Marketing and Promotions Grant under MyCreative Ventures with a cap of RM5,000 per event which can benefit 2,000 events, exhibitions and productions is also provided. In addition, in order to support the events and exhibitions industry players in adapting the new normal, MyCreative Ventures will collaborate with private sectors to provide training in digital distribution methods and promotion, development of new business models as well as connectivity.

(Source: Independent market research report dated 11 June 2020 prepared by SMITH ZANDER)

5.6 Financial and information technology in Malaysia

In the era of fintech, Bank Negara Malaysia (BNM) is finalising the licensing framework for digital banks to be issued by year end for public consultation. The final framework will be issued by the first half of 2020 to invite applications.

The Government will support and encourage new digital financial innovations such as Equity CrowdFunding and Peer-to-Peer ("**P2P**") platforms. Collectively, more than RM430 million was raised as at June 2019, benefitting more than 1,200 SMEs. Building on this early success, the Government will further allocate an additional RM50 million to My Co-Investment Fund under the Securities Commission Malaysia to leverage such platforms to help finance the underserved SMEs.

To further encourage alternative sources of funding for startups companies and to attract more foreign investment to Malaysia, tax incentives given to venture capital and angel investors will be extended until the year 2023.

(Source: Budget 2020, Ministry of Finance Malaysia)

In 2019, the information and communication subsector grew by 7.0% attributed to telecommunications and computer services. The communication segment will continue to spearhead the subsector with various Government's initiatives to enhance broadband access and coverage through National Fiberisation and Connectivity Plan ("**NFCP**"). This plan focuses on expanding the existing fibre optic network, installing submarine cables and developing gigabyte networks in several locations in state capitals and selected industrial areas.

In addition, the Digital Free Trade Zone which emphasises on the growth of the digital economy and cross-border e-commerce activities, including e-fulfilment hub to enhance exports will continue to support the segment.

Meanwhile, the introduction of the fifth-generation cellular network ("**5G**") is anticipated to drive the growth of the subsector to 6.9% in 2020. The 5G technology will create a competitive market for home broadband services as well as increase the coverage and network quality. This will strengthen Malaysia's capacity to participate in the IR 4.0, allowing the industry to fully utilise artificial intelligence, robotics, virtual reality, big data analytics, internet of Things and software engineering, leading to higher digital adoption.

In addition, NFCP will provide affordable broadband services to support the digital economy, especially to SMEs. In the meantime, i-Solutions offers a seamless, borderless digital connectivity solution for the Malaysian market mainly for the SMEs and MNCs.

(Source: Economic Outlook 2020, Ministry of Finance Malaysia)

5.7 Agricultural technology industry

5.7.1 Global agricultural technology industry

Globally, agriculture is a USD3.17 trillion (RM12.79 trillion) industry, contributing 3.83% to the global GDP in 2018. It plays a major role in economic development particularly for developing nations, as it provides food security, raw materials for various other industries and provides gainful employment.

In order to produce more food while avoiding wastage of resources, the agriculture technology industry was developed. These technologies are evolving in order to maximise yield with minimum resources. The industry was also developed due to the increased emphasis on green technology, whereby there is more awareness on sustainability and resource wastage.

Agriculture technology ("**agri tech**"), specifically precision agriculture, began in the 1980s when farmers implemented variable-rate application of fertilisers depending on grid-based samplings of soil fertility. This was later followed by crop yield monitoring systems based on Global Positioning System (GPS) technology to monitor and map yield variation within fields.

The global agri tech industry, derived based on investment volume, grew from USD3.00 billion (RM11.72 billion) in 2015, to USD7.60 billion (RM31.48 billion) in 2019, at a strong CAGR of 26.16%. Investment in agri tech has been increasing as industry players aim to improve farming productivity and profitability as well as the efficiency of the agricultural supply chain.

The global agri tech industry is estimated to grow from USD7.60 billion (RM31.48 billion) in 2019 to USD7.93 billion (RM33.68 billion) in 2020.

<u>**Industry Demand Drivers**</u>

Continued growth in the global agriculture industry leads to demand for agri tech

The agri tech industry is driven by the growth of the global agriculture industry. The value added in the global agriculture industry grew from USD2.94 trillion (RM11.49 trillion) in 2015 to USD 3.17 trillion (RM12.79 trillion) in 2018, at a CAGR of 2.54%. Agricultural activities increase to meet food demands of a growing world population.

However, it is a resource-intensive industry which exhausts natural resources such as land and water. Agriculture is estimated to use 70% of global water supply and almost 40% of total global land area. Furthermore, due to unsustainable farming practices, agriculture has been linked to pollution, deforestation, soil degradation and climate change. By adopting and developing agri tech, it allows the agriculture industry to manage resources more efficiently and to reduce negative environmental impact by tackling agriculture challenges such as fertiliser loss and water wastage.

Higher population growth rates were especially witnessed in developing countries, pressuring the agricultural industry to produce sufficient food and fibre to feed and clothe an increasing world population, as well as to increase the daily food intake of the existing undernourished population in underdeveloped countries. According to the Food and Agriculture Organization of the United Nations as of 2018, approximately 821.60 million people in the world, or 10.77% of the total world population, are undernourished. About 815.10 million people or 99.21% of the undernourished population live in developing nations.

In order to tackle the undernourishment problem, one of the Sustainable Development Goals which is Zero Hunger, was developed and adopted by United Nations as an initiative to end hunger and ensure access to food by all people as well as ending all forms of malnutrition by 2030.

Agriculture is a critical component of the economic development in developing nations, where it provides employment opportunities for poor people. This is because the majority of poor people in developing countries live in rural areas, which has more land on which agricultural activities may be conducted. Higher food availability as a result of agriculture will likely reduce the prevalence of undernourishment in these regions.

In order to increase food availability, the advancement of agri tech provides ways of increasing output while fully utilising the resources available in the most efficient and productive way. Thus, agri tech also provides sustainability by promoting less wastage of resources.

Increased food needs as a result of growth in population, economic affluence and changing consumption trends, presenting demand potential for agri tech

The global population stood at an estimated 7.70 billion people in 2019, and is predicted to grow to 9.70 billion by 2050. The agricultural industry has seen a general uptrend in the production of major crops such as sugarcane, maize, paddy rice, wheat, potatoes and soybeans within 2010 and 2018, where the production quantity of major crops grew from 4.47 billion tonnes in 2010 to 5.29 billion tonnes in 2018. The demand for food will continue to increase over the long term to support population growth.

In line with global economic growth, there continues to be strong demand and higher prices for energy, primary commodities and food. Between 2015 and 2018, global wealth, as depicted by GDP, increased from USD75.82 trillion (RM296.25 trillion) to USD82.72 trillion (RM333.80 trillion). The global GDP per capita increased by 5.46% from USD10,330.03 (RM40,362.53) in 2015 to USD10,894.41 (RM43,962.21) in 2018. The growth in per capita income worldwide has led to a rise in a more affluent population that has greater spending power, creating higher demand for food as well as leading to a shift in dietary intake due to better access to food options with higher price points, specifically meat-based food products which are more costly.

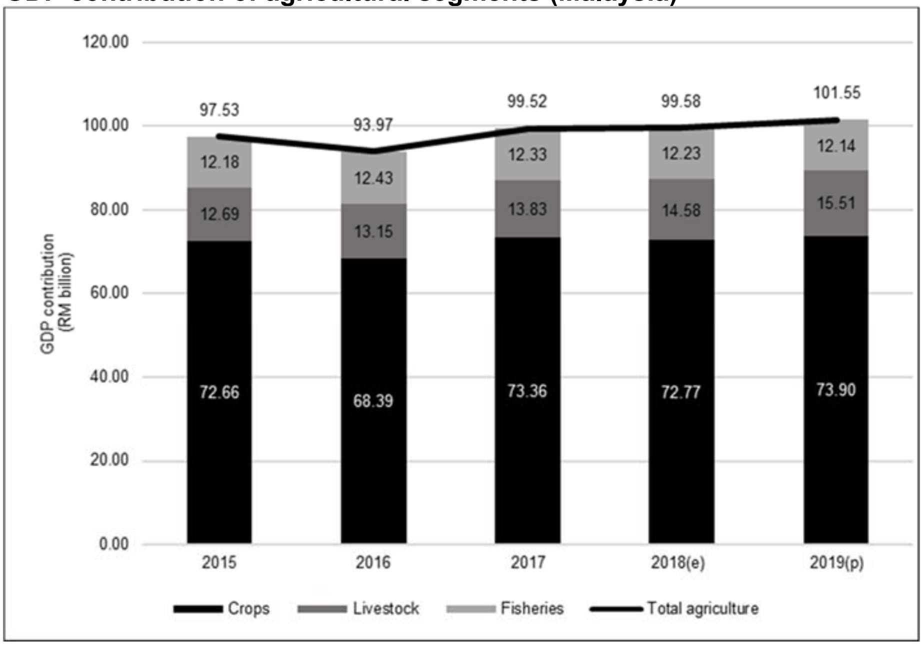
(Source: Independent market research report dated 11 June 2020 prepared by SMITH ZANDER)

5.7.2 Agricultural technology industry in Malaysia

The agriculture sector is one of the major components of Malaysia's economy, where it provides employment and food security for the population. In 2019, the GDP of the agriculture sector was RM101.55 billion, or 7.14% of national GDP. The GDP of the agriculture sector witnessed a CAGR of 1.01% between 2015 and 2019. In view of the outbreak of Covid-19 virus in Malaysia in early 2020, the Government has revised the GDP forecast growth in 2020, which was initially targeted at 4.8%, to the range of -2.0% to 0.5%, indicating potential slowdown in economic activities for the year. As such, the GDP of the agriculture sector is forecast to be between RM100.11 billion and RM101.90 billion, or between 7.13% and 7.19% of national GDP by 2020.

In view of the recent outbreak of Covid-19 virus since early 2020 which has led to a disruption in the Malaysian economy, the Government has introduced initiatives under PENJANA Short-Term Economic Recovery Plan on 5 June 2020 to provide financial relief for agriculture and food players. Such initiatives include providing agropreneurs with micro credit financing totalling of RM350 million with interest rate of 3.5% under the Agrobank, offering agrofood workforce mobility via incentives for pioneer companies to train and educate workforce to explore opportunities in agriculture and plantations, as well as providing in-kind benefits (e.g. fertilisers, seeds, infrastructure, equipment, advisory and training) for urban farming worth RM500 per person and RM50,000 per community. Further, in order to attract foreign companies to relocate their businesses into Malaysia, tax incentives in the form of Special Reinvestment Allowance is provided to foreign companies relocating into Malaysia for selected agriculture activity from year of assessment 2020 to 2021.

GDP contribution of agricultural segments (Malaysia)



<u>Notes:-</u>
GDP is at constant 2015 prices.
(e) – Estimate
(p) – Preliminary
Forecast GDP contribution of agricultural segments for 2020 is not publicly available.

(Source: DOSM)

Industry Demand Drivers

Increased food needs as a result of rapid growth in population and economic affluence and changing consumption trend, presenting demand potential for agri tech

Over the period of 2015 and 2019, Malaysia's population increased from 31.19 million people to 32.58 million people at a CAGR of 1.10%. The population between the ages of zero (i.e. from birth) and 64 years comprised the largest portion, exceeding 90% of total population across all years. The population within this age group has high food and nutritional needs to fuel biological growth and physical activities.

Malaysia is a developing country with a growing economy and increasing wealth. The country is supported by a large productive population (aged 15 to 64 years) and a high employed segment, which contributes to the increasing wealth. The GDP per capita in Malaysia increased from RM37,739.40 in 2015 to RM43,628.31 in 2019. This increase in per capita income has led to a rise in a more affluent population with greater spending power, creating higher demand for basic necessities, especially food.

Other than income, a change in consumption trend is affected by the demand for varieties of food ingredients and cuisines not native to the area. For example, Musang King durian which is natively grown in Malaysia is very popular and high in demand in China while wagyu beef which is originated from Japanese cow breed, is in high demand globally. With increasing demand for such ingredients in areas not native to the source of origin of the food ingredients, the development of agri tech will help to increase food production in a more efficient manner to support export markets.

Plans, policies and stimuli by the Government

The outlook for Malaysia's agri tech industry will benefit from strong support from the Government to strengthen the agriculture industry, which plays an important role in the nation's economic development by providing rural employment, uplifting rural incomes and ensuring national food security. The various programmes and initiatives under the Eleventh Malaysia Plan ("**11MP**") which have been announced and/or put in place to promote national food security and ensuring self-sufficiency of agricultural products will bode well for the agriculture industry.

The Government announced the launch of the 11MP commencing May 2015, and the formulation of the Malaysian National Development Strategy ("**MyNDS**"). MyNDS will be the vehicle for planning and preparation of programmes and projects under 11MP, with an emphasis on using limited resources optimally, focusing on high impact projects and programmes at low cost as well as efficient and rapid implementation. Under the 11MP, the Government also promote private consumption, as well as private investment in agriculture, manufacturing, and services to spearhead economic growth, and increase exports by improving product competitiveness, promoting services exports, and diversifying markets.

Selected initiatives under the 11MP to spur the agriculture industry

Strategy	Initiative	Description
Improving productivity and income of farmers, fishermen, and smallholders	Accelerating adoption of Information and Communication Technologies ("**ICT**") and farming technology	The use of smart farming technologies and ICT in plantation, farming, livestock, and fishing activities will be intensified to improve production efficiency and reduce dependency on labour. ICT-based applications to support farm and plantation management, precision farming, and monitoring and surveillance will be expanded to increase productivity and reduce the cost of production. Mobile phone applications and portals will be used to disseminate real-time information on market demand and prices, early detection and warning alerts on disease outbreaks as well as provide interactive platforms for technical advice.
	Intensifying research, development and commercialisation in priority areas	Focus will be given to research, development and commercialisation, particularly in the development of quality seeds, breeds, fries and animal feeds, integrated pest and disease management, as well as product improvement and development of green products. In addition, research will also focus on addressing climate change issues to ensure crops, livestock, and fisheries are climate resilient.
Strengthening institutional support and extension services	Streamlining extension services and encouraging advisory services from industry and academia	Extension services provided by various agencies will be reviewed and streamlined based on location, agricultural activities, and relevance of services provided. Extension officers will be pooled at these establishments to offer one-stop advisory services to farmers, fishermen, and smallholders. The officers will be trained in areas such as livestock, aquaculture, oil palm, rubber, modern technologies, sustainable practices, and managing climate change impact. Modern technologies, such as remote sensing and drones will be used for planning, surveillance, and monitoring activities by the extension officers. In addition, the private sector, universities, and farmer associations will be encouraged to provide advisory and technical services in specialised areas.

(Sources: 11MP, Economic Planning Unit, SMITH ZANDER)

In October 2018, a Mid-Term Review of the 11MP was tabled, reforming existing policies from the previous 11MP and outlining the revised socioeconomic targets for the remaining period of 2018 to 2020. New priority areas and strategies were set out to provide a new development focus for economic growth. Key initiatives to boost the agriculture sector include encouraging households particularly involved in agriculture and fishery activities to leverage technology in improving productivity as well as encouraging rubber and oil palm smallholders to merge their activities through community-based arrangements in order to secure bulk sales, while enjoying economies of scale.

Under Budget 2020, the Government has identified several key areas to boost the agriculture industry with a special focus towards enhancing incomes of farmers. Among them is the allocation of RM152 million to fishermen to increase their allowance from RM200 to RM250 per month. Subsidies amounting to RM150 million are also allocated to farmers, fishermen and smallholders to facilitate crop integration of chili, pineapple, coconut, watermelon and bamboo in order to supplement their income. The agriculture industry will also benefit from other key areas such as the development of new crop varieties with higher productivity and quality; increase in production of glutinous rice in view of making glutinous rice as a signature product of Langkawi, as well as raising paddy yield under the Skim Baja Padi Kerajaan Persekutuan and Skim Insentif Pengeluaran Padi.

Further, a National Agro-Food Policy 2.0 will be launched in 2021 as a replacement to the National Agro-Food Policy (2011-2020). The National Agro-Food Policy 2.0 aims to boost the modernisation process in the agriculture sector, manage the demand and supply of national food supply as well as continue to achieve the objectives of the existing National Agro-Food Policy (2011-2020).

(Source: Independent market research report dated 11 June 2020 prepared by SMITH ZANDER)

5.8 Healthcare industry

5.8.1 Global healthcare industry

Global health care spending is expected to slow down to 3.2 percent in 2019, from 5.2 percent in 2018. This is likely the effect of currency shifts and decelerating global economic growth stemming from geopolitical tensions including the United States-China trade war and the United Kingdom's planned exit from the European Union (EU). Over 2019–23, however, health spending is expected to rise at a more robust compound annual growth rate (CAGR) of 5 percent, up from 2.7 percent in 2014–18. All regions apart from North America are expected to see average spending growth accelerate in the forecast period, with the largest annual increases in the Middle East/Africa (7.4 percent) and in Asia (7.1 percent).

Global health care spending as a share of GDP will likely remain at around 10.2 percent through 2023, equal to 2018's ratio. This anticipated steady state reflects both economic improvements and health systems' efforts to contain costs.

With the 2019 global population of 7.7 billion expected to reach 8.5 billion by 2030, meeting health needs won't be easy. However, Asian countries will likely also contribute around half of the global growth in higher-income households (those earning over US$25,000 a year). Population growth, combined with increased economic power and efforts to expand public health systems, will likely result in higher health spending.

Providing health care to the expanding geriatric demographic is likely a key concern for governments and health systems. Overall life expectancy is projected to increase from an estimated 73.7 years in 2018 to 74.7 years by 2023. The number of people aged over 65 will be more than 686 million, or 11.8 percent of the total population. The trend will be most noticeable in Japan, where the share of people aged 65+ is expected to reach almost 29 percent by 2023; in Western Europe this is expected to be 22 percent. Spending on the global geriatric care market (home health, remote patient monitoring, etc.) will likely exceed US$1.4 trillion by 2023.

(Source: Deloitte's 2020 Global Healthcare Outlook)

5.8.2 Global healthcare equipment segment

UNICEF and partners have been impacted by unprecedented market conditions for COVID-19 supplies, particularly for PPEs, and notably face masks, N95 respirators, and medical clothing. Demand is outstripping supply availability and the actions of other buyers and responses by sellers create additional challenges for UNICEF and partners to access affordable PPE supplies on behalf of low- and middle-income countries (LICs and MICs).

Demand for PPEs has reached unprecedented levels as COVID-19 has spread globally and governments have sought to prepare and respond. National stockpiling strategies by affected countries have further driven up demand. During Q1 2020, the United Nations have delivered over 6.4 million gloves, 1.8 million surgical masks, and 1 million gowns to countries across the world. However, an enormous gap remains between what UNICEF and partners have secured and the demand requirements for LICs and MICs. UNICEF estimates needs through the end of the year could reach 2.2 billion surgical masks, 1.1 billion gloves, 13 million goggles, and 8.8 million face shields.

China is the largest producer of PPE finished products, as well as of many of the raw materials needed to manufacture these products. China produced an estimated 50 per cent of surgical masks globally (estimated to be 20 million masks a day, pre-pandemic). Taiwan alone makes up 20 percent of the global supply of face masks, while other countries with PPE production capacity include India, Japan, Korea, Malaysia, Mexico, Thailand, United States (US), and several European countries. China reportedly boosted the production of masks more than five-fold earlier this year, providing a daily production capacity of 110 million units and has likely increased production further since that time.

(Source: UNICEF, COVID-19 impact assessment and outlook on personal protection equipment, 4 May 2020)

The World Health Organization has warned that severe and mounting disruption to the global supply of PPE – caused by rising demand, panic buying, hoarding and misuse – is putting lives at risk from the new coronavirus and other infectious diseases.

Since the start of the COVID-19 outbreak, prices have surged. Surgical masks have seen a sixfold increase, N95 respirators have trebled and gowns have doubled. Supplies can take months to deliver and market manipulation is widespread, with stocks frequently sold to the highest bidder.

WHO has so far shipped nearly half a million sets of personal protective equipment to 47 countries, but supplies are rapidly depleting. Based on WHO modelling, an estimated 89 million medical masks are required for the COVID-19 response each month. For examination gloves, that figure goes up to 76 million, while international demand for goggles stands at 1.6 million per month.

To meet rising global demand, WHO estimates that industry must increase manufacturing by 40 per cent.

(Source: World Health Organisation - Shortage of personal protective equipment endangering health workers worldwide)

5.8.3 Healthcare equipment segment in Malaysia

Malaysia is the world's largest source of medical gloves, with a market share of about 65%. Dozens of companies, most clustered in industrial cities near Kuala Lumpur, turn out over 200 billion "units"—single gloves—every year, destined for doctor's offices and hospitals all over the world. The sector has grown steadily since the 1980s, in tandem with more stringent hygiene standards in the developed world and improving medical services in China, India, and other emerging economies.

What's happening now, though, could make the previous expansion look modest. In 2019, Malaysia exported about 182 billion glove pieces, accounting for $4.31 billion in revenue; this year, according to the Malaysian Rubber Glove Manufacturers Association, the figure could go as high as 240 billion pieces. Expectations of a bonanza have made glove companies one of the few bright spots in the country's economy, with investors driving up Top Glove Corporation Bhd's shares almost 45% since the start of 2020.

(Source: Article entitled "The Pandemic Is a Bonanza for Malaysia's Medical Glove Industry" from Bloomberg's website (https://www.bloomberg.com/news/articles/2020-04-21/the-pandemic-is-a-bonanza-for-malaysia-s-medical-glove-industry))

The Association of Malaysian Medical Industries ("**AMMI**") Medical Device Industry Status and Outlook Report 2019/2020 released by the Malaysian Investment Development Authority ("**MIDA**") and the association disclosed that AMMI members collectively sourced RM4.2 billion of raw materials and services from local suppliers and SMEs.

This reflects AMMI's commitment in supporting Government initiatives to develop vendor development programmes and local small to medium enterprises, the association stressed.

Global exports of medical devices from Malaysia rose by 15% from RM19.8 billion in 2017 to RM22.9 billion in 2018. AMMI members collectively accounted for over 55% of the export value.

According to AMMI's analysis, the export of medical devices from Malaysia will likely achieve RM25.7 billion in 2019 and RM28.8 billion in 2020, based on the projected 12% year-on-year growth.

(Source: Article entitled "Medical device industry to invest up to RM765 mil in 2020" from Focus Malaysia's website (https://focusmalaysia.my/mainstream/medical-device-industry-to-invest-up-to-rm765-mil-in-2020))

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5.9 Prospects and future plans of the Group

The Group is primarily involved in technology incubation, portfolio investment and provision of biotechnology products and services. Through its technology incubation activities, the Group provides management and strategic advisory services, research related activities, business networking and funding for its incubatee companies with the objective of commercialising technologies in the bio-energy and biotechnology sectors.

Apart from technology incubation, the Group also holds investments in listed companies for the medium to long term with exposure to various business sectors as follows:-

Energy	Engineering	Food and beverage	Financial and information technology
Vsolar Group Berhad ("**Vsolar**")	AT Systematization Berhad	Focus Dynamics Group Berhad ("**Focus**")	NetX Holdings Berhad ("**Netx**") MLABS Systems Berhad DGB Asia Berhad

In addition to the above, Fintec holds several investments in non-listed companies that are involved in the agricultural technology industry such as Artisan Semesta Sdn Bhd and Eco-Sponge Sdn Bhd (marketing and production of microbial fertilizer supplements) as well as Hexa Bonanza Sdn Bhd (a contractor and technology provider for biomass pelletizing and related equipment). The Group also holds a property investment holding company (Pinnacle Nexus Sdn Bhd). Fintec also holds an investment in Fintec Capital Sdn Bhd (formerly known as Asiabio Petroleum Sdn Bhd), a company which intends to undertake the provision of, amongst others, general loans, micro and corporate financing services as well as any other credit services in relation thereto.

The Proposed Private Placement is proposed to be undertaken to raise funds mainly for investment in the healthcare equipment manufacturing and/or trading business as well as working capital. The investment in healthcare equipment manufacturing and/or trading business is aimed at generating an additional stream of income to the Group while capitalising on the global shortage of PPE resulting from the COVID-19 pandemic. The additional working capital funds will help to facilitate the Group's existing day-to-day operations as a whole while the Group focuses on managing its investments in various companies.

The Group is confident that its current investment strategy of identifying suitable and viable new businesses for investment as well as preserving value of its existing medium to long term holdings in quoted strategic investments will mitigate downside risk for its incubation fund arising from the wide-ranging effects of the COVID-19 pandemic to the local and global economy. Once recovery in the economic environment gains momentum, the overall portfolio value of the Group will be enhanced.

Premised on the above, the Board is optimistic of the future prospects of the Group moving forward.

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6. EFFECTS OF THE PROPOSED PRIVATE PLACEMENT

6.1 Share capital

The pro-forma effects of the Proposed Private Placement on the issued share capital of the Company are as follows:-

	No. of Shares	Share capital RM	No. of ICPS	Share capital RM
Issued share capital as at the LPD	964,615,455	127,728,906	434,028,578	24,146,714
No. of Placement Shares to be issued	282,144,000	(1)15,997,565	-	-
Enlarged issued share capital after the Proposed Private Placement	**1,246,759,455**	**143,726,471**	**434,028,578**	**24,146,714**

Note:-
(1) Based on an illustrative issue price of RM0.0567 per Placement Share.

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6.2 NA and gearing

The pro-forma effects of the Proposed Private Placement on the NA and gearing of the Group are as follows:-

	Audited as at 31 March 2019 RM'000	(I) After subsequent events[1] RM'000	(II) After (I) and the Proposed Private Placement[2] RM'000
Share capital – ordinary shares	96,058	127,729	143,726
Share capital – ICPS	43,175	24,147	24,147
Warrant reserve	10,904	10,904	10,904
Retained profit / (accumulated losses)	(1,205)	(3,542)	[3](4,292)
Shareholders' equity / NA	**148,932**	**159,237**	**174,484**
Non-controlling interest	(1,672)	(1,672)	(1,672)
Total equity	**147,260**	**157,565**	**172,812**
No. of Shares in issue ('000)	611,005	964,615	1,246,759
NA per Share (RM)	0.24	0.17	0.14
Total borrowings (RM'000)	-	-	-
Gearing (times)	-	-	-

<u>Notes:-</u>

(1) *After accounting for the following:-*

- *(i)* *granting of 19,193,900, 33,777,000, 35,000,000, 17,000,000, 6,800,000, 29,121,000 and 11,678,900 SIS Options with an exercise price of RM0.0521, RM0.055, RM0.050, RM0.040, RM0.0275, RM0.040 and RM0.060 each respectively from 1 April 2019 up to the LPD;*
- *(ii)* *issuance of 19,193,900, 33,777,000, 35,000,000, 17,000,000, 6,800,000 and 29,121,000 and 11,678,900 new Shares arising from the exercise of SIS Options at the exercise price of RM0.0521, RM0.055, RM0.050, RM0.040, RM0.0275, RM0.040 and RM0.060 each respectively from 1 April 2019 up to the LPD;*
- *(iii)* *issuance of 118,929,533 new Shares arising from the conversion of 237,859,066 ICPS from 1 April 2019 up to the LPD; and*
- *(iv)* *issuance of 82,110,000 new Shares arising from the 10% Private Placement at an issue price of RM0.0361 each.*

(2) *Based on the issuance of 282,144,000 Placement Shares at an illustrative issue price of RM0.0567 each.*

(3) *After deducting estimated expenses incidental to the Proposed Private Placement of RM0.75 million.*

6.3 Substantial Shareholders' shareholdings

The pro-forma effects of the Proposed Private Placement on the substantial Shareholders' shareholdings based on the register of substantial Shareholders of the Company as at the LPD are as follows:-

	As at the LPD				(I) After the Proposed Private Placement			
	Direct		Indirect		Direct		Indirect	
Substantial shareholders	No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(2)%	No. of Shares	(2)%
CPE Growth Capital Limited	31,838,166	3.30	-	-	31,838,166	2.55	-	-
Adamas Finance Asia Limited	-	-	(3)31,838,166	(3)3.30	-	-	(3)31,838,166	(3)2.55

Notes:-
(1) Based on the issued share capital of 964,615,455 Shares as at the LPD.
(2) Based on the enlarged issued share capital of 1,246,759,455 Shares.
(3) Deemed interest by virtue of its shareholding in CPE Growth Capital Limited.

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6.4 Earnings and EPS

The Board expects the Proposed Private Placement to contribute positively to the future earnings of the Group via the utilisation of proceeds as set out in Section 3 of this Circular.

Subsequent to the completion of the Proposed Private Placement, the EPS shall be correspondingly diluted as a result of the increase in the number of Shares arising from Proposed Private Placement.

The potential effects of the Proposed Private Placement on the consolidated earnings of the Company moving forward will depend on, amongst others, the number of Placement Shares to be issued and the benefits to be derived from the utilisation of the proceeds to be raised from the Proposed Private Placement.

The proceeds to be raised from the Proposed Private Placement will be utilised mainly for investment in healthcare equipment manufacturing and/or trading business as well as for working capital. The investment in healthcare equipment manufacturing and/or trading business is aimed at generating an additional stream of income to the Group while taking advantage of growth opportunities in the healthcare equipment segment under the COVID-19 landscape. The additional working capital funds will help to support the day-to-day operations of the Group as it focuses on strengthening its investing activities including nurturing its investments in incubatee companies. In turn, these investments are expected to contribute positively to the future earnings of the Group.

6.5 Convertible securities

Save for the following, the Company does not have any other outstanding Convertible Securities as at the LPD:-

6.5.1 SIS Options

As at the LPD, there are up to 4,297,670 SIS Options which may be granted pursuant to the maximum allowable amount under the SIS.

In accordance with the provisions of the By-Laws, the Proposed Private Placement will not result in any adjustment to the exercise price and number of granted SIS Options (if any).

6.5.2 Warrants A

As at the LPD, there are 131,295,625 outstanding Warrants A, which have an exercise price of RM0.30 each and are expiring on 19 April 2024.

In accordance with the provisions of the Deed Poll A, the Proposed Private Placement will not result in any adjustment to the exercise price and number of outstanding Warrants A.

6.5.3 Warrants B

As at the LPD, there are 89,883,208 outstanding Warrants B, which have an exercise price of RM0.15 each and are expiring on 4 December 2022.

In accordance with the provisions of the Deed Poll B, the Proposed Private Placement will not result in any adjustment to the exercise price and number of outstanding Warrants B.

6.5.4 ICPS

As at the LPD, there are 434,028,578 ICPS, which have a conversion price of RM0.16[(1)] each and are expiring on 4 December 2027.

<u>*Note:-*</u>

(1) Holders of the ICPS are entitled to convert their ICPS into 1 new Share at the conversion price of RM0.16 in any of the following manner:-

(i) by surrendering for cancellation 2 ICPS (which were issued at the issue price of RM0.08 each and thus collectively have an aggregate issue price equivalent to the conversion price of RM0.16); or

(ii) by surrendering for cancellation 1 ICPS and paying RM0.08 in cash (being the difference between the issue price of the ICPS surrendered of RM0.08 and the conversion price of RM0.16).

In accordance with the terms of the ICPS as stipulated in the Constitution of the Company, the Proposed Private Placement will not result in any adjustment to the conversion price and number of the outstanding ICPS.

7. TENTATIVE TIMELINE

The tentative timeline of events leading to the completion of the Proposed Private Placement is as follows:-

Date	Events
1 July 2020	EGM for the Proposed Private Placement
October 2020	Listing and quotation of the Placement Shares and completion of the Proposed Private Placement

8. APPROVALS REQUIRED AND CONDITIONALITY

8.1 Approvals required

The Proposed Private Placement is subject to the following approvals being obtained:-

(i) the approval of Bursa Securities for the listing and quotation of the Placement Shares.

The approval by Bursa Securities for the above was obtained via its letter dated 1 June 2020, subject to the following conditions:-

	Conditions	Status of compliance
(a)	Fintec and Mercury Securities must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Private Placement.	To be fulfilled
(b)	Fintec and Mercury Securities to inform Bursa Securities upon the completion of the Proposed Private Placement.	To be fulfilled

	Conditions	Status of compliance
(c)	Fintec to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Private Placement is completed.	To be fulfilled

(ii) the approval of Shareholders at the forthcoming EGM; and

(iii) the approvals / consents of any other relevant authorities and/or parties, if required.

8.2 Conditionality

The Proposed Private Placement is not conditional upon any other corporate exercise / scheme being or proposed to be undertaken by the Company.

9. CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION

Save for the Proposed Private Placement and as disclosed below, there are no other corporate exercises which have been announced by the Company but are pending completion before the date of this Circular:-

(i) proposed acquisition of 40,880,000 ordinary shares in Komarkcorp Berhad ("**KMC**") ("**KMC Shares**"), representing 19.88% equity interest in KMC as at 9 June 2020, for a total cash consideration of RM16.35 million. Further details on the same are set out in Section 12.3 of this Circular.

10. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM

None of the directors and/or major shareholders of the Company and/or persons connected to them have any interest, direct or indirect, in the Proposed Private Placement.

11. BOARD'S RECOMMENDATION

The Board, having considered the current and prospective financial position, needs and capacity of the Group, and after careful deliberation as well as taking into consideration the rationale, utilisation of proceeds and all other aspects of the Proposed Private Placement, is of the opinion that the Proposed Private Placement is in the best interests of the Company.

Accordingly, the Board recommends that you vote in favour of the resolution pertaining to the Proposed Private Placement to be tabled at the forthcoming EGM.

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12. ADDITIONAL INFORMATION

12.1 Commentary on the financial performance and financial position of the Group

The following table sets out a summary of the financial performance and financial position of the Group for the FYE 31 March 2017, FYE 31 March 2018, FYE 31 March 2019, 9-month FPE 31 December 2018 and 9-month FPE 31 December 2019:-

	Audited			Unaudited	
	FYE 31 March 2017	FYE 31 March 2018	FYE 31 March 2019	9-month FPE 31 December 2018	9-month FPE 31 December 2019
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	5,354	30,888	15,357	14,804	14,188
Cost of sales	(5,788)	(28,556)	(14,114)	(13,012)	(13,548)
GP / (GL)	**(434)**	**2,331**	**1,244**	**1,792**	**640**
Other operating income	4,246	57,878	3,222	2,542	1,254
Administrative expenses	(1,008)	(7,061)	(6,037)	(6,899)	(8,395)
Other operating expenses	(641)	(9,482)	(38,333)	(23,878)	179,164
Finance costs	(40)	(295)	(153)	(125)	(10)
PBT / (LBT)	**2,122**	**43,371**	**(40,057)**	**(26,568)**	**172,653**
Tax income / (expense)	-	(6)	6	(6)	-
PAT / (LAT)	**2,122**	**43,365**	**(40,051)**	**(26,574)**	**172,653**
Profit / (loss) attributable to:-					
- owners of the Company	2,147	43,439	(40,015)	(26,564)	172,658
- non-controlling interests	(24)	(75)	(36)	(10)	(5)
GP / (GL) margin (%)	(8.11)	7.55	8.10	12.10	4.51
PAT / (LAT) margin (%)	39.63	140.39	(260.80)	(179.51)	1,216.89
Weighted average no. of Shares in issue	986,934	441,765	595,647	591,159	630,801
EPS / (LPS)					
- basic (sen)	0.22	9.83	(6.72)	(4.49)	27.37
- diluted (sen)	0.16	2.97	-(1)	-(1)	12.69
Dividend (sen)	-	-	-	-	-
Current assets	6,240	74,690	59,781	68,573	87,917
Current liabilities	5,366	18,580	15,058	14,690	47,211
Current ratio	1.16	4.02	3.97	4.67	1.86
Issued share capital	56,005	81,873	96,058	94,481	113,038
No. of Shares in issue ('000)	1,113,383	525,815	611,005	604,612	745,808
NA	53,008	185,370	148,932	162,033	325,439
NA per Share (RM)	0.05	0.35	0.24	0.27	0.44
Total borrowings	3,981	-	-	-	23,256
Gearing ratio (times)	0.08	-	-	-	0.07

Note:-

(1) Diluted LPS is not presented as there are no dilutive potential ordinary shares outstanding.

(i) 9-month FPE 31 December 2019 vs 9-month FPE 31 December 2018

The Group's revenue for 9-month FPE 31 December 2019 decreased by 4.16% to RM14.19 million as compared to the previous corresponding financial period. This was mainly due to lower quantum of short term quoted securities sold.

The Group recorded a lower GP margin of 4.51% in 9-month FPE 31 December 2019 as compared to 12.10% in the previous corresponding financial period. This was mainly due to cessation of business in the oil and gas segment following the lack of revenue generated during the financial year.

The Group recorded a PAT of RM172.05 million in 9-month FPE 31 December 2019 as compared to a LAT of RM26.57 million in the previous corresponding financial period. The PAT was mainly due to fair value gain on quoted securities held by the Group of RM179.16 million (9-month FPE 31 December 2018: loss of RM23.88 million) arising from the increase in market prices of such quoted securities.

(ii) FYE 31 March 2019 vs FYE 31 March 2018

The Group's revenue for FYE 31 March 2019 decreased by 50.28% to RM15.36 million as compared to the previous financial year. This was mainly due to lower quantum of short term quoted securities sold as well as the cessation of business in the oil and gas segment following the lack of revenue generated during the financial year.

The Group's GP margin remained relatively unchanged at 8.10% in FYE 31 March 2019 as compared to 7.55% in the previous financial year.

The Group recorded a LAT of RM40.06 million as compared to a PAT of RM43.37 million in the previous year. The LAT was mainly due to the following:-

(a) fair value loss on quoted securities held by the Group of RM29.44 million (FYE 31 March 2018: gain of RM57.55 million) arising from the decrease in market prices of such quoted securities; and

(b) one-off impairment of investment in unquoted shares of RM4.50 million (FYE 31 March 2018: nil) as the carrying amount of the asset is deemed to be in excess of the value of the future economic benefits that may be derived from the asset.

(iii) FYE 31 March 2018 vs FYE 31 March 2017

The Group's revenue for FYE 31 March 2018 increased by 476.91% to RM30.89 million as compared to the previous financial year. This was mainly due to higher quantum of short term quoted securities sold during the financial year.

The Group recorded a GP margin of 7.55% in FYE 31 March 2018 as compared to a GL margin of 8.11% in the previous financial year. This was mainly due to higher revenue generated in the oil and gas segment.

The Group's PAT for FYE 31 March 2018 increased by 964.98% to RM43.37 million as compared to a PAT of RM2.12 million in the previous year. This is mainly due to fair value gain on quoted securities held by the Group of RM57.55 million (FYE 31 March 2017: gain of RM4.03 million) arising from the increase in market prices of such quoted securities.

However, this was partially offset by the following:-

(a) one-off impairment of trade receivables of RM6.05 million (FYE 31 March 2017: nil) incurred by the oil and gas division as a result of default in payments by certain trade debtors which has been overdue for more than 6 months;

(b) one-off impairment of plant, property and equipment of RM2.76 million (FYE 31 March 2017: nil) as the carrying amount of certain biotechnology machineries is deemed to be in excess of the value of the future economic benefits that may be derived from the machineries; and

(c) employee benefit expenses of RM3.62 million in the FYE 31 December 2018 (FYE 31 March 2017: income of RM0.17 million) mainly due to mainly due to the granting of SIS Options.

(iv) FYE 31 March 2017 vs FYE 31 March 2016

The Group's revenue for the FYE 31 March 2017 decreased by 43.75% to RM5.35 million as compared to the previous financial year. The decrease in revenue was mainly due to lower quantum of short term quoted securities sold.

The Group recorded a GL margin of 8.11% in FYE 31 March 2017 as compared to a GL margin of 13.11% in the previous financial year. This was mainly due to the decrease in production cost in the green technology division and the revenue generated from the sale of quoted securities.

Notwithstanding the lower revenue, the Group recorded a PAT of RM2.12 million in the FYE 31 March 2017 as compared to a LAT of RM28.83 million in the previous year. This was mainly due to the following:-

(a) fair value gain on quoted securities held by the Group of RM4.03 million (FYE 31 March 2016: loss of RM12.96 million) arising from the increase in market prices of such quoted securities;

(b) reversal of share option expense of RM3.07 million in the FYE 31 March 2017 following the cancellation of 83,000,000 SIS Options granted during the previous financial year. However, this was partly offset by the recognition of share option expense of RM1.61 million following the granting of 160,000,000 SIS Options during the FYE 31 March 2017. Arising therefrom, the net impact is a gain of RM1.46 million recorded in the FYE 31 March 2017; and

(c) impairment losses on investee companies (RM4.96 million) and property, plant and equipment (RM2.12 million) recorded in the previous FYE 31 March 2016 as compared to nil in the FYE 31 March 2017.

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12.2 Details of fund-raising exercises undertaken by the Group in the past 2 years

12.2.1 Private placement

On 4 May 2020, the Company completed a private placement exercise which involved the issuance of 82,110,000 new Shares (representing 10% of the existing total number of issued Shares prior to the private placement), raising a total of RM2.96 million.

The said proceeds have been utilised as follows:-

Utilisation of proceeds	Intended timeframe for utilisation from 4 May 2020	Proposed utilisation RM'000	Actual utilisation up to the LPD RM'000	Balance available for utilisation RM'000
(i) Working capital	Within 24 months	2,824	541	2,283
(ii) Expenses for the private placement	Immediate	140	33	107
Total		**2,964**	**574**	**2,390**

12.2.2 Rights issue

On 11 December 2017, the Company completed a rights issue exercise which involved the issuance of 899,284,472 new ICPS and 89,928,341 Warrants B, raising a total of RM71.94 million.

The said proceeds have been utilised as follows:-

Utilisation of proceeds	Intended timeframe for utilisation from 7 December 2017	Proposed utilisation RM'000	Actual utilisation up to the LPD RM'000	Balance available for utilisation RM'000
(i) Investment in quoted securities – Focus ICPS(1)	Within 36 months	10,489	-	10,489
(ii) Investment in quoted securities – Vsolar Rights Shares(2)	Within 36 months	8,200	-	8,200
(iii) Working capital	Within 24 months	(4)5,204	5,204	-
(iv) Investment in unquoted incubatees and/or start-up companies to be identified	Within 36 months	47,410	(3)42,777	4,633
(v) Expenses for the rights issue and other related corporate exercises	Immediate	(4)640	640	-
Total		**71,943**	**48,621**	**23,322**

Notes:-

*(1) Proceeds of RM10.49 million are intended to be utilised for the subscription by Asiabio Capital (a wholly-owned subsidiary of the Company and existing shareholder of Focus) of new irredeemable convertible preference shares in Focus ("**Focus ICPS**") pursuant to a rights issue exercise to be undertaken by Focus as announced by Focus on 9 January 2018 ("**Focus Rights Issue**"). The Focus Rights Issue is a revised scheme of an earlier rights issue proposal that was announced by Focus on 28 July 2017.*

As at the LPD, the notice of book closure date for the Focus Rights Issue has yet to be announced. Focus has submitted several applications to Bursa Securities for extension of time to implement the Focus Rights Issue. The latest extension of time, which was approved by Bursa Securities on 5 March 2020, is valid until 24 July 2020, subject to the condition that Focus announces the entitlement date for Focus Rights Issue within 3 months from the date of the approval letter.

(2) *Proceeds of RM8.2 million are intended to be utilised for the subscription by Asiabio Capital (a wholly-owned subsidiary of the Company and existing shareholder of Vsolar) of new ordinary shares in Vsolar ("**Vsolar Rights Shares**") pursuant to a rights issue exercise to be undertaken by Vsolar as announced by Vsolar on 6 December 2019 ("**Vsolar Rights Issue**"). The Vsolar Rights Issue is a revised scheme of an earlier rights issue proposal that was announced by Vsolar on 13 October 2017.*

Bursa Securities had on 19 February 2020 approved the listing application in relation to the Vsolar Rights Issue. As at the LPD, VSolar has not obtained its shareholders' approval for the Vsolar Rights Issue via an extraordinary general meeting to be convened and as such the notice of book closure date for the Vsolar Rights Issue has yet to be announced.

(3) *Proceeds of RM42.78 million have been utilised for investment in unquoted incubatees such as Galaxy Group Sdn Bhd, Genbayu Gemilang Sdn Bhd, Pinnacle Nexus Sdn Bhd and Zouk Club (KL) Sdn Bhd as well as start-up companies such as Eco-Sponge Sdn Bhd, Fintec Global Limited, Fintec Capital Sdn Bhd (formerly known as Asiabio Petroleum Sdn Bhd), Asiabio Builders Sdn Bhd, Fintec Global (HK) Limited, E99 Limited ("**E99**"), Artisan Semesta Sdn Bhd and Fintec Ventures Sdn Bhd.*

(4) *Originally, proceeds of RM0.84 million has been earmarked for expenses for the Rights Issue of ICPS with Warrants. However, as the Company had only utilised RM0.64 million for such expenses, the balance proceeds of RM0.20 million has been reallocated for working capital.*

12.3 Steps taken by the Group to improve its financial condition

The Group had undertaken, amongst others, the following corporate exercises in its efforts to improve the Group's financial and operational performance:-

(i) par value reduction exercise completed on 21 April 2016, involving the cancellation of RM0.05 of the existing par value of the ordinary share of RM0.10 each in the Company to RM0.05 each. This exercise was undertaken to eliminate the Company's existing accumulated losses by setting off against the credit arising from the cancellation of share capital and to rationalise its statement of financial position. This has resulted in the accumulated losses of the Company to reduce from RM50.11 million as at 31 March 2016 to RM6.77 million;

(ii) private placement exercise completed on 1 June 2016 to raise funds mainly for the subscription of NetX Shares under the NetX rights issue exercise;

(iii) rights issue exercise completed on 11 December 2017 to raise funds mainly for investment in quoted securities in Focus and Vsolar, working capital as well as investment in unquoted incubatees and/or start-up companies to be identified; and

(iv) private placement exercise completed on 4 May 2020 to raise funds mainly for working capital.

Besides focusing on the Group's core business in the investment of unquoted incubatees, the Group had also expanded its investment coverage to include medium to long term investments (i.e. more than 5 years) in quoted securities since 2014.

On 13 April 2018, the Group incorporated a new wholly-owned subsidiary in Hong Kong, namely Fintec Global (HK) Limited. Subsequently, the Group had on 13 July 2018 announced that it has acquired the entire equity interest in E99, a company incorporated in Hong Kong, on 11 July 2018. The incorporation and acquisition of these two companies provide a platform for the Group to explore investment and commercial opportunities in the proximate region, namely China and Taiwan. The Group intends to explore trading opportunities for premium lifestyle products in the food and beverages industry via these two companies. E99 currently owns and operates The CODE HK - a bar, lounge and event space located in Central, Hong Kong.

The Group had also deployed its investment funds into unquoted equities with interests in property investment, entertainment and trading of premium lifestyle products. On 19 December 2018, the Company announced that its wholly-owned subsidiary, Fintec Global Limited, had on 18 December 2018 entered into a subscription agreement with Pinnacle Nexus Sdn Bhd ("**PNSB**") for the subscription of 10,593,000 redeemable convertible preference shares in PNSB for a total subscription sum of RM10.59 million. PNSB is primarily involved in property investment and is the owner and operator of a 316-room hotel in Batu Ferringhi, Penang known as DoubleTree Resort.

Further, the Company had on 17 September 2019, 11 February 2020 and 9 June 2020 announced that Asiabio Capital (a wholly-owned subsidiary of the Company) had on the respective dates entered into a sale and purchase agreement as well as two supplemental agreements with Koh Hong Muan @ Koh Gak Siong and Aimas Enterprise Sdn Bhd ("**AIMAS**") ("**Vendors**") for the acquisition of 40,880,000 KMC Shares, representing 19.88% equity interest in KMC as at 9 June 2020, for a total cash consideration of RM16.35 million.

KMC is one of the largest converter of pressure sensitive labels which includes manufacturing of self-adhesive labels, flexible packaging for petrol lubricants, healthcare, foods and beverages, agro-chemical industries, promotion and security market segments, supplying premium labels to domestic market as well as exporting to South Asia and the Middle East.

The corporate exercises above were undertaken with the objective of improving the financial condition of the Group via, amongst others, providing the Group with an additional source of revenue and income.

12.4 Impact of the Proposed Private Placement to the Company and its Shareholders

The Proposed Private Placement will enable the Group to raise funds without incurring additional interest expense, thereby minimising any potential cash outflow in respect of interest servicing costs and preserving the Group's cash flow.

Notwithstanding the above, the consolidated EPS of the Group shall be diluted as a result of the increase in the number of Shares arising from the Proposed Private Placement. Further details on the effects of the Proposed Private Placement on the NA and gearing as well as the earnings and EPS of the Group are set out in Section 6 of this Circular.

As set out in Section 3 of this Circular, the proceeds to be raised from the Proposed Private Placement are intended to be utilised mainly for investment in healthcare equipment manufacturing and/or trading business as well as for working capital. The investment is aimed at generating an additional stream of income to the Group while the additional working capital funds will help to facilitate the Group's existing day-to-day operations as a whole by providing more flexibility in terms of cash flow management.

12.5 Value creation to the Company and its Shareholders

Despite the expected dilution in the consolidated EPS of the Company, the Proposed Private Placement is expected to generate the benefits as disclosed in Section 12.4 above. This will aid the Company in its effort to continuously improve its financial performance and to enhance value for the Shareholders moving forward.

12.6 Adequacy of the Proposed Private Placement in addressing the financial concerns of the Group

Premised on Sections 12.3, 12.4 and 12.5 above, the effects of the Proposed Private Placement as set out in Section 6 of this Circular as well as the industry overview and future prospects as set out in Section 5 of this Circular, the Board is of the view that the Proposed Private Placement is adequate to address the Group's financial concerns at this juncture.

Moving forward, the Group intends to focus on nurturing and assisting its existing incubatee companies as well as explore new opportunities to invest on a continuous basis for the medium to long term with exposure to various business sectors in its effort to maximize shareholders' value and to improve its financial position.

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13. EGM

The EGM, the notice of which is enclosed in this Circular, will be held on a fully virtual basis from the Broadcast Venue at Lot 8.1, Level 8, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor on the date and time indicated below or at any adjournment thereof for the purpose of considering and, if thought fit, passing the resolution, with or without modifications, to give effect to the Proposed Private Placement.

Date and time of the EGM	:	Wednesday, 1 July 2020 at 11.00 a.m.

If you are unable to attend and vote in person at the EGM, you may appoint a proxy or proxies to attend and vote on your behalf by completing, signing and returning the enclosed Form of Proxy in accordance with the instructions contained therein as soon as possible, so as to arrive at the principal office of the Company at Lot 13.1, Level 13, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor not less than 48 hours before the date and time for the EGM as indicated above or at any adjournment thereof. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the EGM should you subsequently decide to do so.

14. FURTHER INFORMATION

You are requested to refer to the enclosed appendix for further information.

Yours faithfully,
For and on behalf of the Board of
FINTEC GLOBAL BERHAD

TAN SIK EEK
Executive Director

1. RESPONSIBILITY STATEMENT

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

2. CONSENTS AND CONFLICT OF INTEREST

2.1 Mercury Securities

The written consent of Mercury Securities, being the Principal Adviser and Placement Agent for the Proposed Private Placement, for the inclusion of its name and all references thereto in the form and context in which it appears in this Circular has been given and has not been subsequently withdrawn before the issuance of this Circular.

Mercury Securities is not aware of any conflict of interest which exist or is likely to exist in relation to its role as the Principal Adviser and Placement Agent for the Proposed Private Placement.

2.2 SMITH ZANDER

The written consent of SMITH ZANDER, being the independent market researcher, for the inclusion of its name and extracts of its IMR Report referred to in Section 5 of this Circular in the form and context in which it appears in this Circular has been given and has not been subsequently withdrawn before the issuance of this Circular.

SMITH ZANDER is not aware of any conflict of interest which exist or is likely to exist in relation to its role as the independent market researcher for the Proposed Private Placement.

3. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES

Material commitments

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

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 results or position of the Group.

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4. MATERIAL LITIGATION

As at the LPD, saved as disclosed below, 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 business of the Group and the Board confirmed that there are no proceedings pending or threatened against the Group or any facts likely to give rise to any proceedings which might materially and adversely affect the financial position or business of the Group:-

(i) Fintec Global Limited ("**FGL**") filed a claim on 2 June 2020 at the Kuala Lumpur High Court under Suit No. WA-22NCC-217-06/2020 ("**Suit**") against Galaxy Group Sdn Bhd ("**Galaxy**") and its directors, namely Chan Tak Wai and Wong Yoke May for amongst others:

(a) breach of share subscription agreement dated 17 August 2018 ("**First Agreement**");

(b) breach of share subscription agreement dated 11 September 2018 ("**Second Agreement**");

(c) fraudulent trading; and

(d) conspiracy to defraud.

Under the First Agreement, FGL subscribed 2,000,000 redeemable convertible preference shares ("**RCPS**") in Galaxy for a consideration of RM2,000,000.00. The subscription of the RCPS is for a tenure of 6 months and will mature upon the expiration of the 6 months tenure, or such date as extended by FGL ("**Maturity Date of First Agreement**"). Under the First Agreement, FGL is also entitled to a monthly cumulative preferential dividend at a rate of 3% per month calculated based on the FGL's issue price of RM1.00 per RCPS, amounting to RM60,000.00. FGL is entitled to be paid this dividend monthly up to the Maturity Date of First Agreement.

Under the Second Agreement, FGL further subscribed to additional 2,484,000 RCPS of Galaxy for a consideration of RM2,484,000.00. The subscription of the RCPS is for a tenure of 1 year and will mature upon the expiration of the 6 months tenure, or such date as extended by FGL ("**Maturity Date of Second Agreement**"). Under the Second Agreement, FGL is also entitled to a monthly cumulative preferential dividend at a rate of 2% per month calculated based on FGL's issue price of RM1.00 per RCPS, amounting to RM50,000.00. FGL is entitled to be paid this dividend monthly up to the Maturity Date of Second Agreement. The Second Agreement is further conditional upon Galaxy fully redeeming FGL's subscription of RCPS pursuant to the First Agreement within 6 months from the date of execution of the Second Agreement ("**Condition Precedent**").

Despite several extensions granted, Galaxy has, amongst others, failed to redeem the RCPS under the First Agreement and failed to comply with the Condition Precedent under the Second Agreement. The directors had conspired and carried the business of Galaxy with intent to defraud FGL.

Therefore, in this Suit, FGL is claiming for amongst others:

(a) a declaration that Galaxy has breach the First and Second Agreement;

(b) a declaration that Galaxy committed fraudulent trading;

(c) a declaration that the directors of Galaxy conspired with Galaxy in carrying out the business of Galaxy to defraud FGL;

(d) the return of the subscription consideration of RM2,000,000.00 pursuant to the termination of the First Agreement;

(e) all outstanding accrued preferential dividends under the First Agreement, amounting to RM492,000.00;

(f) the return of the subscription consideration of RM2,484,000.00 pursuant to the termination of the Second Agreement; and

(g) all outstanding late allotment charges under the Second Agreement, amounting to RM480,000.00.

The court has set 23 June 2020 as the next e-review.

5. HISTORICAL SHARE PRICES

The monthly highest and lowest market prices of the Shares as transacted on Bursa Securities for the past 12 months preceding the date of this Circular are as follows:-

	High	Low
	RM	RM
2019		
June	0.050	0.040
July	0.060	0.045
August	0.055	0.050
September	0.055	0.045
October	0.055	0.040
November	0.095	0.045
December	0.065	0.050
2020		
January	0.060	0.045
February	0.060	0.035
March	0.045	0.020
April	0.055	0.025
May	0.055	0.035
Last transacted market price on 13 May 2020, being the last Market Day immediately prior to the first announcement of the Proposed Private Placement	0.045	
Last transacted market price on the LPD	0.055	

(Source: Bloomberg)

6. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at 10th Floor, Menara Hap Seng, No. 1 & 3, Jalan P. Ramlee, 50250 Kuala Lumpur, Malaysia 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 EGM:-

(i) Constitution of the Company;

(ii) audited consolidated financial statements of the Company for the FYE 31 March 2018 and FYE 31 March 2019 as well as the unaudited consolidated financial statements of the Company for the 9-month FPE 31 December 2019; and

(iii) letters of consent referred to in Section 2 of this Appendix I;

(iv) relevant cause papers in respect of the material litigation referred to in Section 4 of this Appendix I; and

(v) the IMR Report as referred to in Section 5 of this Circular.

FINTEC
GLOBAL BERHAD

[Registration No. 200701016619 (774628-U)]
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting of Fintec Global Berhad ("**Fintec**" or the "**Company**") will be conducted on a fully virtual basis from the Broadcast Venue at Lot 8.1, Level 8, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor on Wednesday, 1 July 2020 at 11.00 a.m. or at any adjournment thereof for the purpose of considering and, if thought fit, passing the following resolution with or without modifications:-

ORDINARY RESOLUTION

PROPOSED PRIVATE PLACEMENT OF UP TO 282,144,000 NEW ORDINARY SHARES IN FINTEC, REPRESENTING APPROXIMATELY 30% OF THE TOTAL NUMBER OF ISSUED SHARES OF FINTEC, TO INDEPENDENT THIRD-PARTY INVESTOR(S) TO BE IDENTIFIED LATER AT AN ISSUE PRICE TO BE DETERMINED LATER

"**THAT** subject to the approval of all the relevant authorities, approval be and is hereby given to the Board of Directors of the Company ("**Board**" or "**Directors**") to allot and issue up to 282,144,000 new ordinary shares in the Company ("**Fintec Shares**" or "**Shares**") ("**Placement Shares**") by way of private placement to independent third party investor(s) to be identified later in one (1) or more tranches at an issue price for each tranche to be determined at a later date by the Board ("**Price-Fixing Date**") upon such terms and conditions as disclosed in the Circular to the shareholders of the Company ("**Shareholders**") dated 16 June 2020 ("**Circular**") ("**Proposed Private Placement**").

THAT the issue price for each tranche of the Placement Shares will be determined based on a discount of not more than 10% to the 5-day volume-weighted average market price of Fintec Shares up to and including the Price-Fixing Date.

THAT the Directors be and are hereby authorised to utilise the proceeds to be derived from the Proposed Private Placement for such purposes as set out in the Circular and the Board be and is hereby authorised with full power to vary the manner and/or purpose of the utilisation of such proceeds from the Proposed Private Placement in the manner as the Board may deem fit, necessary and/or expedient, subject (where required) to the approval of the relevant authorities and in the best interest of the Company.

THAT such Placement Shares shall, upon allotment, issuance and full payment of the issue price, rank equally in all respects with the then existing issued Shares, save and except that the holders of such Placement Shares shall not be entitled to any dividend, rights, allotment and/or other distribution which may be declared, made or paid to the Shareholders, the entitlement date of which is prior to the date of allotment and issuance of the Placement Shares.

AND THAT the Directors be and are hereby empowered and authorised to do all acts, deeds and things and to execute, sign, deliver and cause to be delivered on behalf of the Company all such documents and/or arrangements as may be necessary to give effect and complete the Proposed Private Placement and to assent to any conditions, modifications, variations and/or amendments in any manner as may be required by the relevant authorities or as the Directors may deem necessary in the interest of the Company and to take such steps as they may deem necessary or expedient in order to implement, finalise, give full effect and to complete the Proposed Private Placement."

By Order of the Board
FINTEC GLOBAL BERHAD

LEUNG KOK KEONG (MIA 8109)
LIM LEE KUAN (MAICSA 7017753 / PC NO. 202008001079)
NG SALLY (MAICSA 7060343 / PC NO. 202008002702)
Company Secretaries

Kuala Lumpur
16 June 2020

Notes:

1. *The Company shall request Bursa Malaysia Depository Sdn. Bhd. in accordance with Regulation 62 of the Company's Constitution to issue a General Meeting Record of Depositors as at 23 June 2020. Only depositor whose name appears on the Record of Depositors as at 23 June 2020 shall be entitled to attend, participate, speak and vote at this meeting.*
2. *Each member entitled to attend and vote in person may appoint not more than two (2) proxies to attend, speak and vote in its stead but his attendance shall automatically revoke the proxy's authority.*
3. *A proxy may, but need not, be a Member of the Company and there shall be no restriction as to the qualification of the proxy. Where a Member appoints more than 1 proxy, he shall specify the proportions of his holdings to be represented by each proxy, failing which the appointment shall be invalid.*
4. *Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint not more than two (2) proxies in respect of each Securities Account it holds in ordinary shares of the Company standing to the credit of such Securities Account.*
5. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiples beneficial owners in one (1) Securities Account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.*
6. *The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or, if such appointer is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised. The Directors may, but shall not be bound to require evidence of the authority of any such attorney or officer.*
7. *If you decide to appoint a proxy or proxies for the Extraordinary General Meeting, you must complete, sign and return the Form of Proxy and deposit it at the principal office of the Company at Lot 13.1, Level 13, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor not less than forty-eight (48) hours before the time for holding the general meeting or at any adjournment thereof. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the EGM should you subsequently decide to do so.*
8. *The Extraordinary General Meeting will be conducted virtually at the Broadcast Venue, the members are advised to refer to the Administrative Guide on the registration and voting process for the said meeting.*

FINTEC
GLOBAL BERHAD

[Registration No. 200701016619 (774628-U)]
(Incorporated in Malaysia)

FORM OF PROXY

CDS Account No.
No. of Shares held

I/We, ……………………………………………………………………………...……Tel. No.: ……………………………….…………
(Full name in block and NRIC No. / Registration No.)

of ………
(Address)

being a member of Fintec Global Berhad, hereby appoint(s):-

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and / or* (*delete as appropriate)

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him, the Chairperson of the meeting as my/our proxy to vote for me/us on my/our behalf at the Extraordinary General Meeting of the Company to be held at Lot 8.1, Level 8, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor on Wednesday, 1 July 2020 at 11.00 a.m. or any adjournment thereof, and to vote as indicated below:-

Item	Agenda	Resolution	FOR	AGAINST
1.	Proposed Private Placement	Ordinary Resolution		

Please indicate with an 'X' in the space provided whether you wish your votes to be cast for or against the resolution. In the absence of specific direction, your proxy may vote or abstain as he thinks fit.

Signed this………………………………………………………

Signature*
Member

** Manner of execution:*
(a). If you are an individual member, please sign where indicated.
(b) If you are a corporate member which has a common seal, this proxy form should be executed under seal in accordance with the constitution of your corporation.
(c) If you are a corporate member which does not have a common seal, this proxy form should be affixed with the rubber stamp of your company (if any) and executed by:
(i) at least two (2) authorised officers, of whom one shall be a director; or
(ii) any director and/or authorised officers in accordance with the laws of the country under which your corporation is incorporated.

Notes:
1. *The Company shall request Bursa Malaysia Depository Sdn. Bhd. in accordance with Regulation 62 of the Company's Constitution to issue a General Meeting Record of Depositors as at 23 June 2020. Only depositor whose name appears on the Record of Depositors as at 23 June 2020 shall be entitled to attend, participate, speak and vote at this meeting.*
2. *Each member entitled to attend and vote in person may appoint not more than two (2) proxies to attend, speak and vote in its stead but his attendance shall automatically revoke the proxy's authority.*
3. *A proxy may, but need not, be a Member of the Company and there shall be no restriction as to the qualification of the proxy. Where a Member appoints more than 1 proxy, he shall specify the proportions of his holdings to be represented by each proxy, failing which the appointment shall be invalid.*

Fold this flap for sealing

4. *Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint not more than two (2) proxies in respect of each Securities Account it holds in ordinary shares of the Company standing to the credit of such Securities Account.*
5. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiples beneficial owners in one (1) Securities Account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.*
6. *The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or, if such appointer is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised. The Directors may, but shall not be bound to require evidence of the authority of any such attorney or officer.*
7. *If you decide to appoint a proxy or proxies for the Extraordinary General Meeting, you must complete, sign and return the Form of Proxy and deposit it at the principal office of the Company at Lot 13.1, Level 13, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor not less than forty-eight (48) hours before the time for holding the general meeting or at any adjournment thereof. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the EGM should you subsequently decide to do so.*
8. *The Extraordinary General Meeting will be conducted virtually at the Broadcast Venue, the members are advised to refer to the Administrative Guide on the registration and voting process for the said meeting.*

Then fold here

AFFIX
STAMP

FINTEC GLOBAL BERHAD
[Registration No. 200701016619 (774628-U)]

Lot 13.1, Level 13, Menara Lien Hoe
No. 8, Persiaran Tropicana
Tropicana Golf & Country Resort
47410 Petaling Jaya
Selangor

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FINTEC GLOBAL BERHAD

[Registration No. 200701016619 (774628-U)]
(Incorporated in Malaysia)

EXTRAORDINARY GENERAL MEETING

ADMINISTRATIVE GUIDE

Date	**Time**	**Broadcast Venue**
1 July 2020	**11.00 a.m.**	**Lot 8.1, Level 8, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor**

Coronavirus Disease (Covid-19) Outbreak

1. With the outbreak of Coronavirus Disease (Covid-19) and as part of the safety measures to curb the spread of Covid-19 pandemic, the Extraordinary General Meeting ("**EGM**") will be conducted by way of a fully virtual meeting and online remote voting using the Remote Participation and Voting ("**RPV**") Facilities as the safety of our members, Directors, staff and other stakeholders who will attend the EGM is of paramount importance to us.

2. As you may be aware, the Covid-19 has infected more than 2 million people globally. Having regard to the well-being and the safety of our members, we **strongly encourage** our members to take advantage of the RPV Facilities to participate and vote remotely at the EGM. With the RPV Facilities, you may exercise your right as a member of the Company to participate (including to pose questions to the Board of Directors ("**Board**") and/or Management of the Company) and vote at the EGM. Alternatively, you may also appoint the Chairman of the meeting as your proxy to attend and vote on your behalf at the EGM. Details of the RPV Facilities are set out below.

Registration

3. The EGM will be held virtually. The registration is mandatory for the event. Please click the following link to register: https://rebrand.ly/FintecEGM

4. All the Shareholders are required to register in order to participate to the EGM. The registration will be open from 3.00 p.m. on 16 June 2020 and close at 11.00 a.m. on 29 June 2020.

   Upon submission of your registration, you will receive an e-mail to notify you that your registration has been received and is pending verification.

5. After verification of your registration against the General Meeting Record of Depositors of the Company, the system will send you an e-mail to notify you if your registration is approved or rejected after 24 June 2020.

6. Should your registration be rejected, you can contact the Company's Share Registrar or the Company for clarifications.

7. The event is powered by Cisco Webex. You are recommended to download and install Cisco Webex Meetings (available for PC, Mac, Android and iOS). Please follow the tutorial guide posted on https://rebrand.ly/FintecEGM

General Meeting Records of Depositors

8. For the purpose of determining members' eligibility to attend this meeting, only members whose names appear in the Record of Depositors of the Company as at 23 June 2020 shall be entitled to attend this meeting or appoint proxy(ies) to attend and/or vote on his/her behalf.

Individual Members

9. Individual members are strongly encouraged to take advantage of RPV Facilities to participate and vote remotely at the EGM. Please refer to the details as set out under RPV Facilities for information.

10. If an individual member is unable to attend the EGM, he/she is encouraged to appoint the Chairman of the meeting as his/her proxy and indicate the voting instructions in the Form of Proxy in accordance with the notes and instructions printed therein.

Corporate Members

11. Corporate members (through Corporate Representatives or appointed proxies) are also strongly advised to participate and vote remotely at the EGM using the RPV Facilities. Corporate members who wish to participate and vote remotely at the EGM must contact the Company's Share Registrar with the details set out below for assistance and will be required to provide the following documents to the Company no later than 29 June 2020 at 11.00 a.m.:

    (i) Certificate of appointment of its Corporate Representative or Form of Proxy under the seal of the corporation;
    (ii) Copy of the Corporate Representative's or proxy's MyKad (front and back)/Passport; and
    (iii) Corporate Representative's or proxy's email address and mobile phone number.

    Upon receipt of such documents, the Company's Share Registrar or the Company will respond to your remote participation request.

12. If a Corporate member (through Corporate Representative(s) or appointed proxy(ies)) is unable to attend the EGM, it is encouraged to appoint the Chairman of the meeting as its proxy and indicate the voting instructions in the Form of Proxy in accordance with the notes and instructions printed therein.

Nominee Company Members

13. The beneficiaries of the shares under a Nominee Company's CDS account ("**Nominee Company member(s)**") are also strongly advised to participate and vote remotely at the EGM using RPV Facilities. Nominee Company members who wish to participate and vote remotely at the EGM can request its Nominee Company to appoint him/her as a proxy to participate and vote remotely at the EGM. Nominee Company must contact the Company's Share Registrar with the details set out below for assistance and will be required to provide the following documents to the Company no later than 29 June 2020 at 11.00 a.m.:

    (i) Form of Proxy under the seal of the Nominee Company member(s);
    (ii) Copy of the proxy's MyKad (front and back)/Passport; and
    (iii) Proxy's email address and mobile phone number.

    Upon receipt of such documents, the Company's Share Registrar or the Company will respond to your remote participation request.

14. If a Nominee Company member is unable to attend the EGM, it is encouraged to request its Nominee Company to appoint the Chairman of the meeting as its proxy and indicate the voting instructions in the Form of Proxy in accordance with the notes and instructions printed therein.

Proxy

15. If a member is unable to attend the EGM, he/she may appoint a proxy or the Chairman of the meeting as his/her proxy and indicate the voting instructions in the Form of Proxy in accordance with the notes and instructions printed therein.

16. Please note that the proxy(ies) appointed by an individual member is/are not allowed to participate in the EGM via RPV Facilities. If an individual member has submitted his/her Form of Proxy prior to the EGM and subsequently decides to personally participate in the EGM via RPV Facilities, the individual member must contact the Company's Share Registrar or the Company, whose contact details are set out in No. 21 below, to revoke the appointment of his/her proxy no later than 29 June 2020 at 11.00 a.m.

17. If a Corporate member/Nominee Company member has submitted its Form of Proxy prior to the EGM and its appointed proxy subsequently decides to personally participate in the EGM via RPV Facilities, the Corporate member/Nominee Company member must contact the Company's Share Registrar or the Company, whose contact details are set out in No. 21 below, to revoke the appointment of his/her proxy no later than 29 June 2020 at 11.00 a.m.

Poll Voting

18. The voting at the EGM will be conducted by way of poll in accordance with Rule 8.31A of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad. The Company has appointed Shareworks Sdn Bhd as the Poll Administrator to conduct the poll by way of electronic voting and Sharepolls Sdn Bhd as the Scrutineers to verify the poll results. Upon completion of the voting session for the respective EGM, the Scrutineers will verify and announce the poll results followed by the Chairman's declaration whether the resolutions are duly passed.

RPV Facilities

19. Please refer to the following information on RPV Facilities for live streaming and remote voting at the EGM:

Procedures		Action
Before EGM		
1.	Register as participant in Virtual EGM	• Using your computer, access the website at https://rebrand.ly/FintecEGM. Click on the **Register** button to register for the EGM session. • Upon submission of your registration, you will receive an email notifying you that your registration has been received and is pending verification. • The event is powered by Cisco Webex. You are recommended to download and install Cisco Webex Meetings (available for PC, Mac, Android and iOS). Refer to the tutorial guide posted on the same page for assistance.
2.	Submit your online registration	• All the Shareholders are required to register prior to the meeting. The registration will be open from 3.00 p.m. on 16 June 2020 and the registration will close at 11.00 a.m. on 29 June 2020. • Clicking on the link will redirect you to the EGM event page. Click on the **Register** button for the online registration form. • Complete your particulars in the registration page. Your name **MUST** match your CDS account name (not applicable for proxy). • Insert your CDS account number and indicate the number of shares you hold. Read and agree to the Terms & Conditions and confirm the Declarations. • Please ensure all information given is accurate before you click **Submit** to register your remote participation. Failure to do so will result in your registration being rejected. • System will send an email to notify that your registration for remote participation is received and will be verified.

Procedures		Action
		• After verification of your registration against the General Meeting Record of Depositors of the Company as at 23 June 2020, the system will send you an email to notify you if your registration is approved or rejected after 24 June 2020. • If your registration is rejected, you can contact the Company's Share Registrar or the Company for clarifications or to appeal.
On the day of EGM		
3.	Attending Virtual EGM	• Two reminder e-mails will be sent to your inbox. First is one day before the EGM day, while the 2nd will be sent 1 hour before the EGM session. • Click **Join Event** in the reminder e-mail to participate the RPV.
4.	Participate with live video	• You will be given a short brief about the system. • Your microphone is muted throughout the whole session. • If you have any questions for the Chairman/Board, you may use the **Q&A panel** to send your questions. The Chairman/Board will try to respond to relevant questions if time permits. All relevant questions will be collected throughout the session and replied later through your registered email. • The session will be recorded. • Take note that the quality of the live streaming is dependent on the bandwidth and stability of the internet connection at your location.
5.	Online Remote Voting	• The Chairman will announce the commencement of the Voting session and the duration allowed at the respective EGM. • The list of resolutions for voting will appear at the right-hand side of your computer screen. You are required to indicate your votes for the resolutions within the given stipulated time frame. • Click on the **Submit** button when you have completed. • Votes cannot be changed once it is submitted.
6.	End of remote participation	Upon the announcement by the Chairman on the closure of the EGM, the live session will end.

<u>No Recording or Photography</u>

20. Strictly **NO recording** or **photography** of the proceedings of the EGM is allowed.

<u>Enquiry</u>

21. If you have any enquiry prior to the meeting, please contact the following officers during office hours (from 9.00 a.m. to 5.30 p.m. (Monday to Friday)):

For Registration, logging in and system related:
Fintec Global Berhad

Name: Lee Zhen Han
Telephone No.: 016-328 7852
Email: egm@fintec.global

For Form of Proxy:
Tricor Investor & Issuing House Services Sdn. Bhd.

Name: Zakiah Wardi; Keith Lim
Telephone No.: 03-2783 9287; 03-2783 9240
Email: Zakiah@my.tricorglobal.com; Keith.Lim@my.tricorglobal.com